出國報告（出國類別：國際會議）

第 41 屆歐洲會計年會
學術研討會

服務機關：國防大學管理學院財務管理學系
姓名職稱：邱彥毅 助理教授

派赴國家：義大利
出國期間：107 年 5 月 25 日~ 6 月 3 日
報告日期：107 年 6 月 26 日

摘要

國防大學財務管理學系助理教授邱彥毅，有幸獲得科技部經費補助，於107年5月前往義大利參加第41屆歐洲會計年會（41st Annual Congress of the European Accounting Association, EAA 2018），並以論文名稱「Managerial ability and overinvestment」一題參與論文發表。此次論文發表的成果豐碩，有助於提升研究能力與論文品質，並在討論與互動中，增加與國際學者共同研究的機會，進而提升國防大學的國際知名度。

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壹、目的

第 41 屆歐洲會計年會（41st Annual Congress of the European Accounting Association, EAA 2018）的舉辦地為義大利米蘭，使與會學者得以體驗當地文化，並進行國際學術的交流，提升學術品質，並將研究成果提供實務界作為參考。本人參與此次會議，除了將個人的研究成果，呈現在國際會議上，亦希望藉由談論的過程中，得到修正建議，以利未來投稿。另本次會議舉辦若干未來會計研究趨勢的講座，如大數據及區塊鏈等，亦使得與會學者獲得新知，並鼓勵後進學者投入在此新的研究領域。

貳、過程

第 41 屆歐洲會計年會於 107 年 5 月 30 日至 6 月 1 日於義大利米蘭舉行，另於 107 年 5 月 26 日至 29 日進行博士生論壇。本人於大會報到日，與許多國際學者交談，並與其他學者分享自己所擅長之研究領域，同時領略其他學者的專長，可謂獲益良多。

EAA 2018 舉辦地點：Bocconi University

大會開始後，首先由 Bocconi University 的大會主席 Prof. Miles Gietzmann 進行開幕致詞，由主持人介紹本次會議計有發表篇數 1,089 篇，各國參與學者計有 1,600 餘人包含會計各大

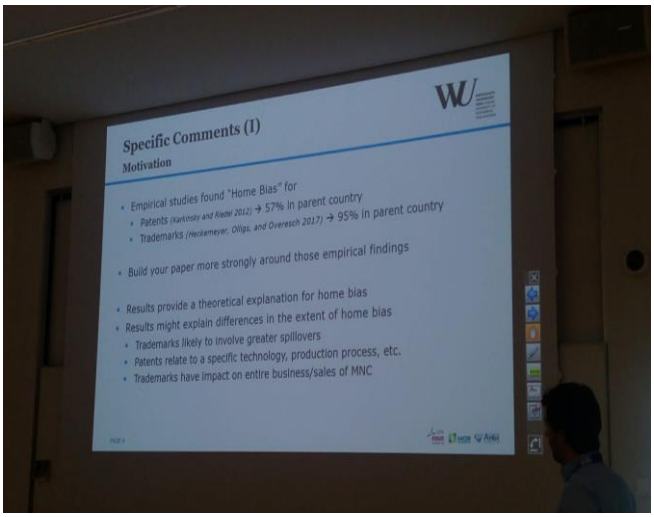
學術領域，其主軸與發表場次如下：

1. Auditing
2. Accounting Education
3. Financial Analysis
4. Financial Reporting
5. Accounting and Governance
6. Accounting History
7. Interdisciplinary/Critical
8. Accounting and Information Systems
9. Management Accounting
10. Public Sector and Not-for-Profit Accounting
11. Social and Environmental Accounting, and Ethical Issues in Accounting
12. Taxation

本人於 5 月 30 日參加「INTEGRATED REPORTING (IR): ACHIEVEMENTS AND CHALLENGES FROM A MULTI-STAKEHOLDER PERSPECTIVE」的專家座談，座談主持人為 Ariela Caglio 教授，與談人為 Mary E. Barth 教授、Richard Barker 教授，以及 Brad J. Monterio 教授。會場中有許多學者針對與談人的發言提出問題，吾亦從此講座中瞭解甚多，特別是從多重利益關係人的觀點下，提供一個整合的會計資訊仍是相當困難，這實有賴學術界進一步的探討。

