Board multiple directorships in controlled firms and stock price crash risk[1]

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Abstract:

The responsibilities of corporate boards have expanded in recent years to encompass sustainability, cybersecurity, and other emerging challenges, making the debate on the effects of multiple directorships (director busyness) on corporate outcomes more relevant than ever. Existing research provides mixed evidence on the consequences of director busyness for firm performance, suggesting that its effects are contingent on the organizational context. This study examines Swedish listed firms, a setting characterized by concentrated ownership and the widespread use of dual-class share structures, to investigate whether controlled firm status impacts the relationship between board busyness and stock price crash risk as well as other firm performance outcomes. Unlike prior studies, which primarily measure board independence in relation to management or overall board independence (including owners and managers), I capture controlled firm status directly using a unique measure of board independence from controlling owners specifically. This independence measure is derived from the Swedish database Holdings. In addition, I employ dual-class share status as an alternative proxy for controlled firm status, reflecting the growing prevalence of dual-class structures and their increasing regulatory acceptance (see, for example, the recent European Union Directive (EU) 2022/0406(COD)). Using a sample of 3,989 firm-year observations of Swedish listed firms over the period 2015–2024, I find that, in controlled firms identified by low board independence from controlling owners, multiple directorships increase stock price crash risk. This finding is consistent with the entrenchment hypothesis and points to the importance of Type II agency conflicts between controlling and non-controlling shareholders. Furthermore, I find that the interaction between dual-class share status and multiple directorships is negatively associated with firm profitability, although no corresponding effect is observed for firm valuation. Overall, the findings suggest that director busyness may weaken boards' ability to monitor controlling shareholders, thereby increasing governance risks in controlled firms.

Keywords: Multiple directorships, board busyness, controlled firms, stock price crash risk

[1] This paper is a 'work in progress' and should be seen as an extended abstract rather than a full article. Additional models will be estimated in the final version of the paper.

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1. Introduction

The board of directors plays a central role as an intermediary between the external environment and the firm. Hermanson et al. (2024) argue that directors' responsibilities have become increasingly complex in recent years, encompassing emerging challenges such as sustainability and cybersecurity. Similarly, Deloitte's latest global survey of board members identifies a broad range of issues currently demanding board attention, including rapid technological change, human capital management, geopolitical and economic uncertainty, security and cybersecurity, sustainability, and supply chain disruptions (Deloitte, 2025). Although the literature on the implications of directors holding multiple board appointments (board busyness)[3] is well established (see, for example, Fayad et al., 2025, for a recent review), the continued expansion of board responsibilities makes this debate more relevant than ever. Can busy directors effectively fulfil these growing demands? The literature offers competing perspectives. On the one hand, directors with multiple board appointments may enhance board effectiveness by bringing valuable information, expertise, and external networks acquired through service on other boards, thereby strengthening the board's advisory role (Masulis & Mobbs, 2011; Field et al., 2013). On the other hand, multiple directorships may lead to overcommitment and competing time demands, limiting directors' ability to effectively monitor the firm (Core et al., 1999; Fich & Shivdasani, 2006; Cashman et al., 2012).

Much of the existing literature focuses on the Anglo-Saxon context, where busy directors are often viewed as ineffective monitors of self-interested managers (Larcker & Tayan, 2020; Liu & Paul, 2015; Hauser, 2018). However, the balance between expertise and advisory role on one hand, and the distraction costs associated with multiple directorships on the other may be context-dependent and may vary with the characteristics of the firm (Venkatesh et al., 2025). In this study, I examine ownership structure as a key factor that may shape the effects of directors' multiple directorships. I argue that the presence of a controlling owner shapes the relationship between multiple directorships and firm outcomes. On the one hand, the presence of a controlling shareholder may enhance oversight and strategic direction, suggesting that busy directors, who are often more experienced and reputable, can add value. On the other hand, controlling owners themselves require to be monitored, given agency conflicts of type II (Claessens et al., 2002; Dahya et al., 2008; Isakov & Weisskopf, 2014; Shleifer & Vishny, 1986), and the effectiveness of such oversight may either diminish or improve as directors hold more board positions. Consequently, the net effect of board busyness in firms with controlling owners is an open empirical question. In nutshell, while previous literature on multiple directorships focuses on agency I conflict between owners and managers, I investigate agency II conflict between controlling and non-controlling owners characterised by interplay between 'alignment effect' (controlling owners monitoring management and taking effective decisions in favour of all shareholders) and 'entrenchment effect' (controlling owners making ineffective decisions including expropriation, skewed investment decisions and change of control decisions) (Andreson & Reeb, 2003; Claessens et al., 2002; Cronqvist & Nilsson, 2003; Eugster & Wang, 2023; Isakov & Weisskopf, 2014).

The study provides evidence from the Swedish setting, where the majority of firms have controlling shareholders and frequently employ dual-class share structures, a model also common in continental Europe (Aminadav and Papaioannou, 2020; La Porta et al., 1999). In the context with controlling owners, where control over management is taken for granted, benefits of busyness may overcome costs of distraction. This study is based on Swedish board

[3] Terms 'multiple directorships' and 'board busyness' are used interchangeably in this study.

database Holdings, which provides unique information about directors' independence specifically from major shareholders[4], whereas previous research focuses on independence from management (e.g., Liu & Paul, 2015), or overall independence measures (independence both from the firm and major shareholders) (e.g., Dahya et al., 2008). Rather than investigating ownership structure, I study directly involvement of major shareholders on boards to capture controlled firms. An alternative proxy is a dual-class firm status. The EU has recently proposed a Directive on multiple-vote shares (MVS) for European growth markets (EU/2022/0406(COD)), which prevents EU SME growth markets from prohibiting dual-class share structures. Although dual-class shares have traditionally been viewed as a weakness in corporate governance, their use has increased globally, potentially driven by heightened economic uncertainty and geopolitical risks. Such structures are typically employed by firms with controlling shareholders, underscoring the need for a deeper understanding of governance in these firms, particularly given that controlled firms dominate global financial markets (Aminadav and Papaioannou, 2020).

