



Evaluating the Characteristics of Corporate Boards Associated with Layoff Decisions

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First published: 03 March 2006

<https://doi.org/10.1111/j.1467-8683.2006.00488.x>

Citations: 44

Abstract

The paper evaluates the characteristics of corporate boards associated with layoff decisions using a large sample of UK firms suffering performance declines over the period 1994–2003. The results show that firms are less likely to respond to performance declines with employee layoffs when they have large boards. Further analysis shows that layoff decisions are positively associated with the proportion of outside directors and directors' remuneration. The findings provide some support to the recommendations of the [Cadbury Report \(1992\)](#) and [Higgs Review \(2003\)](#) on the importance of the structure and composition of board of directors in the corporate governance process.

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