

Strategic Disclosure: An Empirical Examination Of CEO's Letters To Shareholders vs. Management'S Discussion And Analysis

By: Nguyen Hazel, Southwestern University (United States); Liu Pu, University of Arkansas [Fayetteville] (United States)

Abstract: This paper provides evidence that firms utilize alternative disclosure outlets as a form to strategically report their financial performance. We document that relative to the MD&A the CEO letter has higher levels of positive words and lower levels of negative words when describing the same firm fiscal performance. While the MD&A provides incremental information to the quantified financial material the language in the CEO letter is incongruent with firm performance influenced predominantly by the levels of positive words. This shows that the CEO letter is utilized as a form of impression management. However given the cost of impression management to organizational legitimacy personal reputation and market overreaction there is evidence that the CEO letter has some information content when discussing future performance. Taken together our study urges investors to exercise caution when using the CEO letter to inform investment decisions.

E3. Executives

Compensation Peer Groups: A Comparison Of Execucomp And Non-Execucomp Firms

By: Nguyen Thanh, California State University, Fullerton (United States); Jiang Yi, California State University, Fullerton (United States)

Abstract: Using a hand-collected database, we compare the selection and use of compensation peer groups for a sample of 707 ExecuComp and 237 non-ExecuComp firms. While firms select peers based on characteristics, such as industry affiliation, capital market competition, and organization complexity, that signify efficient contracting, there is evidence of opportunism. On average, ExecuComp (non-ExecuComp) firms choose peers that pay executives 7.8% (19.7%) higher than they do. For every 1% increase in peer group median compensation, executive pay increases 0.57% and 0.53% at ExecuComp and non-ExecuComp firms, respectively. We also document that the inference drawn from multivariate logistic regression is sensitive to the researchers' choice of the pool of potential peers.

Managerial Overconfidence And Cash Holdings: Evidence From Vietnam

By: Dao Nhung, University of Hull (United Kingdom); Guney Yilmaz, University of Hull (United Kingdom)

Abstract: The literature argues that overconfident managers tend to hold less cash and lead to a high deviation from target cash holding levels compared to the optimal cash levels. We analyze the impact of managerial traits on corporate cash holdings of listed Vietnamese firms. In order to measure overconfidence of managers voice pitch and psychometric tests are used which are collected through 74 interviews with top-line managers. Our empirical evidence indicates that higher overconfident levels of managers are associated with lower cash holdings. The findings also show that overconfident managers tend to lead to a high deviation from desired cash holding levels.

Managerial Ability CEO Duality And The Choice Of Seasoned Equity Offerings

By: Dang Man, University of Economics, The University of Danang (Vietnam); Puwanenthiren Premkanth, University of Roehampton (United Kingdom); Al Mamun Md, La Trobe University [Melbourne] (Australia); Puwanenthiren Pratheepkanth, University of Jaffna (Sri Lanka)

Abstract: We provide contrasting evidence on the role of managerial ability and chief executive officer (CEO) duality on the issuance decision of seasoned equity offerings (SEOs) in the U.S. market. We find that firms with higher managerial ability choose accelerated SEOs while firms with CEO duality prefer firm commitment SEOs. Our result is robust after controlling for various internal and external governance mechanisms addressing the problem of endogeneity and a number of alternative specifications. Our study supports the notion that a higher managerial ability is perceived as a positive quality certification while CEO-chairman duality position is considered as a negative quality certification on firms' information environments.

F1. Economic growth

Bank Stocks Inform Higher Growth Beyond Market Indices - Evidence From Asia

By: Mittal Amit, Indian Institute of Management Lucknow (India); Garg Ajay, Indian Institute of Management Lucknow (India)

Abstract: A Panel GMM estimation of GDP growth in a sample of high growth emerging markets from Asia shows that Bank stocks contain information beyond the monetary and banking aggregates and can positively motivate higher templated GDP growth. Government ownership of banks and close monitoring of banks is found to be a positive for the overall economy while market index is found to be not so informative about economic growth. Monetary and Banking aggregates retain their informativeness as control variables in the estimation. While we recover a much higher coefficient for the impact of bank stocks than Cole Moshirian and Wu(2008) we also recover the beneficial impact of good governance and motivate research of more homogenous subsets of emerging markets

Governance Quality Foreign Direct Investment And Entrepreneurship In Emerging Markets

By: Tran Nam, University of Economics Ho Chi Minh City (Vietnam); Le Chi, University of Economics Ho Chi Minh City (Vietnam)

Abstract: The effect of foreign direct investment (FDI) on indigenous entrepreneurship in emerging markets is shaped in association with the quality of national governance infrastructure. The essence of such a convoluted interplay is uncovered: governance quality alters the FDI-based spillovers of entrepreneurship in ways that depend on whether FDI is inward or outward and entrepreneurship is opportunity-motivated or necessity-motivated.

The Impacts Of Public Investment On Return And Economic Growth By Sector In Vietnam

By: Nguyen Canh, University of Economics and Law-Ho Chi Minh City (Vietnam); Nguyen Thuy Lien, University of Economics and Law-Ho Chi Minh City (Vietnam)

Abstract: This study uses panel data regression model to analyze the impact of public investment from government budget on economic growth by measuring the indirect effects of public investment on return and attracting private investment of 16 economic industries in the period 1990-2016. The analysis shows that private investment (PI) economic growth (Growth) the share of public investment in infrastructure in GDP (GI / GDP) and the share of public investment in education in GDP (GC / GDP) have a positive impact on return on total assets (ROA) by industry. However total state-owned investment (GI) has the negative effect on the industry's ROA. After-tax profit by industry (R) the share of manufacturing industry in GDP (Yind / Y) and labor productivity by industry (Y / P) have a positive impact on the share of total investment in GDP (I / Y).