The literature on multiple directorships uses common firm performance proxies of Tobin's Q, or return on assets. I focus on capital market consequences and complement Tobin's Q measure with stock price crash risk. Stock price crash risk is an important capital market measure of performance capturing extreme negative returns (Eugster & Wang, 2023; Habib et al., 2018; Kim et al., 2022).

Based on a sample of 3,989 firm-year observations of Swedish listed firms in years 2015-2024, I find that in firms with boards dominated by controlling owners' representatives' multiple directorships lead to higher stock price crash risk, which is in line with entrenchment rather than alignment hypothesis. Additionally, there is a negative interaction effect of controlled firm status and multiple directorships on profitability, while there is no such effect for firm value. In sum, controlled firms, might not benefit from multiple directorships, but rather should employ less busy directors to reduce stock price crash risk.

2. Theoretical framework and hypotheses development

Director busyness, measured by the number of board seats held in listed firms, affects both monitoring and advisory roles. Evidence from the US suggests that busy boards provide valuable advice but are weaker monitors, leading to poorer oversight and long-term performance (Larcker and Tayan, 2020). Empirical studies show for example that busy boards are less likely to dismiss underperforming CEOs (Fich and Shivdasani, 2006; Fernández Méndez, 2015), while reductions in directors' busyness improve firm profitability and valuation (Hauser, 2018).

However, these conclusions may be context-dependent and more applicable to Anglo-Saxon settings, where agency conflicts between managers and dispersed shareholders are pronounced. Prior research suggests that the optimal balance between monitoring and advice varies across institutional environments and firm characteristics (Mans-Kemp et al., 2018). For instance, busy boards may create value in banks (Elyasiani and Zhang, 2015) or in smaller firms (Field et al., 2013).

[4] Major shareholders are defined by Swedish Code of Corporate Governance as those with at least 10 per cent of voting rights.

In the Swedish context, characterized by concentrated ownership and active controlling shareholders on boards, agency conflicts between managers and owners are reduced. This may increase the relative importance of advisory functions over monitoring, and one could argue for more busy boards in controlled firms. Consistent with this view, Brown et al. (2019) show that reduced director busyness improves performance only when directors are not well-connected, connections that are likely prevalent among representatives of controlling owners in Sweden. However, agency conflicts of type II (Anderson & Reeb, 2003; Claessens et al., 2002; Isakov & Weisskopf, 2014; Shleifer & Vishny, 1986) and the potential for expropriation by controlling owners create a need for oversight of these owners (Dahya et al., 2008). Controlling shareholders may make myopic investment decisions or engage in entrenchment (Cronqvist & Nilsson, 2003). Socio-emotional wealth considerations can further influence behavior, leading either to cautious, low-expansion strategies to ensure safe generational succession (Gómez-Mejía et al., 2018), or, on opposite, to empire-building (Elson et al., 2017). Independent directors may serve to restrain decisions that diverge from pure value maximization, a role that likely requires heightened monitoring and, correspondingly, fewer external board commitments. Research on stock price crash risk so far focused on several corporate governance characteristics as drivers including ownership (Eugster & Wang, 2023), CEO characteristics (Andreou et al., 2017), and gender board composition (Chen, et al., 2025).

Multiple directorships have not been investigated earlier as driver of crash risk. However, stock price crash risk has been framed as a consequence of dysfunctional board functioning including poor advisory, or poor monitoring with bad news hoarding (Chen et al., 2025; Eugster & Wang, 2023). In light of an 'alignment effect' with reduced agency I conflict with controlling owners monitoring management and taking effective decisions in favour of all shareholders (Andreson & Reeb, 2003; Claessens et al., 2002; Cronqvist & Nilsson, 2003; Eugster & Wang, 2023; Isakov & Weisskopf, 2014), improved advisory function of a busy board (Masulis & Mobbs, 2011; Field et al., 2013) may reduce stock price crash risk. On the opposite, in light of an 'entrenchment effect' with controlling owners making ineffective decisions including expropriation, skewed investment decisions and change of control decisions (Andreson & Reeb, 2003; Claessens et al., 2002; Cronqvist & Nilsson, 2003; Eugster & Wang, 2023; Isakov & Weisskopf, 2014), a monitoring via busy board (Core et al., 1999; Fich & Shivdasani, 2006; Cashman et al., 2012) may not suffice to prevent stock price crashes.

I then formulate the following hypotheses:

H2 a Alignment hypothesis: There is a negative association between the busyness of directors and stock price crash risk in controlled firms.
H2 b Entrenchment hypothesis: There is a positive association between the busyness of directors and stock price crash risk in controlled firms.

3. Research design

3.1. The sample and data sources

[Insert Table 1 around here]

The sample is composed of Swedish firms listed on Nasdaq Stockholm Main Market over the ten-year period of 2015-2024. In line with previous literature, I exclude firm-year observations for which less than 26 weekly returns below 50% in absolute values exist (Eugster & Wang, 2023). Furthermore, banks are excluded from the sample and after missing values in financial

data the final sample is 3,989 firm-year observations. Financial data was collected from LSEG Workspace and board structure data was collected from Holdings, a unique Swedish ownership database. Holdings includes data on independence of board members, with independence criterion divided into two aspects, namely independence from management and independence from major shareholders.[5] This allows a specific focus on agency conflict between controlling and non-controlling owners, whereas traditionally board research has investigated independence from management (e.g. Weisbach, 1988, Klein, 2002) or independence overall (e.g. Dahya, et al., 2008).[6]

3.2. Multiple directorships measures

I measure multiple directorships in the following way according to the previous literature:

Share of busy directors (BUSY_SHARE)
The number of busy directors (defined as directors holding three or more directorships in listed Swedish firms) is divided by the size of the board.

