

行政院國家科學委員會補助專題研究計畫成果報告

高階主管酬勞的經濟性決定因素： 台灣與美國的實證分析

計畫類別： 個別型計畫 整合型計畫
計畫編號：NSC 89 - 2416 - H - 004 - 100 -
執行期間： 89 年 08 月 01 日至 90 年 07 月 31 日

計畫主持人：張清福 助理教授
共同主持人：歐進士 教授
 李佳玲 助理教授

本成果報告包括以下應繳交之附件：
赴國外出差或研習心得報告一份
赴大陸地區出差或研習心得報告一份
出席國際學術會議心得報告及發表之論文各一份
國際合作研究計畫國外研究報告書一份

執行單位：國立政治大學會計學系
 國立中正大學會計學系

中 華 民 國 九 十 年 十 月 三 十 一 日

行政院國家科學委員會專題研究計畫成果報告

高階主管酬勞的經濟性決定因素：台灣與美國的實證分析

Economic Determinants of Executive Compensation: Evidence from Taiwan and USA

計畫編號：NSC 89 - 2416 - H - 004 - 100 -

執行期限：89年0801日至90年07月31日

主持人：張清福 助理教授 國立政治大學會計學系

共同主持人：歐進士 教授 國立中正大學會計學系

李佳玲 助理教授 國立中正大學會計學系

計畫參與人員：王婉茲、江佳明、綦小霈、韓幸紋

1、中文摘要

高階主管（CEO）獎酬的決定因素有很多，包括經濟性及非經濟性決定因素，諸如經營績效、公司規模、公司成長、企業風險、董監持股、以及股權結構等。本研究採用 Partial Least Squares (PLS) 方法來探討高階主管獎酬的經濟性決定因素，以克服傳統迴歸方法在本文所面臨的限制：1.同時存在兩個以上的因變數；2.自變數間有複共線性；3.模型含方程組而非單一方程式 4.變數為抽象性的隱變數（latent variable）而非顯變數（observable variable）；5.資料分佈不符合迴歸殘差項的假設要求；6.樣本小變數多。

“高階主管”一詞在國外文獻中大都指負責決策的執行長（CEO），然而在台灣企業中並無執行長一職，而總經理也未必握有實際決策之權。唯一可以確認的是企業必然有“董事長”與“總經理”兩種職稱，而兩者之一應負有決策之權。本文據此進行研究，在控制公司成長、公司規模、企業風險、董監持股、股權結構及產業競爭因素之後，發現同時有“董事長”及“常董兼總經理”兩種職位的公司與同時有“董事長”及“總經理”兩種職位的公司，高階主管的獎酬並不受企業經營績效的影響；然而，同時有“董事長”及“常董兼總經理”兩種職位的公司，高階主管的獎酬則顯著地受到企業經營績效的影響。美國企業高階主管的獎酬亦充分反應了企業經營的績效。這項發現與過去的文

獻有很大不同，但卻強烈支持代理理論的論點。

關鍵詞：高階主管獎酬、公司績效、公司規模、公司成長、企業風險、產業競爭、董監持股、股權結構

Abstract

This study investigates the economic determinants of executive compensation with the control of other factors including firm size, growth, business risk, board ownership, and ownership structure. The partial least squares (PLS) approach, as an alternative method specified in the proposal, is applied to address the issue, which overcomes the problems in this study faced by the traditional regression approach: (1) two dependent variables (2) multicollinearity (3) a set of equations in the model (4) latent variables (5) small sample and large number of variables and (6) free of distribution assumption.

The issue of executive compensation concerns with the CEO as a focus but it couldn't be easily identified in Taiwan's enterprises. By applying PLS approach this study found that the executive compensation of firms with both titles of president and managing director and firms with titles of president and manager is not linked to firm

performance while firms with titles of president and managing director is significantly associated with firm performance. As for US firms, the executive compensation is significantly correlated with firm performance though all other control variables are insignificant. This finding provides strong evidence supporting the argument of agency theory.

