

# 國家科學委員會補助專題研究計畫 期中進度報告

## 公司治理於台灣與美國的相關研究：計量方法改進與新研究 議題

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## 中、英文摘要及關鍵詞(keywords)

本計劃至今年的執行中成果目前已產生四篇研究稿件，其中一部份已在研討會發表或在國際期刊審稿。其中一部分的研究稿件延續 Gomper, Ishii, and Metrics (2003)所提出的公司制理指標為基礎，進行深一層面的分析。第一個研究稿討論外部公司治理與 sentiment beta 之關係，將在 2009 FMA conference 報告本論文。第二個研究稿則將討論考慮外部融資需求因子下，公司治理與公司價值的關聯。運用 NYSE 與 NASDAQ 上市公司為樣本，本研究先仔細討論影響(外部)公司治理的外生影響因素有那些。並利用聯立方程模式討論，外部融資需求如何影響到公司治理與公司價值的關聯。第三個研究稿探討則將薪酬揭露與公司價值議題，計量方法改進上，考慮了 Heckman model 來分析，目前也在 A 級期刊修改後重審中。第四個研究稿則分析國際投資組合分散中加入外國公司治理機制較好的公司能否提昇均異效率性。

### 關鍵字

公司治理, 反購併條款, 內生性, 資訊揭露, 外部融資需求

This project's results have been written as some working papers. Some of the papers are submitted to international finance conference for presentation or for reviewer under high quality journals. The first paper investigates the effects of G-index on sentiment beta of firms. The second paper explores the impact of external financing needs on corporate governance and firm value by pointing out that corporate governance practice (measured as companies' adoptions of anti-takeover provisions) could be affected by external forces such as product market competition, investment opportunities and external financing needs. The results show that the need of external finance strengthens the influence of corporate governance on firm value. The third paper explores the association between firm value and different transparency level of compensation disclosure with the data on all Taiwanese listed companies during a time characterized by the gradual enforcement of the disclosure policy reforms. The evidence shows that firms with voluntary disclosure of comprehensive information on director and/or executive compensation determined by higher independence of the board will receive a higher market evaluation, particularly for those with relatively weak governance mechanism. However, the medium/minimal information and the disclosure provided by firms using large proportion of reserve bonus are of little help for the market value creation. The fourth paper aims to examine whether stocks with good corporate governance provide better portfolio diversification benefits.

### Keywords:

Corporate governance, Anti-takeover provision, Compensation disclosure, External financing needs

## 報告內容

Following a string of corporate scandals, Enron, Tyco, and WorldCom etc., it is of great importance to understand how major corporate governance mechanisms affect shareholder wealth or firm valuation in economic issue. Most of the empirical literature examines the functional relationship between firm performance and corporate governance, namely, the market for corporate control (Gompers, Ishii, and Metrick, 2003; Bebchuk, Cohen, and Ferrell, 2005; Bebchuk and Cohen, 2005; Core, Guay, and Rusticus, 2006). They document that firms with better governance (widely open to the market for the control) have higher firm value or higher shareholder right than firms with bad governance. Moreover, Masulis, Wang, and Xie (2006) and Dittmar and Mahrt-Smith (2007) suggest that weak corporate governance quality would destruct shareholder value by having inefficient investment decisions or wasting the value of cash resources. In other words, firms have good corporate governance can mitigate the conflict of interests between shareholders and managers or alleviate shareholder-manager agency costs.

This research project currently conducted three related work to the GIM corporate governance index. First, this research sets out to investigate the effects of anti-takeover provision on sentiment beta of firms. The study is to investigate the association between corporate governance and the individual sentiment beta, the sensitivity of stock returns to market investor sentiment. The empirical evidence shows that the individual sentiment beta is inversely associated with G index, suggesting that when the antitakeover provisions are less taken by a firm, it signals openness to the market and attracts the merger arbitraging institutions to provide more informative trading. The irrational trading behaviors are also active correspondingly. Therefore, the sentiment sensitivities are further affected by the level of G index.

Second, this research project conducts an analysis of the relationship among external financing need, corporate governance and firm value. While it is well known that better corporate governance is related to firm value, the external driven forces of firms' adoption of corporate governance practice are seldom discussed. We extend the current understanding by linking external forces and governance value. The external forces include the competition in product market and investment opportunities and external financing needs. This research focuses on how governance practices changes in response to the needs for external financing **needs** and how

corporate governance and the need for external finance interact to influence firm value. We particularly emphasize the impact of external financing **needs** because it is directly related to outside shareholders. After controlling for firm's characteristics and instrumental variables, the results reveal that governance practices is affected by firm valuation, not vice versa. Firms' corporate governance practices are affected by external forces including product market competition, investment opportunities, and external financing needs. In addition, external finance needs appear to strengthen the influence of corporate governance quality on firm value. The results are consistent with our hypothesis that better corporate governance would be associated with higher valuation and the external financial needs provide incentives for firms' corporate governance practices.