Average number of directorships per director (AVERAGE#BOARDS)
The sum of all directorships of board directors in listed Swedish firms is divided by the size of the board.

Busy board dummies (BUSY_SHARE_30%, BUSY_SHARE_50%)
A dummy variable taking the value of 1 when more than 30% (or 50%) of the board consists of busy directors.

All calculations exclude work representatives on the boards. Counted directorships include appointments in firms listed on the main stock market in Stockholm (which constitutes the study sample), as well as smaller platforms (growth firms)[7], although appointments in boards of smaller public firms of the directors from the main market firms is rather uncommon in the sample.

3.3. Board independence from controlling owners

The major argument of this paper is that the value of multiple directorships of board members depends on involvement of controlling owners in the firm. It could be argued that involvement of controlling owners is executed through their involvement in boards. However, research focusing on agency 2 conflicts between controlling and non-controlling owners often capture the involvement based on ownership in terms of voting rights, using thresholds of 20 per cent (Isakov & Weisskopf, 2014; Eugster & Isakov, 2019; Eugster & Wang, 2023), as suggested by Faccio & Lang (2002) and LaPorta et al. (1999), or 10 per cent (e.g. Dahya et al., 2008).

[5] It is very common for Swedish listed firms to provide specific information about independence from management and independence from major owners separately in annual reports, which could indicate importance of these different independence aspects in Sweden. According to Swedish Code of Corporate Governance 'Swedish society takes a positive view of major shareholders taking particular responsibility for companies by using seats on boards of directors to actively influence governance. At the same time, major holdings in companies must not be misused to the detriment of the company or the other shareholders.' (Ch2:1, SCGC). At least to members of the board must be thus independent of the major owners (defined with threshold of 10 per cent of voting rights) (Ch2:3, SCGC).
[6] Dahya et al. (2008) focus on board independence in firms with dominant shareholders, but their definition of affiliation contains pure employment as one criterion, which makes their independence measure comprising both independence from management with independence from controlling owners.
[7] Nasdaq First North, Nordic Growth Market, Spotlight.

Divergence between voting right and cash flow rights is another measure to capture entrenchment of controlling owners (Claessens, et al., 2002), also proxied simply by dual-class share status (Li & Zaiats, 2017).

In this paper, I study direct involvement of controlling owners in boards by measuring independence of board from controlling owners, where controlling owners are defined according to Swedish Corporate Governance Code as owners with over 10 per cent of voting rights. Importance of taking into consideration direct involvement of controlling owners in boards has been endorsed by previous literature (for example, Hoi & Robin, 2010 discuss proximity of shareholders to management by investigating if controlling owner is management team member, board member or outsider), but previous research captures affiliated directors not only by links with controlling owners, but also with criteria of employment (often based on Capital IQ database) which makes the independence criteria combine independence from owners and management, and thus embracing both agency conflicts (Dahya et al., 2008, Sutton et al., 2018). In this regard, my measure of pure independence of board members from controlling owners (instead of both management and controlling owners), based on Swedish database Holdings in unique. The Swedish Corporate Governance Code acknowledge conflicts between controlling and non-controlling owners and requires at least two members of the board to be independent from controlling owners. At the same time only one member of top management is allowed to seat on the board (it is usually the CEO). In practice, the board is thus composed of a CEO, professional directors, and representatives of controlling owners.

In sum, I capture controlled firms using a direct board measure of independence from controlling owners, based on share of board directors that possess this independence. In main analysis I define controlled firms as firms where controlling owners dominate the board, i.e. with share of directors independent from controlling owner below the sample mean, below 50%, or with only two independent directors (as stipulated by the Swedish Corporate Governance Code). Alternatively, I also use dual-class shares status as proxy for controlled firms, in line with previous literature.

3.4. Stock price crash risk measures

I use two stock price crash risk measures, namely negative skewness of returns over the year, and down-up volatility of returns over the year, consistent with previous literature (Eugster & Wang, 2023, Chen et al., 2001, Kim et al., 2011, Kim et al., 2014, Kim et al., 2022). Both measures are based on firm-specific weakly returns, estimated for each firm-year based on the following market model:

$$r_{i,\tau} = \alpha_i + \beta_{1,i} r_{m,\tau-2} + \beta_{1,i} r_{m,\tau-1} + \beta_{1,i} r_{m,\tau} + \beta_{1,i} r_{m,\tau+1} + \beta_{1,i} r_{m,\tau+2} + \varepsilon_{i,\tau} \qquad (1)$$

where $r_{i,\tau}$ is the stock total return (including cash payments and capital gains) for firm *i* in week τ , and $r_{m,\tau}$ is total market return (OMX Nasdaq Stockholm main market index) in week τ. Firm- specific weekly returns are calculated as follows:

$$W_{i,\tau} = Ln\left(1 + \varepsilon_{i,\tau}\right) \qquad (2)$$

The first stock price crash risk measure, negative skewness of returns over the year, NCSKEW, is the negative value of the third moment of firm-specific weekly returns, normalised by the

standard deviation of firm-specific weekly returns and raised to the third power. For each firm *i* and year *t*, I calculate NCSKEW as follows:

$$NCSKEW_{i,t} = -\frac{n(n-1)^{3/2}\sum W_{i,\tau}^3}{(n-1)(n-2)(\sum W_{i,\tau}^2)^{3/2}} \quad (3)$$

The second stock price crash risk measure, down-up volatility of returns over the year, DUVOL, is the natural logarithm of the standard deviation in the weeks in which firm-specific weekly returns are below the yearly mean ("down" weeks), divided by the standard deviation in the weeks in which firm-specific weekly returns are above the yearly mean ("up" weeks). For each firm *i* and year *t*, I calculate DUVOL as follows:

$$DUVOL_{i,t} = Ln\left(\frac{(n_u-1)\sum_{Down} W_{i,\tau}^2}{(n_d-1)\sum_{Up} W_{i,\tau}^2}\right) \quad (4)$$

where n_u and n_d are number of up and down weeks in a year.
For both stock price crash measures, the higher the value the greater the crash risk.