The PLS approach applied in this study is quite unique in executive compensation research. It would contribute to the field as an application illustration.

Keywords: Partial Least Squares, Executive Compensation, Performance, Firm Size, Growth, Risk, Board, Ownership

2、 Introduction

Agency theory contends that optimal compensation contracts reduce potential agency problem in firm organization. The theory in turn implies that firms will design contracts to reward and induce managers' incentive to achieve firm performance. In such a circumstance, the firm performance measures such as net income, sales, roa, roe, and ret can be regarded as economic determinants of executive compensation. If the agency theory holds, a positive relationship between firm performance and executive compensation should be evidenced. However, since 1980 researchers have found weak evidence of agency theory while several control variables are significantly correlated with compensation, Ciscel and Carroll (1980) and Jensen and Murphy (1990) are noteworthy among others.

The proceeding findings are primarily based on traditional regression analysis. The regression analysis deals with only the observable variables other than latent concepts or constructs. A construct is measured by several observable indicators. On the contrary, an observable indicator cannot be a sufficient measure of a latent construct. The relationship among constructs is the primary interest of research other than that among observable variables. The relationship among observable variables cannot be sufficient description for the relationship among latent constructs. To articulate the preceding arguments, let's look at an example. Financial analysts performing financial statement analysis usually crossly refer to several ratios to come to a conclusion, say, on a firm's profitability or solvency. How can we just pick up one observable variable such as sales or net income to conclude a firm's performance? Both of them should be important information for measuring the firm's performance. This argument leads to the superiority of latent construct model such as partial least squares approach over traditional regression analysis. Based on this concept, this study applies an alternative method, partial least squares approach, to address this issue. Based on both evidences from Taiwan and the US shows that executive compensation is significantly correlated with firm performance though all other control variables are insignificant. This finding provides strong evidence supporting the argument of agency theory.

3. Literature Review

Researchers investigating the relationship between compensation and the economic determinants or firm performance usually control other factors which will be considered in this study are firm size, growth, business, board ownership, and ownership structure. The relationship between executive compensation and these constructs will be elaborated below.

3.1 Performance and Compensation

Agency theory argues that managers are self-interested and compensation serves as an incentive mechanism to align the interest of executive and shareholders (Fama and Jensen 1983; Jensen and Meckling 1976). However, since 1980 researchers using a variety of datasets, variables, methods, and models have found weak or even insignificant evidence of agency theory (Ciscol and Carroll 1980; Jensen and Murphy 1990; Boyd 1994) are noteworthy among others. This would be the focus of this study by applying an partial least squares approach.

3.2 Industry Competition and Compensation

Agrawal and Knoeber (1998) shows that industry competition reduces managers' compensation. The competition effect reduces CEO's salary and bonus on average by \$22,800 - 211,600 as an increase in the threat of takeover from the first to the third quartile of the sample. Aggarwal and Samwick (1999) show that compensation is

positively sensitive to rival firm performance that is an increasing function of industry competition.

3.3 Board Ownership, Ownership Structure and Compensation

Core, Holthausen and Larcker (1999) contend that the board and ownership structure signaling the effectiveness of governance structure and therefore related to the compensation. After controlling for standard economic determinants of pay, they show that measures of board and ownership structure significantly correlated with CEO compensation.

3.4 Growth and Compensation

Smith and Watts (1992) show that high growth firms tend to adopt stock-based compensation plan while Gaver and Gaver (1992) find that high growth firms pay higher cash compensation and adopt more stock options incentive plan than lower growth firms. Using proprietary compensation data, Bushman, Indjejikian, and Smith (1996) shows that individual performance evaluation increases with growth opportunities and product time horizon. Smith and Watts (1992) document that firms with more growth options, i.e., greater access to positive net present value projects, have higher executive compensation, and greater use of stock-option and bonus plans.

