T A PAI MANAGEMENT INSTITUTE

MANIPAL – 576104

KNOWLEDGE & EXPERIENCE SHARING SEMINAR (KESS)

TARGET CAPITAL STRUCTURE, RELIGIOUS BELIEFS AND TONE: EVIDENCE FROM INDIAN BUSINESS GROUPS

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TAPMI, Manipal

3:00 pm, September 25, 2013 (Wednesday)

Conference Room, TAPMI Campus

ABOUT THIS KESS

In this KESS I will present three research ideas. These are promising ideas but we are in the early stages of research. The central objective of the first study is to investigate the association between CEO ability, business group(BG) affiliation and target capital structure. To investigate this question we will compute the ability of the CEO of each company in the group. For the sake of completeness we will replicate this for standalone firms. We will also estimate group leverage and investigate whether CEO ability plays a role in the target capital structure of a firm in the group. In addition, we will also investigate whether there is variation in the group leverage and the leverage of individual firms in the group.

The central objective of the second study is to investigate the link between religious beliefs of a CEO and the CEO's risk taking ability in the context of business groups. Several studies have examined the impact of local religious beliefs on economic attitudes, corporate decisions, portfolio choices, mutual fund risk-taking and mergers and acquisitions. We will also investigate the association between religiosity and risk-taking of CEOs in standalone firms.

In the third paper, we study the impact of tone on stock returns and firm-level volatility of business groups. More specifically, we are interested in determining the impact of tone on stock returns and volatility for BG and SA firms. That is, we ask - Do investors react to soft information? Prior research shows that tone can explain investor behaviour.We will compare the tone of the business group firms and standalone companies. To address this question we will download auditor's report, director's speech, chairman speech, auditor's qualification and reply by management for both BG and SA. For BG firms' data will be collected individually for each of the firm that belongs to the group.

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