

BICM Research Seminar 37

We cordially invite you to join our research seminar and contribute to share academic excellence. Please note the following specifics about the upcoming seminar.

Paper details	
Title	Business Group Affiliation, Political Connections and Cost of Debt: Empirical Evidence from Bangladesh
Authors	Dr. Muhammad Shahin Miah, CPA Associate Professor Department of International Business University of Dhaka
	Dr. Chowdhury Saima Ferdous Professor Department of International Business University of Dhaka
	Dr. Aditi Shams Associate Professor Department of International Business University of Dhaka
	Md. Adnan Ahmed Lecturer Bangladesh Institute of Capital Market
Presentation details	
Presenter researcher	Dr. Muhammad Shahin Miah, CPA
Date	02 October 2024 (Wednesday)
Time	03:30 PM – 04:30 PM
Venue	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussant	Mohammad Salahuddin Chowdhury, FCA Associate Professor Department of Finance University of Dhaka

About the Presenter

Dr. Muhammad Shahin, CPA is an Associate Professor of Accounting at the Department of International Business, University of Dhaka. Dr. Muhammad Shahin completed his PhD at Massey University New Zealand in 2017. Dr. Shahin was awarded the prestigious "Justice Ibrahim Memorial Gold Medal" by the University of Dhaka for his outstanding research. Dr. Shahin has served as faculty member of Coventry Business School at Coventry University in England. He has published his research in different accounting and finance journals including: Corporate Governance: An International Review, Heliyon, International Journal of Finance and Economic, International Journal of Financial Studies, Future Business Journal (Springer Nature), Business Strategy and Development, Asian Review of Accounting, Accounting Research Journal, International Journal of Auditing, Journal of Chinese Economic and Business Studies, Journal of Corporate Accounting & Finance, Journal of Islamic Accounting and Business Research, Journal of Accounting Business, and Management, Bank Parikrama: A Journal of Finance and Banking & Journal of Business and Economics Studies. Dr. Muhammad Shahin Miah, CPA can be reached at mshahin@du.ac.bd.

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 contact S. M. Kalbin Salema, Assistant Professor, BICM at kalbin@bicm.ac.bd.

Business Group Affiliation, Political Connections and Cost of Debt: Empirical Evidence from Bangladesh

Dr. Muhammad Shahin Miah, CPA¹; Dr. Chowdhury Saima Ferdous¹; Dr. Aditi Shams¹ & Md. Adnan Ahmed²

Abstract

We examine the impact of business group membership on cost of debt of publicly listed companies in Bangladesh. We conjectured that due to coinsurance effect group firms will be required to pay less on external debt compared to counter nongroup firms. Further we explore the possible impact of political connection on the link between business group affiliation and cost of debt. Accordingly, we found that the cost of debt is significantly lower in business group firms compared to standalone firms which is in line with the notion of coinsurance contention. Next, we document that financing firms charge premium fees for firms with politicians in the board of business group firms compared to group firms without politicians in the board. Our results are robust to a set of alternative tests including self-selection biasness test, propensity score matching and 2 step system GMM. Finally, we conclude that our study advances the importance of business group membership in debt market where group firms significantly influence the entire capital market from developing market contexts.

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