3.5 Firm Size and Compensation

Ciscel and Carroll (1980) argue that the size effect dominates the relationship between executive compensation and performance. Jensen and Murphy (1990) find that the size effect is inversely related to the pay-performance sensitivity. Schaefer (1998) document the dependence of pay-performance sensitivity on the size of the firm. Banker and Hall (1998) also find the size effect on the relationship between compensation and performance.

3.6 Business Risk and Compensation

Agrawal and Knoeber (1998) show that the risk effect makes managers' implicitly deferred compensation and firm-specific human capital less secure and in turn induces increase in compensation.

4. Sample

This study contains two samples. The Taiwan sample is drawn from Executive Compensation database and Financial Report database of Taiwan Economic Journal (TEJ). The US sample comes from ExecuComp and Research Insight database of Standard & Poor's. The listwise deletion is applied to sampling procedure. That is, the firms in each sample should have nonmissing data for all variables. All subsamples exclude financial industry, the year-observations with the president or manager turnover, and the sum of salary and bonus equal zero. As shown in Table 3, Table 4 and Table 5, the Taiwan sample is composed of three

subsamples grouped by executive titles. These three subsamples contain 17, 90, and 17 firms, separately. The US sample has 213 firms.

5. Methodology

As with Ittner, Larcker and Rajan (1997), this study uses partial least squares (PLS) approach to address the issue. Partial Least Squares (PLS) can be a powerful method of analysis because of the minimal demands on measurement scales, sample size, and residual distributions. Sample size can be very small. An extreme example is given by Wold (1989) who analyzed 27 variables using two latent constructs with a data set consisting of ten cases. The description of PLS can be found in Chin and Newsted (1999).

The models specifying the relationship between constructs are depicted in Figure 1 and Figure 2 for Taiwan sample and US sample, respectively. The indicators (or measures) of each construct are summarized in Table 1 for Taiwan sample and Table 2 for US sample. Since the sample sizes are small the bootstrap resampling method is used.

6. Results

This study uses partial least squares approach to examine the economic determinants of executive compensation. The issue of executive compensation concerns with the CEO as a focus but it couldn't be easily identified in Taiwan's enterprises. Table 6A, Table 7A, Table 8A, and Table 9A relate the endogenous and exogenous

constructs. Table 6B, Table 7B, Table 8B, and Table 9B describe the correlations of latent constructs. Table 6C, Table 7C, Table 8C, and Table 9C depict the relationship between latent constructs and observable variables. As shown in Table 6A, Table 7A, and Table 8A, with the control of industry competition, board ownership, ownership structure, firm size, business risk, and growth for Taiwan subsamples, the latent construct of economic determinants, i.e., firm performance, is insignificantly correlated with executive compensation for firms having both titles of president and managing director and firms having titles of president and general manager, but significant with compensation for firms with both titles of president and director-manager. As for US firms, shown in Table 9A, the executive compensation is significantly correlated with firm performance though all other control variables are insignificant. This evidence strongly supports the wisdom of agency theory that executive compensation serves as a mechanism reducing agency problem.

7. Self-Evaluation

As mentioned in the proposal, structural equation modeling like LISREL will be the first choice to apply in this study while the partial least squares (PLS) approach as a backup since the latter is not popular in Taiwan. However, a study with large number of variables and very small sample doesn't fulfill the assumption of LISREL. This study therefore uses the distribution-free and small sample research technique of PLS. It seems an introduction of partial least squares

approach to our academic community.

This study tries to apply an approach alternative to the traditional regression to address the economic determinants of executive compensation. The results are different from previous research but confirm with the wisdom of agency theory. Therefore this study would be very interesting to the field and journal editors if the results can be carefully articulated before article submission.