3.5. Model specification

I use the following regression model to investigate the relationship between board busyness and firm valuation and stock price crash risk in controlled firms defined in section 3.3.

$$Stock\_price\_crash\_risk_{i,t+1}/TobinsQ_{i,t} = \beta_0 + \beta_1 Multiple\ directorships_{i,t} + \delta Controls_{i,t} + YearFE + IndustryFE + \varepsilon_{i,t} \quad (5)$$

Stock price crash risk is captured by either *NCSKEW* or *DUVOL*, as described in section 3.4. Similarly to previous literature I lag all independent variables by one year (e.g. Eugster & Wang, 2023). Board busyness measures (*BUSY_SHARE*, *AVG#BOARDS*, *BUSY_SHARE_30%*, *BUSY_SHARE_50%*) are based on calculations of multiple directorships in Swedish listed firms, as described in section 3.2. The following controls are used based on previous literature for estimations with stock price crash risk as dependent variable (Eugster & Wang, 2023; Chen et al., 2001; Kim et al., 2014): *DTURNOVER* is a change in trading volume, measured as the difference between the average monthly share turnover (as percentage of total shares outstanding) in year t and year t–1; *RETURN* is the average firm-specific weekly returns over the year; *VOLATILITY* is standard deviation of firm-specific weekly returns over the year; *ABACCRL* is the absolute value of abnormal accruals, where abnormal accrual is measured as the residuals from the model based on Dechow and Dichev (2002) and Dechow (2012) as defined by Christensen et al. (2021) using past, current and future cash flows, and estimated for every year and industry; *SIZE* is a firm's size, proxied by the natural logarithm of the market value of equity; *LEVERAGE* is a firm's financial leverage, measured as total long-term debt divided by total assets; *MB* is a firms market-to-book value calculated as the market value of equity to the book value of equity. Additionally, I add share of females on board *FEMALE_SHARE*, as previous research also linked this board dimension with crash risk (Chen et al., 2025). *TobinsQ* is a firm's valuation measure calculated as a natural logarithm of market value of equity minus book value of debt, divided by total assets, in line with previous literature (e.g. Isakov & Weisskopf, 2014). In estimations with *TobinsQ* as dependent variable I omit variables *DTURNOVER*, *ABACCRL*, *MB*, and instead add *BOARD_N*, which is size of the

board. All continuous variables are winsorized at 1st and 99th percentiles. Additionally, in all estimations I add year- and industry -fixed effects (based on LSEG industry classification).

4. Empirical results

4.1. Descriptive statistics

[Insert Table 2 around here]

[Insert Table 3 around here]

4.2. Controlling owners and the impact of multiple directorships on stock price crash risk

[Insert Table 4 around here]

Table 4 presents results from regression models explaining stock price crash risk in subsamples of firms with low and high independence from major owners. In models explaining negative skewness of returns *NCSKEW*, coefficients for all board busyness measures (*BUSY_SHARE, AVG#BOARDS, BUSY_SHARE30%, BUSY_SHARE50%*) for subsample of controlled firms with low independence of board directors from major owners (models 1-4) are significant and positive, which is in line with entrenchment hypothesis H1b. The results thus imply that in controlled firms multiple directorships of directors increase stock price crash risk (results for *BUSY_SHARE* and *AVG#BOARDS* are statistically significant at $p<0.05$, whereas results for *BUSY_SHARE30%* and *BUSY_SHARE50%* are weakly statistically significant at $p<0.1$). Similar results are shown in columns 9-12 for the second stock price crash risk measure, *DUVOL*, with positive coefficients for all board busyness measures (strongly significant at $p<0.01$ for *AVG#BOARDS*, and weakly for the other three measures).

For subsample of non-controlled firms, with high independence of board directors from major owners (models 5-8 and 13-16), coefficients are not significant, besides *BUSY_SHARE50%* (implying for very high level of busyness stock price crash risk increases for all firms, not only for controlled firms).

Control variables load mostly in consistence with previous research, with positive coefficients for *ABACCRL* and *SIZE*, and negative for *ROA* (Eugster & Wang, 2023; Chen et al., 2001; Kim et al., 2014). Interestingly though, *FEMALE_SHARE* variable is positively associated with stock price crash risk measures, with the strongest link for the subsample of controlled firms.

On the whole, the results imply that multiple board directorships could be detrimental especially in controlled firms, drawing attention to the agency II conflict and a need of monitoring controlling owners, impaired in case of directors' busyness. These results complement the Anglo-Saxon literature, which finds that busy boards are less effective in monitoring managers (Fich and Shivdasani, 2006; Fernández Méndez, 2015; Larcker and Tayan, 2020; Liu and Paul, 2015; Hauser, 2018).

4.3. Controlling owners and the impact of board busyness on firm valuation and profitability - additional analysis

[Insert Table 5 around here]

Table 5 presents additional results from regression models explaining *Tobin's Q* and *ROA*. There is a negative interaction effect between dual-class firm status and board busyness in *ROA*

estimations (significant negative coefficient for *Dual class x BUSY_SHARE30%:* (model 8) and weakly significant negative coefficients for *Dual class x BUSY_SHARE* (model 5) and *Dual class x AVG#BOARDS* (model 6)). Interaction effect between dual-class firm status and board busyness in *Tobin's Q* estimations are negative, but not statistically significant.

