



CERF Fellow Report

Please note this information will be published on the CERF website.

1. Personal Details

Name and Faculty:	Bang Dang Nguyen
Date:	August 31, 2017
CERF Fellowship Period:	May 2016 – May 2018

2. Research Update

Research Title and Abstract Please tell us your CERF Funded Research Title and Abstract (250 words max)	The Impact of the External Networks of Directors on Firms This project investigates the external social networks of directors and their real impact on firms. Using a social-network based measure of director connections with important outside economic agents such as suppliers, bankers, and powerful politicians in a sample of U.S. firms from 1999 to 2011, we study whether and how these network connections impact firm value, performance, and major corporate financing and investment decisions. We also analyses the extent to which network characteristics such size, closeness, activeness and homophily dertermine network value. Finally, we propose a robust identification to the endogenous relationship between director network connections and firm value.
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Key Research findings to date:

(250 words max)

The external networks of directors significantly impact firm value and decisions. Surrounding close gubernatorial elections, local firms with directors connected to winners increase value by 4.1% over firms connected to losers. Director network's value increases with network strength and activities, and is not due to network homophily. Connected firms are more likely to receive state subsidies, loans, and tax credits. They obtain better access to bank loans, borrow more, pay lower interest, invest and employ more, and enjoy better long-term performance. Network benefits are concentrated on connected firms, possibly through quid pro quo deals, and unlikely spread to industry competitors.

3. Weblinks to your work

We would like to provide CERF Managers with weblinks to the research output of CERF Funded Projects and the following information:

- links to your research outputs
- publications generated during the CERF fellowship
- seminars, conference presentations, press releases and other academic activities



- links to your research outputs

The Working Paper's Web Page: Available at SSRN:

<https://ssrn.com/abstract=2753836>

- seminars, conference presentations, press releases and other academic activities

[Asian Finance Association \(AsianFA\) 2017 Conference](#)

4. Additional information

Is there any other information you would like to share with us about your work to date?

Our first our working paper from this project is ready for journal submission. We will submit it by end of September 2017.

Please return completed form to The Administrator, admin@cerf.cam.ac.uk