8. References

- [1] Agrawal, A. and C. R. Knoeber, 1998. Managerial compensation and the threat of takeover. *Journal of Financial Economics* 47 (2): 219-239.
- [2] Aggarwal, R. K. and A. A. Samwick, 1999. Executive compensation, strategic competition, and relative performance evaluation: Theory and evidence. *Journal of Finance* 54 (6): 1999-2043.
- [3] Baker, G. P. and B. J. Hall, 1998. CEO Incentives and Firm Size, NBER Working Paper, National Bureau of Economic Research.
- [4] Boyd, B. K., 1994. Board control and CEO compensation. *Strategic Management Journal* 15: 335-344.
- [5] Bushman, R. M., R. J. Indjejikian, and A. Smith, 1996. CEO compensation: The role of individual performance evaluation. *Journal of Accounting and Economics* 21 (3): 161-193.
- [6] Chin, W. W. and P. R. Newsted, 1999. Structural equation modeling analysis with small samples using partial least squares. In *Statistical Strategy for Small Sample Research*, edited by R. H. Hoyle, Thousand Oaks, CA: Sage Publications.
- [7] Ciscel, D. H. and T. M. Carroll, 1980. The Determinants of Executive Salaries: An Econometric Survey. *Review of Economics and Statistics* 62 (1): 7-13.

- [8] Core, J. E., R. W. Holthausen, and D. F. Larcker, 1999. Corporate governance, chief executive officer compensation, and firm performance. *Journal of Financial Economics* 51: 371-406.
- [9] Fama, E. F. and M. C. Jensen, 1983. Separation of ownership and control. *Journal of Law and Economic* 26: 301-325.
- [10] Gaver, J. J. and K. M. Gaver, 1992. Additional evidence on the association between the investment opportunity set and corporate financing, dividend and compensation policies. *Journal of Accounting and Economics* 16: 125-60.
- [11] Hemmer, T., 1993. Risk-free incentive contracts: Eliminating agency cost using option-based compensation schemes. *Journal of Accounting and Economics* 16 (4): 447-473.
- [12] Ittner, C. D., D. F. Larcker, and M. V. Rajan, 1997. The choice of performance measure in annual bonus contracts. *Accounting Review* 72 (2): 231-155.
- [13] Jensen, M. C. and W. H. Meckling, 1976. Theory of the firm: Managerial behavior-agency cost and ownership structure. *Journal of Financial and Economic* 3: 305-60.
- [14] Jensen, M. C. and K. J. Murphy, 1990. Performance Pay and Top-Management Incentives. *Journal of Political Economy* 98 (2): 225-264.
- [15] Lohmoller, J. B. 1989. Latent Variable Path Modeling with Partial Least Squares. New York: NY: Springer-Verlag.
- [16] Schaefer, S., 1998. The dependence of pay-performance sensitivity on the size of the firm. *The Review of Economics and Statistics* 80(3): 436-443.
- [17] Smith, C. W. Jr. and R. L. Watts, 1992. The investment opportunity set and corporate financing, dividend, and compensation policies. *Journal of Financial Economics* 32 (3): 263-292.

Table 1

Constructs and Indicators for Taiwan Firms

Compensation

- C_TCC2: total cash compensation for the title of “president” (董事長)
- C_TCC3: total cash compensation for the title of “managing director” (常董兼總經理)
- C_TCC4: total cash compensation for the title of “director-manager” (董事兼總經理)
- C_TCC5: total cash compensation for the title of “general manager” (總經理)
- C_TCCC2: change in total cash compensation for the title of “president” (董事長)
- C_TCCC3: change in total cash compensation for the title “managing director” (常董兼總經理)
- C_TCCC4: change in total cash compensation for the title “director-manager” (董事兼總經理)
- C_TCCC5: change in total cash compensation for the title of “general manager” (總經理)