5. Conclusions

Using a subsample of 3,989 firm-year observations of Swedish listed firms over the period 2015–2024, I examine the impact of board directors' multiple directorships on stock price crash risk and other firm performance measures in controlled and non-controlled firms. To capture the involvement of controlling owners, I employ a unique measure of board controlling-owner independence, constructed using data from Holdings, a Swedish corporate governance database. The main findings show that, in controlled firms, identified by a low degree of board independence from major shareholders, multiple directorships increase stock price crash risk. This result supports the entrenchment hypothesis (H1b) and highlights the potential for Type II agency conflicts between controlling and non-controlling shareholders. The findings suggest that multiple directorships may be particularly detrimental in controlled firms and indicate that these firms could benefit from appointing less busy directors.

The results contribute to the literature in several ways. First, this study extends research on the impact of multiple directorships on corporate outcomes (Core et al., 1999; Fich & Shivdasani, 2006; Cashman et al., 2012; Hauser, 2018) by responding to calls to examine firm characteristics that may condition the effects of director busyness (Elyasiani & Zhang, 2015; Field et al., 2013; Mans-Kemp et al., 2018; Venkatesh et al., 2025). Specifically, I identify controlled firm status as an important contextual factor shaping the relationship between multiple directorships and corporate outcomes. Second, this study advances the literature on the determinants of stock price crash risk. Prior research has examined the role of corporate governance mechanisms, including ownership structure (Eugster & Wang, 2023), CEO characteristics (Andreou et al., 2017), and board gender composition (Chen et al., 2025). However, the role of directors' multiple directorships as a driver of stock price crash risk has not received scholarly attention. Third, this study contributes to the literature on the governance of controlled firms (Cronqvist & Nilsson, 2003; Isakov & Weisskopf, 2014; Dahya et al., 2008; Li & Zaiats, 2017) by highlighting a potential Type II agency conflict between controlling and non-controlling shareholders. Although controlling owners are generally viewed as effective monitors of management (ibid.), the findings suggest that they may themselves require effective oversight. Specifically, director busyness increases stock price crash risk in controlled firms, indicating that governance mechanisms intended to monitor controlling shareholders remain important. This insight is particularly relevant given that controlled firms dominate global capital markets (Aminadav & Papaioannou, 2020), underscoring the need for a deeper understanding of governance in this organizational context.

Disclaimer: AI tools have been used only for language editing of some parts of the text.

Table 1 Sample distribution

Industry	Industry (N)	DualClass (N)	DualClass (%)	Non-Dual (N)	Non-Dual (%)
Industrials	803	425	53.1%	375	46.9%
Technology	715	292	41.0%	421	59.0%
Healthcare	609	192	31.7%	413	68.3%
Consumer Cyclicals	557	183	32.9%	373	67.1%
Financials[8]	401	207	51.8%	193	48.2%
Real Estate	399	222	55.6%	177	44.4%
Basic Materials	226	91	40.4%	134	59.6%
Consumer Non-Cyclicals	162	105	65.2%	56	34.8%
Energy	45	20	44.4%	25	55.6%
Academic & Educational Services	33	27	81.8%	6	18.2%
Utilities	23	0	0.0%	23	100.0%
Total	**3,989**	**1,775**	**44.7%**	**2,196**	**55.3%**

[8] Banks are excluded in regressions (this table will be updated)

Table 2 Descriptive statistics

	Non-DualClass firms						DualClass firms							
Variable	**N**	**Min**	**Median**	**Max**	**Mean**	**SD**	**N**	**Min**	**Median**	**Max**	**Mean**	**SD**	**Diff in Mean**	**p-value**
NCSKEW	1931	-3.103	-0.111	6.261	-0.039	0.931	1609	-3.322	-0.119	4.066	-0.066	0.802	-0.027	0.350
DUVOL	1931	-0.996	0.031	2.246	0.052	0.280	1609	-0.771	0.020	1.158	0.034	0.240	-0.018	0.040
ROA	2134	-0.969	0.096	0.588	0.058	0.208	1733	-0.969	0.105	0.588	0.109	0.121	0.051	0.000
TOBINSQ	1821	10.620	13.712	16.892	13.794	1.094	1577	10.620	13.711	16.892	13.737	0.924	-0.057	0.100
BUSY_SHARE	2196	0.000	0.167	1.000	0.171	0.166	1775	0.000	0.200	0.857	0.224	0.196	0.052	0.000
AVG#BOARDS	2196	1.000	1.600	4.200	1.689	0.518	1775	1.000	1.800	4.600	1.890	0.645	0.201	0.000
BUSY_SHARE_50%	2196	0.000	0.000	1.000	0.060	0.237	1775	0.000	0.000	1.000	0.132	0.338	0.072	0.000
BUSY_SHARE_30%	2196	0.000	0.000	1.000	0.208	0.406	1775	0.000	0.000	1.000	0.312	0.463	0.103	0.000
VOLATILITY	2136	0.013	0.050	0.201	0.056	0.025	1749	0.010	0.042	0.173	0.047	0.020	-0.009	0.000
RETURN	2136	-0.065	0.002	0.051	0.002	0.010	1749	-0.059	0.003	0.060	0.003	0.008	0.001	0.000
DTURNOVER	1995	-5.018	-0.020	4.243	-0.075	1.098	1646	-5.018	-0.036	4.243	-0.119	1.010	-0.044	0.207
ABACCRL	1508	0.000	0.024	0.711	0.044	0.061	1317	0.000	0.023	0.604	0.038	0.048	-0.006	0.004
SIZE	2196	3.221	7.686	13.451	7.838	1.868	1775	2.685	8.732	13.451	8.826	2.121	0.987	0.000
LEVERAGE	2103	0.000	0.196	0.722	0.217	0.179	1745	0.000	0.209	0.722	0.222	0.167	0.005	0.339
MB	1821	0.236	2.116	25.128	3.553	4.262	1577	0.236	2.013	25.128	2.963	3.314	-0.589	0.000
INDP_OWNER_SHARE	2196	0.000	0.714	1.000	0.682	0.250	1775	0.000	0.667	1.000	0.632	0.207	-0.050	0.000
FEMALE_SHARE	2196	0.000	0.333	1.000	0.317	0.145	1775	0.000	0.333	0.750	0.324	0.132	0.007	0.120

