

Accepted Manuscript

Board Diversity, Firm Risk, and Corporate Policies

Gennaro Bernile , Vineet Bhagwat , Scott Yonker

PII: S0304-405X(17)30321-5
DOI: [10.1016/j.jfineco.2017.12.009](https://doi.org/10.1016/j.jfineco.2017.12.009)
Reference: FINEC 2844

To appear in: *Journal of Financial Economics*

Received date: 14 June 2016
Revised date: 22 November 2016
Accepted date: 6 January 2017

Please cite this article as: Gennaro Bernile , Vineet Bhagwat , Scott Yonker , Board Diversity, Firm Risk, and Corporate Policies, *Journal of Financial Economics* (2017), doi: [10.1016/j.jfineco.2017.12.009](https://doi.org/10.1016/j.jfineco.2017.12.009)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Board Diversity, Firm Risk, and Corporate Policies

GENNARO BERNILE

School of Business Administration, University of Miami, 512-C Jenkins Building, Coral Gables, FL 33146 USA; Email: g.bernile@miami.edu

VINEET BHAGWAT

George Washington University School of Business, George Washington University, Fonger Hall 508, 2201 G Street, NW Washington, D.C. 20052; Email: vineetb@gwu.edu

SCOTT YONKER*

Dyson School of Applied Economics and Management, Cornell University, 201J Warren Hall, Ithaca, NY 14853, USA; Email: syonker@cornell.edu

Abstract

We examine the effects of diversity in the board of directors on corporate policies and risk. Using a multidimensional measure, we find that greater board diversity leads to lower volatility and better performance. The lower risk levels are largely due to diverse boards adopting more persistent and less risky financial policies. However, consistent with diversity fostering more efficient (real) risk-taking, firms with greater board diversity also invest persistently more in research and development (R&D) and have more efficient innovation processes. Instrumental

* We thank G. William Schwert (the Editor) and an anonymous referee for their guidance. We benefited greatly from the comments and suggestions of Renée Adams, Thomas Bates, Hyun-Soo Choi, Phil Dybvig, Byoung-Hyoun Hwang, Jianfeng Hu, Roger Loh, Evgeny Lyandres, Andrew Karolyi, Alok Kumar, George Korniotis, Po-Hsuan Hsu, Tse-Chun Lin, Ron Masulis, Roni Michaely, P. Raghavendra Rau, D. Rector, Thomas Schmid, René Stulz, Johan Sulaeman, Alexander Wagner, Michael Weisbach, and seminar participants at the Cheung Kong Graduate School of Business, Cornell University, Hong Kong Polytechnic University, John's Hopkins University, National University of Singapore, Peking University, Singapore Management University, University of Hong Kong, University of Miami, and University of Oregon. We bear sole responsibility for all remaining errors and omissions. Send correspondence to Vineet Bhagwat, George Washington University School of Business, George Washington University, Fonger Hall 508, 2201 G Street, NW Washington, D.C. 20052; vineetb@gwu.edu; Facsimile number: 202-994-3667

Download English Version:

<https://daneshyari.com/en/article/7361960>

Download Persian Version:

<https://daneshyari.com/article/7361960>

[Daneshyari.com](https://daneshyari.com)