與談人演講

另 5 月 31 日，本人聆聽了許多其他學者的論文發表，特別是 Goldman 教授所發表的論文，題目為「Do Financing Constraints lead to incremental Tax Planning? Evidence from the Pension Protection Act of 2006」，此論文的重點為，當公司面臨退休金的財務壓力時，公司會利用避稅的方式滿足資金需求，並利用此資金維持投資的水準。此篇論文於發表場合中，獲得其他學者的迴響，並提出諸多修正建議。



評論人投影片

本人的發表場次被安排於 6 月 1 日，場次主題為 Managerial Ability，首先，由主持人 DIETER SMEULDERS 教授介紹本場次的發表人，並安排本人於第二順位進行個人研究成果發表，題目為「MANAGERIAL ABILITY AND OVERINVESTMENT」。報告完後，本人接受現場提問與討論，其中有若干學者對於本文的內容提出了修正方向，使本人得到寶貴的修正建議。

發表會場

參、心得與建議

歐洲會計年會為全球前 2 大的會計研討會，每年皆吸引眾多學者參與，為提升稿件的質量，對於稿件的選擇與評論趨向嚴謹，本人有幸獲大會錄取，實屬難得。這次的研討會主題，除了傳統的會計議題外，亦包含了新的領域如大數據及區塊鏈等，這不僅突破傳統的研究領域，也給予了現代學者新的研究方向。雖說大數據及區塊鏈等議題在會計研究中尚未成熟，但對於目前競爭激烈的學術環境無非是一盞明燈。

開啟國際間的學術交流乃非易事，特別感謝科技部經費補助，使本人能夠於知名國際研討表發表，對於博士班剛畢業的新進學者而言，實屬難得之機會，可訓練英文報告之能力，以提升其競爭力。在學術研究方面，透過論文的發表，彼此分享研究心得與成果，並在過程中精進目前的研究成果，對於提升學術研究水準有極大的幫助。另在會議期間，聆聽來自各國學者的報告，除了對於未來的學術研究提供指引，也瞭解投稿頂尖期刊的方法，對於本人而言是一個很好的學習機會。

肆、附錄

1．第 41 屆歐洲會計年會簡要議程及發表場次資料：

資料來源為第 41 屆歐洲會計年會官方網站

(http://www.eaacongress.org/r/Programme_Outline_Milan)

Programme Outline

Saturday, 26th May - Tuesday, 29th May 2018

EAA Doctoral Colloquium, Varese

Tuesday, 29th May 2018

14:30-18:00 Registration at Bocconi University, via Roentgen 1
18:00-20:00 Early Bird Reception

Wednesday, 30th May 2018

08:00-18:00 Registration at Bocconi University, via Roentgen 1
08:00-12:30 EAA PhD Forum
08:30-12:00 IFRS Academic Workshop
12:45-14:30 Opening Session
14:30-15:00 Coffee Break
15:00-16:30 Parallel Sessions, Research Fora, Symposium 1
16:30-17:00 Coffee Break
17:00-18:30 Parallel Sessions, Research Fora, Symposium 2
19:00-21:30 Welcome Reception and Buffet

Thursday, 31st May 2018

08:30-18:00 Registration at Bocconi University, via Roentgen 1
09:00-10:30 Parallel Sessions, Research Fora, Symposium 3
10:30-11:00 Coffee Break
11:00-12:30 Parallel Fessions, Research Fora, Symposium 4
12:30-14:00 Buffet Lunch
14:00-15:30 Parallel Sessions, Research Fora, Symposium 5
15:30-16:00 Coffee Break
16:00-17:30 Parallel Sessions, Research Fora, Symposium 6

