

## BICM Research Seminar 23

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Paper details	
Title	<b>U.S. Political Corruption and Management Earnings Forecast</b>
Authors	<b>Hasibul Chowdhury</b> UQ Business School The University of Queensland
	<b>Ashrafee Tanvir Hossain</b> Faculty of Business Administration Memorial University of Newfoundland
	<b>Wenbin Hu</b> UQ Business School The University of Queensland
	<b>Kelvin Jui Keng Tan</b> UQ Business School The University of Queensland
Presentation details	
Presenter researcher	<b>Dr. Hasibul Chowdhury</b>
Date	June 07, 2023 (Wednesday)
Time	11:00 AM - 12:30 PM
Venue	BICM Multipurpose Hall
Expected Participants	Faculty Members of BICM & Invited Guests
Discussant	<b>Dr. Muhammad Shahin Miah CPA</b> Associate Professor Department of International Business University of Dhaka

## About the Presenter

Dr Hasibul Chowdhury is a Senior Lecturer in Finance at the University of Queensland Business School. Dr Chowdhury holds BBA (Finance) and MBA (Banking) from the University of Dhaka, MBA (Finance) from Tulane University, and PhD (Finance) from the University of Queensland. In addition, he obtained the HEA fellowship (FHEA) from Advance HE, UK. His teaching philosophy is to ensure a high-quality learning environment in the classroom for the students by encouraging active learning methods so that students have clarity in their learning experiences.

Dr Chowdhury's research focuses on corporate finance and executives' labor market incentives. His research work has been published in the Journal of Corporate Finance, Journal of Banking and Finance, Journal of Business Research, Pacific-Basin Finance Journal, Global Finance Journal, Journal of Contemporary Accounting and Economics, Accounting and Finance, Australian Journal of Management, and Journal of Behavioral and Experimental Finance.

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The paper abstract is given on next page. If you have any questions regarding the seminar or you wish to present a paper or invite a guest researcher, please do not hesitate to communicate S. M. Kalbin Salema, Lecturer, BICM at [kalbin@bicm.ac.bd](mailto:kalbin@bicm.ac.bd).

## U.S. Political Corruption and Management Earnings Forecast

Hasibul Chowdhury<sup>1</sup>  
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### Abstract

This study shows that US firms headquartered in more corrupt areas tend to use a more cautious approach to their earnings forecasts, providing narrower and more pessimistic management earnings forecast ranges. This is due to a desire to protect their assets from rent-seeking behavior by corrupt officials. The results are more pronounced for firms prone to rent extraction, such as financially unconstrained firms, firms that have high levels of cash or low dividend payouts, and firms with concentrated operations in one state. The study further shows that a cautious approach to earnings forecasting can attenuate the detrimental effect of political corruption on a firm's value, thereby suggesting that a caution earnings forecasting can act as a deterrent to political corruption.

**JEL Classification:** D72; G17; G38

**Keywords:** Political corruption; Management earnings forecasts; Shielding

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