Performance

- P_NI: net income
- P_NIBEX: income before extraordinary items
- P_sales: sales

Competition

- A5_hhiavg: Herfindahl-Hirschman Index (HHI) average over 5 years
- A5_hhisqrtavg: square root of Herfindahl-Hirschman Index (HHI) average over 5 years
- A5_top3avg: sum of top three sales divided by total industry sales
- A5_top4avg: sum of top four sales divided by total industry sales

Board Ownership

- A2_BLOCK: ownership of blockholders
- A2_DRCTR: ownership of directors
- A2_MANAG: ownership of managers

Ownership Structure

- A3_CORPO: ownership of corporate-investors
- A3_FINAN: ownership of financial-institute-investors
- A3_GOVER: ownership of government-investors
- A3_INDIV: ownership of individual-investors
- A3_MUTUA: ownership of mutual-fund-investors

Table 1 (cont'd)
Constructs and Indicators for Taiwan Firms

Growth

G_MBE: market to book ratio

G_SALES: growth of net sales

G_TA: growth of total assets

Firm Size

S_LNS: natural logarithm of sales

S_LNTA: natural logarithm of total assets

Business Risk

R_RETCV: coefficient of variation of the change in stock return

R_RETSTD: standard deviation of the change in stock return

R_ROACV: coefficient of variation of return on assets

R_ROASTD: standard deviation of return on assets

R_ROECV: coefficient of variation of return on equity

R_ROESTD: standard deviation of return on equity

Table 2
Constructs and Indicators for US Firms

Compensation

C_SALARY: salary
C_BONUS: bonus
C_LTIP: long term incentive plan
C_ALLOTH: all other compensation
C_RSKTHL: restricted stock holdings value
C_OTHANN: all other annual compensation
C_BLKV: stock options granted total value
C_RSTKGR: restricted stock value granted
C_SOPTVA: stock options value granted
C_SALARY: change in salary
C_TCCCH: change in total cash compensation
C_TDC1CH: change in total compensation
C_ALLOTHTOCH: change in all other compensation
C_SALARYPCT: percentage change in salary
C_TCCPCT: percentage change in total cash compensation
C_TDC1PCT: percentage change in total compensation
C_ALLOTHTOPCT: percentage change in all other compensation

Performance

P_SALES: sales
P_NI: net income
P_NIBEX: income before extraordinary items
P_SALESCH: change in sales
P_NICH: change in net income
P_NIBEXCH: percentage change in income before extraordinary items
P_ROA: return on assets
P_ROE: return on equity
P_RET: stock return
P_ROACH: change in return on assets
P_ROECH: change in return on equity
P_RETCH: change in stock return
P_ROAPCT: percentage change in return on assets
P_ROEPCT: percentage change in return on equity
P_RETTPCT: percentage change in stock return

Table 2 (cont'd)
Constructs and Indicators for US Firms

Growth

G_ASSETS: growth in assets

G_SALES: growth in sales

G_MBE: market to book ratio

Firm Size

S_LNASSETS: log of assets

S_LNSALES: log of sales

Business Risk

R_ROASTD: Standard Deviation of ROA

R_ROESTD: Standard Deviation of ROE

R_RETSTD: Standard Deviation of RET

R_ROACV: Coefficient of Variation of ROA

R_ROECV: Coefficient of Variation of ROE

R_RETCV: Coefficient of Variation of RET

Table 3

Taiwan Subsample 1: Firms with Both Title of President and Managing Director

Four-Digit SIC Code	Industry	Firm Number
1100	Cement	2
1300	Plastics	1
1400	Textiles	6
1600	Elec. Appliance & Cable	2
1900	Paper & Pulp	2
2100	Rubber	1
2300	Electronics	2
2600	Transportation	1
Total		17

Table 4

Taiwan Subsample 2: Firms with Both Title of President and Director-Manager

Four-Digit SIC Code	Industry	Firm Number
1100	Cement	2
1200	Foods	7
1300	Plastics	8
1400	Textiles	15
1500	Electric & Machinery	5
1600	Elec. Appliance & Cable	4
1700	Chemicals	6
1800	Glass & Ceramics	2
1900	Paper & Pulp	1
2000	Steel & Iron	7
2100	Rubber	3
2200	Automobile	1
2300	Electronics	19
2400	Electronics	1
2500	Construction	8
2600	Transportation	1
Total		90