Friday, 1st June 2018

08:30-18:00 Registration at Bocconi University, via Roentgen 1
09:00-10:30 Parallel Sessions, Research Fora, Symposium 7
10:30-11:00 Coffee Break
11:00-12:30 Parallel Sessions, Research Fora, Symposium 8
12:30-14:00 Buffet Lunch
14:00-15:30 Parallel Sessions, Research Fora, Symposium 9
15:30-16:00 Coffee Break
16:00-17:30 EAA General Assembly
20:00-00:30 Gala Reception and Buffet

SESSION: MA-RF Day and Time: Friday 1st June • 14:00-15:30

MARF15 *Chair:* DIETER SMEULDERS *Room:* N38

THE ROLE OF THE CONTROLLER IN THE PERSPECTIVE OF STRATEGY AS PRACTICE: A THEORETICAL ESSAY

Author: *ROSALIA ALDRACI BARBOSA LAVARDA, FEDERAL UNIVERSITY OF SANTA CATARINA* — CDIH = Conceptual Development/Interpretative/Historical

Co-Author: *Fernanda Scussel, Federal University of Santa Catarina*

Co-Author: *Joice Schafer, Federal University of Santa Catarina*

MANAGERIAL ABILITY AND OVERINVESTMENT

Author: *YAN YI CHIOU, NATIONAL DEFENSE UNIVERSITY* — EA = Empirical Archival

Co-Author: *Wan-Chien Chiu, National Tsing Hua University*

Co-Author: *Hsuan-Lien Chu, National Taipei University*

THE EFFECT OF MANAGERIAL ABILITY ON FUTURE STOCK PRICE CRASH RISK: EVIDENCE FROM KOREA

Author: *SOOYEON PARK, CHUNG-ANG UNIVERSITY* — EA = Empirical Archival

Co-Author: *Hoon Jung, Dept. of Telecommunications & Spectrum Research, Korea Information Society Development Institute*

HOW DO CONTROLLER ROLES SHAPE STRATEGIC DECISION MAKING? THE IMPORTANCE OF COGNITIVE FLEXIBILITY IN THE CONTROLLER-MANAGER INTERACTION

Author: *UTZ SCHÄFFER, WHU - OTTO BEISHEIM SCHOOL OF MANAGEMENT* — SU = Survey

Co-Author: *Sebastian L.P. Fourné, Wilfrid Laurier University*

Co-Author: *Daniel Guessow, WHU - Otto Beisheim School of Management*

INTEGRATED MANAGERIAL DECISION-MAKING: THE INTERPLAY BETWEEN FINANCIAL AND NON-FINANCIAL INFORMATION IN STRATEGIC DECISION-MAKING PROCESSES

Author: *MIKE SCHULZE, EUROPEAN MANAGEMENT SCHOOL (EMS)* — CF = Case/Field Study

Co-Author: *Martin Esch, EBS Universität für Wirtschaft und Recht*

2.發表論文簡報

Managerial ability and overinvestment

Yan-Yi Chiou
National Defense University, Taiwan
Wan-Chien Chiu
National Tsing Hua University, Taiwan
Hsuan-Lien Chu
National Taipei University, Taiwan

Background (1)

- Overinvestment is of paramount concern for shareholders because it imposes substantial agency costs that jeopardize their wealth.
  - It is critical for shareholders and investors to understand whether high-ability managers, compared to low-ability managers, more effectively utilize cash when making investment decisions.

Background (2)

- Prior studies have found that high-ability managers likely invest beyond the optimal level because of their personal interests or overconfidence.
- However, the resource-based view in the literature argues that managers differ in their ability to direct resources.
  - these differences help explain why some firms create more value from their resources than others do (Holcomb, Holmes Jr, and Connelly (2009).

Motivation

- The recent study by Gan and Park (2017) finds that the marginal value of cash increases with the ability of managers.
  - high-ability managers make better use of cash.
- A number of studies also document that observed reductions in the marginal value of cash holdings can be attributed to overinvestment (e.g., Jensen, 1986; Faulkender and Wang, 2006).