Although a growing body of work exists on firm-level governance correlates with valuation, it is unclear whether this relationship is causal. Demsetz and Lehn (1985) suggest that firms may endogenously choose different governance practices. Thus, firms play dual role in governance practices: passive and actively, firms not only affected by firm's governance practices, but also actively improve governance practices, to have higher valuation (Himmelberg, Hubbard, and Palia, 1999; Palia, 2001; Durnev and Kim, 2005; Black, Jang, and Kim, 2006). The relationship between governance and value might be determined endogenously. On the governance value issue, it is necessary to concern the endogeneity problem. We, thus, adopt the simultaneous equations approach using 3SLS and GMM estimation methods in this study to take into account the potential endogeneity. Accordingly, the first hypothesis in this study is: there is a reverse causality between governance quality and firm performance.

Durnev and Kim (2005) argue that firms with profitable investment opportunities have better corporate governance. However, profitable firms have more internally generated funds, and hence rely less on external financing (Demirgüç-Kunt and Maksimovic, 1998). In order to isolate the impact of external financing from that of the profitability of investment opportunities, we follow Durnev and Kim's assumptions that investment is given and external financing is bounded from above by a minimum level of cash flow rights necessary to maintain the control and that new investors rationally anticipate diversion. Under the assumptions, we could reasonably conjecture that if profitable investment opportunities lead to more external financing, firms with greater external financing are likely to have better corporate governance.

Moreover, Myers and Majluf (1984) suggest that financial slack is valuable for firms with positive investment opportunities that face costs of external finance and point out external financing is costly due to information asymmetry. Chung (2006) show that companies good governance quality would reduce information asymmetry and have better equity liquidity. Chen, Chen, and Wei (2003) show that both disclosure and non-disclosure corporate governance mechanisms have a significantly negative effect on the cost of equity capital. Anderson, Mansi, and Reeb (2004) suggest that board independence and board size are associated with a significantly lower cost of debt financing. According those findings, firms with better governance might have lower the cost of equity or cost of debt. Thus, governance practices would have influences on external financing since it might reduce the cost of equity or cost of debt.

The determined components of firm valuation are the expected cash flows and the cost of financing. Better corporate governance could improve firm value by affecting expected cash flows through efficient investment decision. Reducing the cost of financing also could enhance firm value. External financing needs would affected by cost of financing, governance quality would reduce cost of external financing by improve information asymmetry. Thus, firms which have external financing needs may have incentives to practice higher-quality governance and have higher firm value by possessing lower cost of external financing. Accordingly, the second hypothesis in this study is: external financing needs has positive effect on corporate governance quality and would strengthen the relationship between governance and firm value.

Most literature has focused corporate governance on the association of firm characteristics. However, the environmental factors may play an important role in the choices of firm's decision regarding their governance practices. Gillan, Hartzell, and Starks (2003) argue that industry factors contribute most of the explainable variation in overall governance structure and appear to dominate firm factors.

Leibenstein (1966) and Hart (1983) argue that product market competition has a disciplinary effect on managerial behavior. Shleifer and Vishny (1997) suggest that product market competition is perhaps the most effective mechanism to eliminate managerial inefficiency. Managers of firms operating in more competitive industries are less likely to shirk or put valuable corporate resources into inefficient uses, since the margin for error is thin and any missteps can be quickly exploited by competitors. Those evidences support that market competition acts as an

important governance mechanism that would discourage management from wasting corporate resources. Smith and Watts (1992) suggest that the investment opportunity set and industry factors play a significant role in determining financial and governance policies. Such findings indicate that different aspects of governance, notably the market for corporate control appear to be influenced by the environmental factors. Accordingly, the third hypothesis in this study is: external environments are associated with governance practices. The results show that the need of external finance strengthens the influence of corporate governance on firm value. The results thus provide important implications for corporate governance practices for firms with strong needs of outside equity.

The third paper explores the association between firm value and different transparency level of compensation disclosure with the data on all Taiwanese listed companies during a time characterized by the gradual enforcement of the disclosure policy reforms. The evidence shows that firms with voluntary disclosure of comprehensive information on director and/or executive compensation determined by higher independence of the board will receive a higher market evaluation, particularly for those with relatively weak governance mechanism. However, the medium/minimal information and the disclosure provided by firms using large proportion of reserve bonus are of little help for the market value creation.