Table 5

Taiwan Subsample 3: Firms with Both Title of President and General Manager

Four-Digit SIC Code	Industry	Firm Number
1100	Cement	1
1300	Plastics	1
1400	Textiles	2
1500	Electric & Machinery	1
1600	Elec. Appliance & Cable	1
1700	Chemicals	3
1800	Glass & Ceramics	1
2300	Electronics	2
2500	Construction	5
Total		17

Table 6A

Path Coefficients (N=17)

Taiwan Subsample 1: Firms with Both Title of President and Managing Director

	Compete	Perf	Board	Ownersh	Size	Risk	Growth
Comp	-0.0540	0.8250	-0.0040	0.7420	-0.7430	-0.1910	0.2640
	(0.4616)	(1.1582)	(0.6482)	(0.7562)	(0.8143)	(0.6010)	(0.7106)

Standard errors are in parenthesis.

All coefficients are insignificant at $\alpha=10\%$.

Table 6B
Correlations of latent variables
Taiwan Subsample 1: Firms with Both Title of President and Managing Director

	Compete	Perf	Board	Ownersh	Size	Risk	Growth	Comp
Compete	1.000							
Perf	-0.233	1.000						
Board	0.309	-0.065	1.000					
Ownersh	-0.209	0.500	-0.039	1.000				
Size	-0.304	0.679	0.146	0.706	1.000			
Risk	-0.118	0.639	0.129	0.568	0.451	1.000		
Growth	-0.134	0.755	0.111	0.264	0.474	0.632	1.000	
Comp	-0.189	0.782	-0.207	0.603	0.396	0.595	0.617	1.000

Table 6C
Outer Model Loadings
Taiwan Subsample 1: Firms with Both Title of President and Managing Director

	Entire Sample Estimate	Mean of Subsamples	Standard Error	t-Statistic
Compete :				
A5_hhiav	0.9359	0.7529	0.6063	1.5436
A5_hhisq	0.9847	0.7702	0.6158	1.5989
A5_top3a	0.9901	0.7742	0.6148	1.6104
A5_top4a	0.9734	0.7685	0.6094	1.5974
Perf :				
P_NI	0.9800	0.8959	0.3155	3.1057
P_NIBEX	0.8881	0.7712	0.3652	2.4318
P_SALES	0.8525	0.8045	0.2855	2.9856

Table 6C (cont'd)
Outer Model Loadings
Taiwan Subsample 1: Firms with Both Title of President and Managing Director

Board	:				
A2_BLOCK		0.3036	0.2855	0.4254	0.7137
A2_DRCTR		-0.2594	0.3239	0.5790	-0.4480
A2_MANAG		-0.9589	-0.3710	0.6414	-1.4950
Ownershi:					
A3_CORPO		-0.5214	-0.3434	0.4806	-1.0849
A3_FINAN		0.8867	0.6369	0.4643	1.9096
A3_GOVER		0.0745	0.1227	0.3550	0.2098
A3_INDIV		0.1405	0.0683	0.4030	0.3487
A3_MUTUA		-0.5266	-0.4293	0.3912	-1.3460
Size	:				
S_LNS		0.9889	0.3636	0.9141	1.0818
S_LNTA		0.9545	0.3226	0.8957	1.0657
Risk	:				
R_RETCV		0.4259	0.2402	0.3131	1.3603
R_RETSTD		0.6778	0.5854	0.3948	1.7167
R_ROACV		-0.2420	-0.3228	0.3773	-0.6414
R_ROASTD		-0.3025	-0.3620	0.4799	-0.6303
R_ROECV		-0.0212	0.2112	0.2922	-0.0725
R_ROESTD		-0.3914	-0.4570	0.4957	-0.7895
Growth	:				
G_MBE		0.8696	0.5713	0.6159	1.4119
G_SALES		0.7569	0.4279	0.4783	1.5824
G_TA		0.7905	0.4866	0.6921	1.1422
Comp	:				
C_TCC2		0.9387	0.7811	0.3307	2.8385
C_TCC3		0.9719	0.7924	0.3276	2.9664
C_TCCC2		0.2764	-0.0706	0.7592	0.3641
C_TCCC3		0.3257	0.0454	0.6634	0.4910