The table presents descriptive statistics for the stock price crash risk measures, performance measures, board busyness measures and control variables. Descriptive statistics are presented in subsamples of firms with and without dual-class shares with Welch test of difference in means. The sample comprises Swedish listed firms on Nasdaq Stockholm (Large, Mid and Small cap) for the period of 2015-2024. All variables are described in Appendix 1. *, **, and *** indicate significance at the 10%, 5%, and 1% levels.

Table 3 Correlation table

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
(1) $NCSKEW_{t+1}$	1.000																	
(2) $DUVOL_{t+1}$	0.904***	1.000																
(3) ROA_t	-0.089***	-0.067***	1.000															
(4) $TOBINSQ_t$	-0.046***	-0.074***	0.054***	1.000														
(5) $BUSY\_SHARE_t$	0.039**	0.043**	0.124***	0.032*	1.000													
(6) $AVG\#BOARDS_t$	0.041**	0.052***	0.117***	0.063***	0.888***	1.000												
(7) $BUSY\_SHARE\_50\%_t$	0.038**	0.041**	0.073***	0.024	0.679***	0.601***	1.000											
(8) $BUSY\_SHARE\_30\%_t$	0.021	0.024	0.107***	0.028	0.812***	0.721***	0.543***	1.000										
(9) $VOLATILITY_t$	0.075***	0.065***	-0.397***	0.078***	-0.216***	-0.218***	-0.112***	-0.175***	1.000									
(10) $RETURN_t$	-0.071***	-0.059***	0.404***	-0.068***	0.172***	0.173***	0.090***	0.134***	-0.950***	1.000								
(11) $DTURNOVER_t$	-0.002	-0.015	-0.046***	0.017	-0.036**	-0.045***	-0.005	-0.019	0.176***	-0.191***	1.000							
(12) $ABACCRL_t$	0.056***	0.037**	-0.200***	0.056***	-0.108***	-0.095***	-0.064***	-0.081***	0.246***	-0.233***	0.008	1.000						
(13) $SIZE_t$	0.054***	0.081***	0.195***	-0.337***	0.290***	0.322***	0.134***	0.235***	-0.398***	0.312***	-0.061***	-0.197***	1.000					
(14) $LEVERAGE_t$	0.000	0.024	0.094***	-0.423***	0.104***	0.097***	0.017	0.068***	-0.172***	0.147***	-0.063***	-0.157***	0.521***	1.000				
(15) MB_t	-0.015	-0.023	-0.012	0.730***	-0.028	0.005	-0.026	-0.033*	0.174***	-0.158***	0.007	0.022	-0.231***	-0.176***	1.000			
(16)$INDP\_OWNER\_SHARE_t$	0.070***	0.059***	-0.052***	0.135***	0.020	0.025	-0.027*	-0.021	0.114***	-0.091***	0.010	0.024	0.063***	0.027*	0.097***	1.000		
(17) $FEMALE\_SHARE_t$	0.076***	0.080***	0.100***	0.034**	0.190***	0.185***	0.068***	0.114***	-0.123***	0.108***	-0.003	-0.053***	0.292***	0.115***	0.022	0.256***	1.000	
(18) $DUALCLASS_t$	-0.015	-0.010	0.144***	-0.028	0.143***	0.170***	0.124***	0.118***	-0.211***	0.169***	-0.021	-0.053***	0.240***	0.015	-0.076***	-0.107***	-0.012	1.000

This table presents Pearson's correlation coefficients of financial performance and stock price crash risk, board busyness, and the control variables in this study. The variables are described in Appendix 1. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 4 Regression results for stock price crash risk