The fourth paper aims to examine whether stocks with good corporate governance provide better portfolio diversification benefits. We investigate the effects of the mean-variance frontiers before and after adding stocks of well-governed/badly governed firms to a set of benchmark assets sorted by the American Depository Receipts (ADRs) of 12 countries. During the sub-sample period from 1990 to 1999, stocks of strong governance firms can significantly improve the investment opportunity set more than that of stocks of weak governance firms. We find that in the full sample period from 1990 to 2005, stocks with good corporate governance do not provide more diversification benefits than stocks of firms with poor protection of shareholders.

## 出國報告

### 一、 參加經過

本次 Corporate governance: An International Journal (CGIR, IP 1.59) 論文研討會在美國維吉尼亞州 Virginia Beach 所主辦，主辦單位為位於 Virginia Beach 旁的 Norfolk 市的 Old Dominion University (ODU) ，本次研討會主要議題為 Corporate governance in China and India。本人此次與會報告了一篇論文探討投資人是否能藉由投資公司治理較好的股票來增進投資組合分散風險的效率，討論當投資組合中握有跨國股票時，當要加入新的一個國家的公司股票進行投資，是否選取公司治理較好的股票，投資組合分散風險的效率較高，與會時獲得許多寶貴評論意見。

本次研討會大會主辦人為 ODU 商學院的講座教授 William Q. Judge. 他同時也是 CGIR 的主編。大會的歡迎晚宴邀請了 University of Maryland 講座教授 Anil Gupta 的專題演講，Carnegie Endowment for International Peace 的 Minxin Pei 的專題演講 等等。近年來中國與印度經濟成長分居全世界的前幾名，企業成長快速，Anil Gupta 的專題演講著重於印度公司的治理。Carnegie Endowment for International Peace 的 Minxin Pei 專題演講著重於中國公司的公司治理，二人對於相關的發展與研究議題都有深入的探討，因為直接承受英國體系海洋法系的法律，印度的公司法對投資人的保護較好，但在法律體系的執行品質上，相對都不佳。整體而言，二位演講者也都認為印度公司與中國公司的公司治理為來仍有一段路要走。

ODU 商學院院長 Nancy Bagranoff 的專題演講，也特別指出美國於 Greenspan 時期的貨幣政策上的兩難，同時也說明美國景氣狀況所受次級房貸風暴的影響層面。受次級房貸風暴與二房風暴影響，ODU 因州政府稅收可能不足，明年度將停聘新老師。與會人員也提到其他州的州立學校也有類似影響。

本人自 2007 年起也擔任 CGIR 副編輯，因此在本次會議也與主編 William Q. Judge 及其他副主編討論 CGIR 的相關編輯工作與期刊未來的走向，如何提高期刊影響力。本人目前正在主編 CGIR Shareholder Activism 專刊，在本次會議也與主編 William Q. Judge 及其他副主編討論此專刊的相關編輯工作與。

### 二、 心得（可含照片）

本次研討會參加的學者分佈亞歐澳美四大洲，有些議題十分尖端，值得深入討論。由於公司治理議題的熱門度已超過 10 年，過去已有太多研究討論公司治理對公司價值與營運績效的關連，新近的研究多探討其他重要層面的分析。雖然公司治理議題的熱門度已超過 10 年，但本次研討會也發現，還是有許多新的熱門議題值得進行研究，例如，策略性投資人的公司治理角色等等。

本人此次除了論文報告外也利用機會與許多國外學者交流，包括了 ODU 管理學院的一些教師，UK University of Surrey 的 Jean Chen 、 Italy Bocconi School of management Alessandro Zattoni, University of Michigan Vikramaditya S. Khanna 、 University of Florida Wei Chen 、 Chinese University of Hong Kong Oliver Rui 等等。其中 Italy Bocconi School of management Alessandro Zattoni 也是 CGIR 的副編輯，我與他瞭了非常多歐洲大學的一些發展及公司治理領域的一些學術發展。與參與的學者談話中，公司治理是一個非常跨領域的

研究議題，包括法律、創業、財務、策略、會計、一般管理等等領域都有相關研究討論其與公司治理關連。

整體而言，感受到全世界學者研究公司治理的學者，不斷增加中，在全球化、資訊化與金融自由化的浪潮中，公司治理議題勢必仍是顯學。

三、 考察參觀活動(無是項活動者，或前已敘述者可省略此項)

前已敘述

四、 建議

就世界各大學的發展來看，本校可以考慮成立高科技財管與公司治理研究中心。非美國地區的大學已經慢慢有許多開始主辦全英文的管理類期刊，然而國內 TSSCI 期刊轉型成全英文的管理類期刊速度很慢，國際化進程實宜多加努力。

五、 攜回資料名稱及內容

本次參與研討會的所有相關資料皆已帶回。

六、其他

無