Research question

- The extent to which managerial ability affects the marginal value of cash is likely associated with how effectively the management team handles its company's cash flow when making investment decisions.

- ***RQ. We examine the impact of managerial ability on the relationship between overinvestment and excess free cash flow.***

Preview of results

1. Overinvestment increases for firms as the ability of managers increases.
   - supporting the argument that high-ability managers are overconfident and more likely to pursue their personal interests at the expense of a company's wealth.
2. But more important, managerial ability mitigates the positive relationship between overinvestment and free cash flow.
   - which is consistent with our conjecture that high managerial ability can alleviate capital-investment distortions on overinvestment, especially when firms have excess cash likely to be squandered by managers.

Preview of results

3. High financial-reporting quality and accounting conservatism are effective in mitigating overinvestment of free cash flow. Mitigation effect is particularly strong for firms run by high-ability managers.
   - The rationale is that these accounting practices facilitate the monitoring of managers and provide more accurate financial information for high-ability managers to utilize when allocating cash for efficient investment decisions.

Contributions

1. Provide an economic explanation for why high-ability managers enhance the marginal value of cash.
2. Contribute to the research line of managerial ability by showing that high managerial ability also discourages overinvestment behavior when firms have excess free cash flow.
3. Highlight the critical role of accounting-reporting quality in enhancing the monitoring function, especially for high-ability managers.

Prior Literature (1)

- Overinvestment and managerial ability
  - high-ability managers may pursue ill-advised investments to preserve their human capital (Malmendier and Tate, 2007; Francis, 2008).
  - high-ability managers may be overconfident, thus overestimating the payoffs from corporate investment and leading to distortions in corporate investment decisions (Huang et al., 2011; Lin et al., 2005; Malmendier and Tate, 2005).

Prior Literature (2)

- Overinvestment and free cash flow
  - Jensen (1986) claims that the presence of internally generated cash flow in excess of that required to maintain existing assets creates the potential for those funds to be squandered by managers who overinvest without subjecting themselves to the monitoring associated with external financing.

Hypothesis Development (1)

- Managerial discretion
  - Cash is an important source of internal capital that is under the control of managers.
    - That is, decisions about how to deploy cash are at the managers' discretion (Liu and Mauer, 2011).
  - A stream of research shows that the value of cash depends on its availability and on how CEOs use it (e.g., Fazzari, Hubbard, and Petersen, 1988; Jensen, 1986; Pinkowitz and Williamson, 2004).

Hypothesis Development (2)

- Resource-based view
  - Help explain why some firms create more value from their resources than others do (Holcomb et al. (2009)
  - Demerjian et al. (2012, 2013) find that high-ability managers more efficiently use capital to invest in higher-value projects because high-ability managers are better able to evaluate the payoffs of their investments correctly.

Hypothesis 1

- ***H1. The positive relationship between overinvestment and free cash flow is mitigated in firms run by high-ability managers.***

Hypothesis Development (3)

- Financial-reporting quality
  - Monitoring reduces opportunities for managers to spend internally generated cash flow on projects that are not beneficial to shareholders (Jensen, 1986).
    - shareholders use accounting-information quality to monitor managers (e.g., Bushman and Smith, 2001; Lambert, 2001).
    - Biddle, Hilary, and Verdi (2009) find that better financial reporting is associated with a reduction of overinvestment, especially for firms with a stronger tendency to overinvest (i.e., high cash).
  - Better accounting information provides high-ability managers more accurate financial-reporting information to evaluate the payoffs of their investment projects correctly

Hypothesis 2a

- ***H2a. The positive relationship between overinvestment and free cash flow is mitigated in firms run by high-ability managers, and this mitigation effect is more pronounced in firms with high financial-reporting quality.***

Hypothesis Development (3)

- Accounting conservatism
  - Watts (2003) finds that conservatism allows directors and shareholders to receive early signals about the profitability of projects undertaken by managers; such signals enable them to abandon negative NPV projects.
  - Louis, Sun, and Urcan (2012) also highlight that accounting conservatism provides incentives for ex ante efficient investment decisions and facilitates ex post monitoring of managers' investment decisions.