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	NCSKEW $_{t+1}$ Low board independence from major owners	NCSKEW $_{t+1}$ Low board independence from major owners	NCSKEW $_{t+1}$ Low board independence from major owners	NCSKEW $_{t+1}$ Low board independence from major owners	NCSKEW $_{t+1}$ High board independence from major owners	NCSKEW $_{t+1}$ High board independence from major owners	NCSKEW $_{t+1}$ High board independence from major owners	NCSKEW $_{t+1}$ High board independence from major owners	DUVOL $_{t}$ Low board independence from major owners	DUVOL $_{t}$ Low board independence from major owners	DUVOL $_{t}$ Low board independence from major owners	DUVOL Low board independence from major owners	DUVOL $_{t}$ High board independence from major owners	DUVOL $_{t}$ High board independence from major owners	DUVOL $_{t}$ High board independence from major owners	DUVOL $_{t}$ High board independence from major owners
BUSY_SHARE$_t$	0.243**				0.174				0.159*				0.097			
	(0.115)				(0.153)				(0.082)				(0.093)			
AVG#BOARDS$_t$		0.091**				0.066				0.069***				0.043		
		(0.037)				(0.049)				(0.026)				(0.030)		
BUSY_SHARE_30%$_t$			0.079*				0.003				0.064*				-0.014	
			(0.047)				(0.051)				(0.034)				(0.032)	
BUSY_SHARE_50%$_t$				0.109*				0.196**				0.088*				0.116**
				(0.065)				(0.082)				(0.045)				(0.053)
NCSKEW$_t$	0.012	0.010	0.012	0.012	0.027	0.027	0.029	0.027								
	(0.034)	(0.034)	(0.034)	(0.034)	(0.033)	(0.033)	(0.033)	(0.033)								
DUVOL$_t$									0.037	0.035	0.038	0.038	0.003	0.002	0.004	0.002
									(0.035)	(0.035)	(0.034)	(0.035)	(0.034)	(0.034)	(0.034)	(0.034)
VOLATILITY$_t$	-1.334	-0.956	-1.428	-1.765	1.920	1.868	1.743	1.600	-2.175	-1.800	-2.113	-2.386	4.301	4.282	4.174	4.116
	(6.059)	(6.044)	(6.023)	(5.997)	(4.715)	(4.725)	(4.704)	(4.740)	(3.744)	(3.738)	(3.710)	(3.710)	(3.044)	(3.049)	(3.040)	(3.059)
RETURN$_t$	-40.953	-37.139	-41.940	-46.327	35.112	33.803	34.025	31.881	-52.930	-49.016	-51.966	-55.494	42.623	41.814	41.684	40.668
	(104.203)	(103.885)	(103.920)	(103.624)	(68.322)	(68.596)	(68.065)	(68.569)	(61.649)	(61.488)	(61.270)	(61.346)	(44.589)	(44.852)	(44.426)	(44.750)
DTURNOVER$_t$	-0.016	-0.016	-0.016	-0.016	-0.003	-0.003	-0.003	-0.004	-0.009	-0.010	-0.009	-0.010	-0.015	-0.015	-0.015	-0.015
	(0.015)	(0.015)	(0.015)	(0.015)	(0.022)	(0.022)	(0.022)	(0.022)	(0.012)	(0.012)	(0.012)	(0.012)	(0.014)	(0.014)	(0.014)	(0.014)
ABACCRL$_t$	1.327**	1.315**	1.298**	1.322**	0.632	0.631	0.630	0.635	0.725*	0.719*	0.706*	0.726*	0.015	0.014	0.012	0.016
	(0.620)	(0.620)	(0.622)	(0.620)	(0.547)	(0.547)	(0.548)	(0.550)	(0.400)	(0.401)	(0.402)	(0.401)	(0.308)	(0.308)	(0.309)	(0.309)
ROA$_t$	-0.620**	-0.627**	-0.610*	-0.601*	-0.571**	-0.572**	-0.558**	-0.594**	-0.295*	-0.302**	-0.289*	-0.281*	-0.253	-0.255	-0.244	-0.267
	(0.309)	(0.308)	(0.310)	(0.310)	(0.279)	(0.279)	(0.279)	(0.279)	(0.150)	(0.149)	(0.151)	(0.151)	(0.186)	(0.186)	(0.186)	(0.186)
SIZE$_t$	0.054***	0.050***	0.057***	0.060***	0.003	0.002	0.004	0.002	0.028**	0.024**	0.029***	0.031***	0.019*	0.018*	0.020*	0.018*
	(0.016)	(0.017)	(0.016)	(0.016)	(0.018)	(0.018)	(0.018)	(0.018)	(0.011)	(0.012)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
LEVERAGE$_t$	-0.244	-0.242	-0.247	-0.243	-0.110	-0.107	-0.114	-0.105	-0.106	-0.104	-0.108	-0.104	-0.144	-0.141	-0.148	-0.140
	(0.182)	(0.182)	(0.182)	(0.182)	(0.232)	(0.232)	(0.232)	(0.232)	(0.117)	(0.117)	(0.117)	(0.116)	(0.139)	(0.139)	(0.139)	(0.139)
MB$_t$	-0.007	-0.008	-0.007	-0.007	-0.005	-0.005	-0.005	-0.004	-0.001	-0.002	-0.001	-0.001	-0.005	-0.006	-0.005	-0.005
	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)	(0.008)	(0.008)	(0.008)	(0.005)	(0.005)	(0.005)	(0.005)	(0.006)	(0.006)	(0.006)	(0.006)
FEMALE_SHARE$_t$	0.496**	0.505**	0.512**	0.512**	0.479*	0.480*	0.514*	0.504*	0.304**	0.308**	0.313**	0.313**	0.256	0.253	0.281	0.270
	(0.225)	(0.225)	(0.228)	(0.227)	(0.283)	(0.280)	(0.279)	(0.281)	(0.132)	(0.131)	(0.134)	(0.134)	(0.188)	(0.187)	(0.186)	(0.188)
FE: Year_id	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
FE: Industry_id	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Num.Obs.	1226	1226	1226	1226	1164	1164	1164	1164	1226	1226	1226	1226	1164	1164	1164	1164
R2	0.086	0.087	0.085	0.085	0.067	0.067	0.066	0.069	0.085	0.087	0.084	0.085	0.066	0.067	0.066	0.069

This table presents the coefficients and clustered standard errors for the multivariate regressions of the crash risk measures on the different board busyness measures and control variables, including year and industry fixed effects. These regressions are based on 2,390 firm-year obser vations for the 2015–2024 period. All of the regressions are performed by using panel regression and clustered standard errors at the firm level. The variables are described in Appendix 1. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Clustered standard errors are in parentheses.

