

IIM Trichy Research Seminar Series

Central to the academic life is the spirit of enquiry, conversation and debate. The primary intention of the IIM Trichy Research Seminar Series is to nurture this spirit amongst the Fellow Program (FP) community. This initiative was conceptualized by and is administered by the FP students.



Session 04

Date: 5th September 2018, Venue: CR003, Time: 10:30 AM

Title: Does Corporate Governance Influence the Working Capital Management of firms: Evidence from India

Category: Published Paper

Author(s): Prof. P. Saravanan (Faculty, Finance and Accounting Area)

The study explores the impact of corporate governance on the working capital management of the Indian firms. The research question was investigated using panel data procedures for a sample of 126 Indian firms listed in the Bombay Stock Exchange for the period 2007-2014. A composite corporate governance score was developed and regressed with the proxies for working capital management. We have used ordinary least square (OLS), random effects and fixed effects panel model. Findings of our study indicate that corporate governance plays a definite role in improving the working capital management. The results indicate that the board efficiency indicators have an effect on the working capital management of the Indian firms. The composite corporate governance score results show that it plays a significant and positive role on working capital liquidity decisions. The results of the study will help the practitioners, investors, and analysts to better understand the relation between effective corporate governance practices and working capital management that enables them to make better and informed decisions. Our findings have implications for board efficiency in the quest for improving working capital management of firms. The study limits the generalization of the findings since the data is pooled across all industries.

Broad Theme of Discussion

- ✓ Selection and justification of sample period.
- ✓ Accounting for industry-specific factors in regression analysis.
- ✓ Handling the problem of endogeneity.
- ✓ Optimal sample size - issues arising out of large number of row items in original database rendered unusable due to unavailability of certain column data points.
- ✓ Representativeness of the sample.
- ✓ Controlling for regulatory changes in regression analysis.
- ✓ Inclusion of lagged controls in the regression model.

The Inquisitives



*Prof. Gopal
(F&A)*



*Arun kumar
(Strategy)*



*Rupesh
(F&A)*



*Prof. Sankalp
(Strategy)*



*Rupesh
(F&A)*



*Mueen
(Strategy)*



*Arun Kumar
(Strategy)*

✓ Impact of board-interlocks on firm's working capital management.



*Prof. Srivastava
(Strategy)*

✓ Motivation for the paper and use of Agency Theory.



*Vimal Kumar
(MIS)*

✓ Issue of CEO-Chairman Duality and actual Independence of directors in family-owned firms.



*Prof. Prashant
(F&A)*

✓ SEBI regulations and other checks on director salaries.



*Prof. Nilesh
(F&A)*

✓ Need for Indian researchers to highlight the differences in the Indian context when compared to studies in developed nations.



*Prof. Gopal
(F&A)*

✓ Relevance of Principal-Principal Problem due to dominant ownership in the India firms.



*Prof. Manikandan
(Strategy)*