Hypothesis 2b

- ***H2b. The positive relationship between overinvestment and free cash flow is mitigated in firms run by high-ability managers, and this mitigation effect is more pronounced in firms with accounting conservatism.***

Research design

- Overinvestment of free cash flow(*FCF*)
  - *OVERINVEST*: be estimated by following residuals in the equation (Richardson 2006)
    - $I_{NEW_t} = \varphi_0 + \varphi_1 Tobin's\ Q_{t-1} + \varphi_2 Leverage_{t-1} + \varphi_3 Cash_{t-1} + \varphi_4 Age_{t-1} + \varphi_5 Size_{t-1} + \varphi_6 Returns_{t-1} + \varphi_7 I_{NEW_{t-1}} + year\ fixed\ effects + industry\ fixed\ effects + \omega$
    - I_{NEW*} : fitted value (normal investment expenditure in new positive NPV)
    - $I_{NEW\varepsilon}$: residuals(the abnormal investment expenditure)
  - *FCF*: cash flow beyond that necessary to maintain assets in place and finance expected new investments (Richardson 2006)
    - $FCF=CFO + R\&D - I_{MAINTENANCE} - I_{NEW*}$

Research design (1)

- Overinvestment and FCF
  - $OVERINVEST_{i,t} = \alpha_0 + \alpha_1 FCF>0_{i,t} + \varepsilon_{i,t}$
    - $FCF>0_{i,t}$: the indicator variable that equals one when a firm has positive free cash flow and zero otherwise.
  - We follow Richardson (2006) and expect α_1 to be positive.

Research design (2)

- Interact managerial ability with overinvestment of free cash flow
  - $OVERINVEST_{i,t} =$

    $\beta_0 + \beta_1 MA_{i,t} + \beta_2 FCF>0_{i,t} + \beta_3 (MA_{i,t} \times FCF>0_{i,t})$

    $+ industry\ fixed\ effects + year\ fixed\ effects + \varepsilon_{i,t}$
    - $MA_{i,t}$: The decile rank of the score of managerial ability measured by Demerjian et al. (2012).
- β_1: +, the moral-hazard argument
- β_2: +, Jensen's (1986) free-cash-flow hypothesis
- β_3: -, consistent with Hypothesis 1 that high-ability managers are able to mitigate the overinvestment problem

Sample selection

- Database: U.S. firms from the Compustat database
- Sample period: 1987–2013.
- Exclude financial firms (i.e., SIC codes between 6000 and 6999).
- Observations:109,318

Descriptive statistics

	Number of observation	Mean	Std	P25	P50	P75
OVERINVEST	109,318	0	0.093	−0.045	−0.009	0.03
OVERINVEST>0	109,318	0.429	0.495	0	0	1
MA	109,318	0.542	0.279	0.3	0.5	0.8
FCF>0	109,366	0.471	0.499	0	0	1

Pearson correlation

	OVERINVEST	*MA*	*FCF>0*
OVERINVEST	1		
	(NA)		
MA	0.041***	1	
	(0.000)	(NA)	
FCF>0	0.147***	0.125***	1
	(0.000)	(0.000)	(NA)

Table 2. Emperical evidence of H1

Dependent variable	*OVERINVEST*	*OVERINVEST*	*OVERINVEST>0*
(Model Specification)	(OLS)	(Panel Firm Fixed Effects)	(Logistics)
Expected sign	(1)	(2)	(3)
Intercept	−0.012	−0.025***	−0.602***
	(−1.41)	(−5.32)	(−9.00)
MA +	0.012***	0.039***	0.247***
	(9.23)	(17.54)	(6.71)
FCF>0 +	0.027***	0.027***	0.672***
	(19.26)	(26.74)	(20.00)
MA × FCF>0 H1 : −	−0.005**	−0.005**	−0.255***
	(−2.01)	(−2.25)	(−4.90)
ΣCoef.	0.007***	0.027***	−0.056
	(4.72)	(11.24)	(−0.72)
Year fixed effects	Yes	Yes	Yes
Industry fixed effects	Yes	No	Yes
Firm fixed effects	No	Yes	No
# of observations	109,215	109,215	109,215
Adjusted R^2 / Pseudo R^2	0.015	0.026	0.019