Table 5 Regression results for Tobin's Q and ROA

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	TOBINSQ	TOBINSQ	TOBINSQ	TOBINSQ	ROA	ROA	ROA	ROA
DualClass	0.028	0.169	-0.009	0.003	0.039**	0.074**	0.024*	0.031**
	(0.100)	(0.199)	(0.076)	(0.082)	(0.019)	(0.036)	(0.013)	(0.015)
BUSY_SHARE	0.564**				0.059*			
	(0.251)				(0.034)			
DualClass × BUSY_SHARE	-0.283				-0.091*			
	(0.327)				(0.051)			
AVG#BOARDS		0.266***				0.018		
		(0.081)				(0.012)		
DualClass × AVG#BOARDS		-0.115				-0.030*		
		(0.102)				(0.017)		
BUSY_SHARE_50%			0.253*				0.033*	
			(0.134)				(0.017)	
DualClass × BUSY_SHARE_50%			-0.213				-0.036	
			(0.176)				(0.024)	
BUSY_SHARE_30%				0.195**				0.023**
				(0.090)				(0.011)
DualClass × BUSY_SHARE_30%				-0.111				-0.038**
				(0.124)				(0.017)
VOLATILITY	-1.267	-1.168	-1.436	-1.410	-1.990***	-1.987***	-1.999***	-2.001***
	(1.362)	(1.346)	(1.365)	(1.365)	(0.267)	(0.267)	(0.267)	(0.266)
RETURN	27.025***	26.912***	27.273***	27.083***	4.637***	4.637***	4.660***	4.631***
	(2.733)	(2.703)	(2.769)	(2.749)	(0.509)	(0.505)	(0.509)	(0.508)
BOARD_N	0.103***	0.105***	0.106***	0.104***	-0.012***	-0.012***	-0.012***	-0.012***
	(0.023)	(0.023)	(0.023)	(0.023)	(0.004)	(0.004)	(0.004)	(0.004)
FEMALE_SHARE	0.540**	0.520**	0.605***	0.579**	0.048	0.048	0.051	0.049
	(0.230)	(0.226)	(0.230)	(0.228)	(0.039)	(0.039)	(0.039)	(0.039)
SIZE	-0.100***	-0.111***	-0.094***	-0.098***	0.012**	0.012**	0.012**	0.012**
	(0.027)	(0.027)	(0.027)	(0.027)	(0.005)	(0.005)	(0.005)	(0.005)
LEVERAGE	-1.820***	-1.819***	-1.815***	-1.810***	0.025	0.024	0.028	0.026
	(0.219)	(0.217)	(0.219)	(0.220)	(0.034)	(0.034)	(0.034)	(0.034)
FE: Year_id	YES	YES	YES	YES	YES	YES	YES	YES
FE: Industry_id	YES	YES	YES	YES	YES	YES	YES	YES
Num.Obs.	3272	3272	3272	3272	3668	3668	3668	3668
R2	0.378	0.385	0.375	0.376	0.347	0.347	0.346	0.347
R2 Adj.	0.371	0.379	0.368	0.370	0.341	0.341	0.340	0.341

This table presents the results for the multivariate regressions of financial performance measures on the different board busyness measures and control variables, including interactions with DualClass, denoting firms with multiple voting rights shares, and including year and industry fixed effects. These regressions are based on 3,273 (Tobin's Q) and 3,668 (ROA) firm-year observations for the years 2015–2024. All of the regressions are performed by using panel regression and clustered standard errors at the firm level. The variables are described in Appendix 1. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Clustered standard errors are in parentheses.

Appendix 1 Description of variables

This table defines variables used in the study. The market data and accounting data is from LSEG Workspace, board data is from Holdings. The study period is 2015-2024.

Panel A: Board measures	
BUSY_SHARE	A fraction of board composed of directors with 3 or more assignments in Swedish listed firms*.
AVG#BOARDS	Average number of board assignments per board member
BUSY_SHARE_50%	A dummy variable which takes a value of 1 when more than half of the board directors have 3 or more assignments.
BUSY_SHARE_30%	A dummy variable which takes a value of 1 when more than 30 per cent of the board directors have 3 or more assignments.
INDP_OWNER_SHARE	A fraction of board composed of directors who are independent from controlling shareholders with more than 10 per cent of voting rights**.
CONTROLLED_FIRM	Firms where controlling owners dominate the board, i.e. with share of directors independent from controlling owner below the sample mean, below 50%, or with only two independent directors.
BOARD_N	Number of board members.
FEMALE_SHARE	A fraction of board composed of female directors.
Panel B: Firm performance measures	
NCSKEW	Stock price crash risk proxied by negative skewness over the year, calculated as the negative of the third moment of firm-specific weekly returns normalized by the standard deviation of firm-specific weekly returns raised to the third power.
DUVOL	Down-to-up volatility over the year, calculated as the natural logarithm of the ratio of the standard deviation of the weeks below the annual mean of firm-specific weekly returns (up weeks) to the standard deviation of weeks above the annual mean (down weeks).
TOBINSQ	A firm's valuation measure calculated as a natural logarithm of market value of equity minus book value of debt, divided by total assets.
ROA	A firm's profitability measure, calculated as operating income before extraordinary items and depreciation and amortisation (EBITDA), divided by total assets.
Panel C: Firm characteristics	
DualClass	A dummy variable taking a value of 1 when a firm has shares with multiple voting listed on Nasdaq Stockholm.
VOLATILITY	Specific volatility, computed as the standard deviation of firm-specific weekly returns over the year.
RETURN	Specific return, computed as the mean of firm-specific weekly returns over the year.
DTURNOVER	Change in trading volume, measured as the difference between the average monthly share turnover (as percentage of total shares outstanding) in year t and the average monthly share turnover in year t–1.
ABACCRL	Absolute value of abnormal accruals, where abnormal accrual is measured as the residuals from the model based on Dechow and Dichev (2002) and Dechow (2012) as defined by Christensen et al. (2021) using past, current and future cash flows, and estimated for every year and industry.

SIZE	Firm size, proxied by the natural logarithm of the market value of equity.
LEVERAGE	Financial leverage, measured as total long-term debt divided by total assets.
MB	The market-to-book ratio, calculated as the market value of equity to the book value of equity.

*In calculating all board busyness measures, board assignments in firms listed both on Nasdaq Stockholm main market (Large, Mid and Small cap) and First North market segment (growth firms) are included. Employee representatives on boards are excluded from calculations.

**According to Swedish Corporate Governance Code (§4.5), at least two of the members of the board who are independent of the company and its executive management are also to be independent in relation to the company's major shareholders.

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