

How financial decisions are made

September 2 2014, by Joe O'connell



Jayant Kale, the new Philip R. McDonald Chair and a professor of finance in the D'Amore-McKim School of Business, studies the many factors that contribute to the financial decisions businesses make. Photo by Brooks Canaday.

Jayant Kale didn't grow up dreaming of becoming a leading expert in corporate finance and mutual fund investment. But he's happy he invested in that market early in life.

While studying for his doctorate in [international business](#) at the University of Texas at Austin, Kale took some [finance](#) courses and

discovered a fascination with how firms make [financial decisions](#).

"I started understanding the underlying economics of these financial decisions," said Kale, who pivoted toward finance for his doctoral work. "I was intrigued by how decisions are made when different people have different information. All of it is studied in a rational way because you must look at it within very specific axioms."

Now, Kale has brought his financial expertise to Northeastern, where he is the new Philip R. McDonald Chair and a professor of finance in the D'Amore-McKim School of Business. This semester, he is teaching an undergraduate course in international finance.

Kale's research focuses on both [corporate finance](#) and institutional investment. Over the past eight years, Kale has studied how supply chains factor into the financial decisions made by firms and businesses. His work has been published in publications such as the *Journal of Financial Economics* and the *Journal of Financial and Quantitative Analysis*. In his research, he's found that firms are paying more attention to the credit worthiness of suppliers and the safety of their supply chains.

"I'm trying to bring in nonfinancial people's interests into the decisions," Kale explained. "In recent years, this consideration of supply chains has become more important. If I am manufacturing something, my supplier is very crucial to my survival."

At Northeastern, Kale also plans to continue a new research project focusing on how managers' personal traits affect corporate financial decisions—an area for which there isn't much data, he said.

Kale comes to Northeastern from Georgia State University's J. Mack Robinson College of Business, where he was the H. Talmage Dobbs, Jr. Chair and a professor of finance. He also previously taught at the Indian

Institute of Management Bangalore, the Indian School of Business, and Nanyang Technological University in Singapore.

In the D'Amore-McKim School of Business, Kale will be reunited with his former doctoral students and current Northeastern faculty members Anand Venkateswaran and Linlin Ma.

"I knew I would be professionally and personally happy here," Kale said of coming to Northeastern. "It is clearly a school that is on the rise. There are interesting plans for where the school is going and that is something I think I can contribute to in some way."

Provided by Northeastern University

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