Table 4. Emperical evidence of H2a

	Accounting quality		Accounting comparability	
	High	Low	High	Low
.	(1)	(2)	(3)	(4)
Intercept	−0.046***	−0.013	−0.008	−0.043***
	(−4.88)	(−1.22)	(−0.74)	(−3.36)
MA	0.013***	0.007**	0.015***	0.013***
	(3.98)	(2.12)	(4.12)	(3.72)
FCF>0	0.031***	0.023***	0.033***	0.025***
	(13.60)	(9.32)	(12.25)	(9.93)
MA × FCF>0	−0.011***	−0.001	−0.013***	−0.001
	(−2.90)	(0.02)	(−3.01)	(−0.01)
∑Coef.	0.002	0.006**	0.001	0.013***
	(0.71)	(2.33)	(0.46)	(3.98)
P-value for the test of coefficients (*MA × FCF>0*) equivalence	(0.03)**		(0.02)**	
Year fixed effects	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes
#of observations	29,776	29,775	25,989	25,983
Adjusted R^2	0.041	0.018	0.039	0.023

Table 4. Emperical evidence of H2b

	Accounting conservatism	
	Yes	No
	(5)	(6)
Intercept	−0.008	−0.012
	(−0.54)	(−0.88)
MA	0.012***	0.010***
	(4.56)	(3.75)
FCF>0	0.030***	0.028***
	(14.75)	(14.18)
MA × FCF>0	−0.012***	−0.004
	(−3.51)	(−1.12)
∑Coef.	0.000	0.006***
	(0.17)	(3.07)
P-value for the test of coefficients (*MA × FCF>0*) equivalence	(0.01)***	
Year fixed effects	Yes	Yes
Industry fixed effects	Yes	Yes
#of observations	39,629	39,629
Adjusted R^2	0.024	0.033

Table 7. Alternative comparability measure

	Accounting comparability			
	COMPACCT4		*COMPACCTIND*	
	High	Low	High	Low
	(1)	(2)	(3)	(4)
Intercept	−0.014	−0.036**	−0.015	−0.038***
	(−0.97)	(−2.16)	(−1.31)	(−2.88)
MA	0.016***	0.011***	0.017***	0.016***
	(5.44)	(4.06)	(4.79)	(4.63)
FCF>0	0.034***	0.025***	0.035***	0.028***
	(14.22)	(9.68)	(13.31)	(10.68)
MA × FCF>0	−0.015***	0.001	−0.014***	−0.005
	(−3.95)	(0.31)	(−3.29)	(−1.02)
∑Coef.	0.001	0.013***	0.002	0.011***
	(0.39)	(3.80)	(0.87)	(3.57)
P-value for the test of coefficients (*MA × FCF>0*) equivalence	(0.009)***		(0.099)*	
Year fixed effects	Yes	Yes	Yes	Yes
Industry fixed effects	Yes	Yes	Yes	Yes
#of observations	25,975	25,997	25,983	25,989
Adjusted R-squared	0.037	0.023	0.048	0.026

Conclusions

- High-ability managers are able to effectively allocate cash and reduce overinvestment.
  - Jensen's (1986) free-cash-flow hypothesis suggests that free cash flow negatively affects the efficiency of investment decisions.
- Mitigating effect of managerial ability on the overinvestment of free cash flow is particularly strong for firms with high financial-reporting quality and accounting conservatism.
  - Managerial ability to reduce the moral-hazard problem and/or to increase the efficiency of cash use is indeed an important channel through which management quality affects overinvestment activities in an environment of free cashflow.