

**FIN18**

## **Board Co-option and Workplace Safety**

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### **Abstract**

We investigate the effect of board co-option on workplace safety and find that firms with a higher proportion of co-opted directors on their boards experience higher workplace injury/illness rates. We also explore how board co-option may increase workplace injury/illness rates and attribute that to lower investments in safety measures and heavier workloads. Further analyses reveal that external monitoring through greater institutional ownership and analyst coverage can moderate the negative effect of board co-option on workplace safety. Our results support the argument that the interests of co-opted directors are closely aligned with those of the CEO, who was instrumental in their selection, thereby compromising their monitoring role.

### **Conference Track**

Finance and Investment