



University of Science and Technology Beijing

School of Economic and Management

The Governance Effect of Investor Site Visit on Listed Companies

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Framework ▷

- ① **Introduction of USTB and me**
- ② **My national foundation**
- ③ **Other research field**





Introduction Associate professor requirement

- ✦ Approved by a national-level fund or two province-level fund
- ✦ Publish 3 articles on journal which higher than SSCI JCR2 OR top20 journal of CSSCI as first author (correspond author but non-first author is invalid) OR a least 2 articles publish on the journals above and 4 articles publish on CSSCI
- ✦ The average funding from research program more than 12 million won per year
- ✦ Visit foreigner university as visiting scholar more than half year
- ✦ The average class period more than 64 hours per year



Introduction

My article and foundation



- ✦ Published 13 articles in CSSCI (include 5 articles in top20 CSSCI) and 1 article in SSCI JCR Q4 as first author from 2017
- ✦ Published 8 articles in CSSCI as other author from 2018
- ✦ Hosting a national social science fund and a province fund
- ✦ Best paper award of 12th annual conference of China management research
- ✦ Four working papers have submitted to SSCI or CSSCI journal



National foundation

Requirement and plan



- ✦ Publish a academic monograph in my research field
- ✦ Monograph's words more than 200 thousands
- ✦ Copy rate lower than 25%
- ✦ My PhD. Dissertation and post doctor report would be filled in monograph
- ✦ Add some working papers in it
- ✦ Monograph focus on the corporate governance effect of investor site visit



National foundation

Structure of the book



1. Introduction
2. Theoretical basis and impact mechanism
3. Governance effect on corporate accounting behavior
4. Governance effect on corporate financing behavior
5. Improving advice of investor site visit



National foundation

Background and motivation



- ✚ Earning conference call is usually conducted by security analysis in U.S.
- ✚ Investor site visit conducted by analysis, institutional and normal investors in China
- ✚ Investors attend to site visit gain “Soft information” to enhance decision effective
- ✚ If investors gain “bad news”, they would sell the stock and make price crash
- ✚ This effective would play a outside monitor and deter manager or big share holder
- ✚ I am interest in the effect of investor site visit on corporate governance
- ✚ We employ the times of site visit in specific firm as independent variable



National foundation

Confirm the effect of site visit



- **The long-term effect and short-term effect of investor site visit**
- ✚ Stock Value relevance of investor site visit
- ✚ How site visit impact to stock abnormal return cause by rumor
- ✚ We found that the site visit provide more information enter the capital market
- ✚ Not only enhance the relevance of earning and stock price in long-term
- ✚ But also decrease the abnormal return cause by rumor



National foundation

Accounting behavior



- **The time lag of information disclosure and investor site visit**
- ✚ Annual report is mandatory to disclosure
- ✚ Management forecast is semi mandatory
- ✚ Time lag of information disclosure is used to conduct opportunity behavior by insider
- ✚ We found that time lag of two type of information above are negative with site visit
- ✚ Site visit give pressure to company make them accelerate disclose the information



National foundation

Accounting behavior



- **The accounting information quality and investor site visit**
- ✚ Earning quality calculate by Jones model
- ✚ Whether issue financial restatement
- ✚ Quality of accounting information is important to investor decision
- ✚ We found that two type of accounting information are positive with site visit
- ✚ Site visit give pressure to company make them improve quality of accounting information



National foundation

Accounting behavior



- **The accounting treatment and investor site visit**
- ✚ R&D capitalization divided by gross earning
- ✚ Tax avoiding calculated by income tax rate
- ✚ Accounting treatment reflect the opportunity behavior of insider
- ✚ We found that two type of accounting treatment are negative with site visit
- ✚ Site visit give pressure to company make them improve accounting treatment



National foundation

Financing behavior



- **The corporate financing and investor site visit**

- ✚ Cost of debt financing calculated by interest payment divided by total debt
- ✚ Cost of secondary equity offer captured by discount of offer price
- ✚ Financing cost reflect the information asymmetry between corporate and investor
- ✚ We found that two type of financing cost are negative with site visit
- ✚ Site visit decrease the information asymmetry and lower the financing cost



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Financing behavior



- **The corporate investment and investor site visit**

- ✚ Innovation investment captured by R&D expenditure
- ✚ Efficiency of fixed asset investment calculated by Richardson's model
- ✚ Investment partly driven by agency conflict of company
- ✚ We found that innovation investment and efficiency of fixed asset investment are positive with site visit
- ✚ Site visit relief the agency conflict of company and improve the corporate investment



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Financing behavior



- **The corporate salary and dividend policy impacted by investor site visit**
- ✚ Salary policy captured by sensitive of top manager salary and earnings
- ✚ Dividend policy capture by cash dividend ratio
- ✚ Salary policy and dividend policy reflect the corporate governance level
- ✚ We found that the effective of salary policy and dividend policy are positive with site visit
- ✚ Site visit monitor the insiders such as top managers or big shareholders and improve salary and dividend policy effective





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Contribution



- ✚ Based on theory of information economic and build the research framework of “investor site visit – information acquire – outside governance effect”
- ✚ Capture the investor’s information acquire activity in detail by the investor site visit which is unique data from China
- ✚ Extend the relate research about consequence of investor’s behavior by shed the light on communication between company and investor directly

	National foundation	Policy advice	
<ul style="list-style-type: none">● Improvement under the new security law✚ Extend the scope of site visit✚ Improving the participate institution, person and mode✚ Enhance the disclosure of site visit information			

	National foundation	Policy advice	
<ul style="list-style-type: none">● Coordination of site visit and other institution✚ Site visit and network platform interaction✚ Site visit and auditor✚ Site visit and social media✚ Site visit and regulators			



Other research field

Corporate innovation



- ✚ High price of real estate impact company's geography distribution of R&D activity
- ✚ Favorable income tax policy and company's R&D expenditure
- ✚ Export trade friction and company's R&D expenditure
- ✚ Regulation of technology export and company's R&D expenditure
- ✚ Deregulation of technology export and company's R&D expenditure
- ✚ The impact of debt default risk on company's capitalization of R&D expenditure



Acknowledgement



THANKS FOR YOUR LISTENING

