

sizes on average. In addition, the two-tier board companies have larger unconditional ROE levels, indicating superior performance on average. However, when a linear regression model is estimated, it is found that the positive effects of the two-tier board system become statistically insignificant after controlling for various board and company characteristics. The results also show the positive effects of the independent board members on the company performance and imply that the presence of independent board members on the boards would be useful to improve corporate governance quality and firm performance in Romania.

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