
BICM Research Seminar 31

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Paper details	
Title	Friendly Boards and Capital Allocation Efficiency
Authors	Avishek Bhandari, PhD Department of Accounting The University of Wisconsin–Whitewater
	Md Nazmul Hasan Bhuyan, PhD, CFA Department of Finance North Carolina Agricultural and Technical State University
	Meena Subedi Department of Accounting University of Wisconsin-Whitewater
Presentation details	
Presenter researcher	Md Nazmul Hasan Bhuyan, PhD, CFA
Date	22 January 2024 (Monday)
Time	10:00 AM - 11:30 AM
Venue	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussants	Dr. Mahmood Osman Imam Professor Department of Finance University of Dhaka
	Dr. Dewan M. Rahman Senior Lecturer in Finance School of Business The University of Queensland

About the Presenter

Dr. Md Nazmul Hasan Bhuyan, CFA is an Assistant Professor of College of Business & Economics at North Carolina Agricultural and Technical State University. He was initially graduated from department of Finance of University of Dhaka. Then he obtained his masters (MBA) in Financial Management from Lamar University and PhD in Finance from Florida Atlantic University. Dr Bhuyan has published several peer reviewed international journals including Journal of Behavioral and Experimental Finance, Applied Economics etc. Dr Bhuyan has presented numerous seminar presentation as invited keynote speaker. His research interest includes corporate finance, investment, banking etc.

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The paper abstract is given below. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Assistant Professor, BICM at kalbin@bicm.ac.bd.

Friendly Boards and Capital Allocation Efficiency

Avishek Bhandari, PhD¹
Md Nazmul Hasan Bhuyan, PhD, CFA²
Meena Subedi¹

Abstract

This study examines the effect of friendly boards on capital allocation efficiency. We provide evidence that firms with friendly boards have a positive and statistically significant effect on capital allocation inefficiency. We find our results robust to different measures of friendly boards and capital allocation inefficiency, alternative model specifications, omitted variable bias, self-selection bias, and other endogeneity concerns. We also show that the positive association between friendly boards and capital allocation inefficiency is lower in firms with high external corporate governance quality but higher in firms with high financial constraints. The findings imply that poor board monitoring and high agency conflicts in firms with friendly boards lead to high capital allocation inefficiency.

JEL Classification: G30, G39, Z13

Keywords: Friendly boards, Capital allocation efficiency, True board independence, External corporate governance quality, Financial constraints.

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