

Introduction

After the financial scandals at the beginning of present century, many legislative bodies tried to reform the corporate governance system. One of the things that most of the legislators emphasized was the increase in the use of non-commissioned (independent) members in the structure of the board of directors as one of the main pillars of the corporate governance system. In the Iranian capital market, the stock exchange organization in the corporate governance guidelines approved in 2008, which was revised in 2018 and 2022, article four of the guidelines states that "the majority of the board members must be non-commissioned and the number of independent members of the board of directors should not be less than 20% of the total number of members of the board" (Instructions for corporate governance of issuers registered in the Stock Exchange Organization, 2022). It seems that the requirement of laws to use non-commissioned members in the board of directors encourages managers to serve in the board of directors of many companies. This has caused a number of members of the board of directors of companies to be simultaneously and jointly members of the board of directors of other companies. In recent financial literature, this phenomenon is referred to as the busyness of board members. Board member busyness means, being a member of the board of directors as a member of the board of directors of other companies at the same time (Fitch and Shivadasani, 2006; Jiraporn et al., 2009). The significant increase in the number of busy managers in recent years raises an important question about their effectiveness in the corporate governance mechanism and the company's financial decisions. The aim of this paper is to investigate the relationship between the busyness of the board members and financial decisions and the moderating effect of life cycle stages on this relationship. **Hypothesis**

H1: There is a positive and significant relationship between the busyness of the board members and the firm's cash holdings.

H2: There is a positive and significant relationship between the busyness of the board members and the firm's capital expenditures.

H3: There is a positive and significant relationship between the busyness of the board members and the firm's sale, general and administrative costs.

H4: The relationship between the busyness of board members and cash holdings is stronger in the introduction stage of the life cycle compared to the growth stage.

H5: The relationship between the busyness of board members and cash holdings is stronger in the decline stage of the life cycle compared to the maturity stage.

H6: The relationship between the busyness of board members and capital expenditures is stronger in the growth stage of the life cycle compared to the introduction stage.

H7: The relationship between the busyness of board members and capital expenditures is stronger in the maturity stage of the life cycle compared to the decline stage.

H8: The relationship between the busyness of board members and sales, general and administrative costs is stronger in the introduction stage of the life cycle compared to the growth stage.

H9: The relationship between the busyness of board members and sales, general and administrative costs is stronger in the decline stage of the life cycle compared to the maturity stage.

Methods

The statistical population in this research included the companies accepted in Tehran Stock Exchange (TSE) during the period of 2011 to 2022. The sample consist of companies with financial year ending in March and have not changed their financial year during the period of time, companies that are not active in the field of finance, investment, banking, insurance, and holding, and companies that have information about those who disclosed the need to calculate research variables were selected for statistical tests. Finally, 174 companies were selected for statistical analysis in the form of a balanced panel work file with 2088 firm – year observations. Variables definitions are coming below.

The dependent variables of the research include cash holdings, capital expenditures, and sales, general, and administrative (SG&A) costs. The independent variable is the busyness of the board members (Busyness) and the moderating variable is the stages of the life cycle (LCS). Control Variables are firm size, debt ratio, tangibility, cash flow, sale growth, return on asset, working capital ratio, Concentration of ownership, and firm's age.

Results

The results showed that the busyness of the board members has a significant relationship with the variables of cash holding, capital expenditures and sales, general and administrative (SG&A) expenses. Also, the findings show the moderating role of the life cycle stages in the

relationship between the busyness of the board members with cash holding and capital expenditures, while the moderating effect of the life cycle stages on the relationship between the busyness of the board members and SG&A costs was not meaningful. Supplementary tests with generalized methods of moments (GMM) confirm the strength of the main results.

Discussion and Conclusion

Corporate policy makers and researchers are not agreed on the effectiveness of busy board members. Policy makers believe that a ceiling should be set for board members in other companies, while researchers have reported conflicting results about the effectiveness of these managers. The findings of this research show that the busyness of the board members can be harmful to the company's financial decisions in general and through increasing the cash holdings, increasing the level of sales, general and administrative (SG&A) expenses and reducing capital expenditures, and finally, it reduce the shareholder's wealth. Also, the findings of the present study showed that the effect of the busyness of board members on financial decisions (cash holdings and capital expenditures) is affected by firm's life cycle stages. These findings are in agreement with the evidence presented in previous researches, including Amin et al. (2023), Alqahtani et al. (2022), Bolton and Zhao (2022) and Li and Luke (2020), which confirm the view of busyness about the effectiveness of busy board members. As a result, it can be implicitly stated that the busyness of board members in Tehran Stock Exchange companies reduces the effectiveness of corporate governance mechanisms and has a negative effect on financial performance and weakens financial decisions.

Keywords: Busyness of Board Members, Financial Decisions, Corporate Life Cycle, Generalized Methods of Moments.