

# Board members' media connections and access to financing\*

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## Abstract

Boards of directors with linkages to media firms have been found to enhance a firm's news coverage and public relations. We investigate the economic effects of this enhanced communication by studying issuance of equity and debt securities. Media-linked board members are associated with more outside public equity and debt financing. For equity, the main effect is on the quantity of funds raised (i.e., an effect at the intensive margin). For debt, the main effect is on the ability and decision to issue bonds (i.e., an effect at the extensive margin). The size of the effects we uncover are economically large, with a statistical association up to an extra 15% of additional capital raised as a proportion of asset value. The effects are strongest for firms with demonstrated needs to access outside capital and that are likely already visible to investors based on their age and size. We also find associations with pricing, where firms with media-linked board members experience larger announcement day stock returns to equity issues and issue debt at lower yields. Further evidence suggests that the effects are due to skill and amassed connections, not only direct effects of current media connections. We provide evidence that these effects are not the result of endogenous effects using an instrumental variables method. We subject our results to a set of robustness checks. Our results are evidence that media-linkages positively influence the supply side of public securities markets.

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