

عنوان مقاله:

The Influence of Multiple Directorships on Firm Performance of Public Listed Companies in Malaysia

محل انتشار:

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خلاصه مقاله:

This paper examines the impact of multiple directorships on firm performance. Grounded in resource dependence theory, we argue that the incidence of multiple directorships can improve the quality of monitoring and advisory functions. In contrary, agency theory suggests that busyness of individual director affect the effectiveness of these directors. We show that firms where more directors hold outside board seats experience better accounting performance. This positive effect, nonetheless, is affected by the busyness of individual director. We find that the positive reputational effect of individual director is significantly reduced when majority of directors with multiple directorships holding three or more board seats. We interpret this result as suggesting that directors serving on multiple boards are ineffective monitors when they become too busy. We also find that the negative effect of busyness is alleviated in larger firms because directors will spend more effort and time to serve in more prestigious firms

کلمات کلیدی:

multiple directorships, busyness, reputation, monitoring, advisory

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