Table 7A
Path Coefficients (N=90)
Taiwan Subsample 2: Firms with Both Title of President and Director-Manager

	Compete	Perf	Board	Ownershi	Size	Risk	Growth
Comp	0.0670	1.1110***	0.1150	-0.3740	0.1290	0.1750	-0.1680
	(0.0872)	(0.5449)	(0.1531)	(0.3487)	(0.2437)	(0.1481)	(0.1823)

Standard errors are in parenthesis.

***Significant at =1%.

Table 7B
Correlations of Latent Variables
Taiwan Subsample 2: Firms with Both Title of President and Director-Manager

	Compete	Comp	Perf	Board	Ownershi	Size	Risk	Growth
Compete	1.000							
Comp	-0.155	1.000						
Perf	-0.256	0.734	1.000					
Board	-0.036	0.308	0.415	1.000				
Ownershi	-0.063	0.397	0.712	0.605	1.000			
Size	0.277	-0.432	-0.717	-0.248	-0.495	1.000		
Risk	-0.258	0.350	0.267	0.187	0.058	-0.175	1.000	
Growth	-0.311	0.413	0.567	0.232	0.184	-0.542	0.482	1.000

Table 7C
Outer Model Loadings
Taiwan Subsample 2: Firms with Both Title of President and Director-Manager

	Entire sample estimate	Mean of subsamples	Standard error	T-Statistic
Compete :				
A5_hhiav	0.9533	0.7890	0.5648	1.6880
A5_hhisq	0.9916	0.8056	0.5791	1.7124
A5_top3a	0.9905	0.8038	0.5809	1.7051
A5_top4a	0.9836	0.7995	0.5784	1.7006
Comp :				
C_TCC2	0.9014	0.7753	0.2592	3.4778
C_TCC4	0.8255	0.7684	0.2599	3.1760
C_TCCC2	-0.8708	-0.5675	0.5670	-1.5358
C_TCCC4	-0.3678	-0.1869	0.4787	-0.7683
Perf :				
P_NI	0.9940	0.8784	0.4312	2.3050
P_NIBEX	0.9734	0.8728	0.4088	2.3810
P_SALES	0.7816	0.6956	0.3990	1.9589
Board :				
A2_BLOCK	-0.0230	0.3032	0.3749	-0.0613
A2_DRCTR	0.9879	0.5730	0.6361	1.5531
A2_MANAG	-0.2298	-0.0945	0.2595	-0.8855
Ownershi:				
A3_CORPO	0.0365	-0.1279	0.4201	0.0869
A3_FINAN	0.3524	0.2425	0.3189	1.1050
A3_GOVER	0.9286	0.5622	0.5547	1.6740
A3_INDIV	-0.5395	-0.1526	0.5796	-0.9309
A3_MUTUA	0.0943	0.0198	0.2380	0.3962

Table 7C (cont'd)
Outer Model Loadings
Taiwan Subsample 2: Firms with Both Title of President and Director-Manager

Size	:				
S_LNS		-0.9466	-0.1267	0.9337	-1.0138
S_LNTA		-0.9590	-0.1421	0.9386	-1.0218
Risk	:				
R_RETCV		0.0094	0.0546	0.1861	0.0505
R_RETSTD		0.7774	0.5242	0.4868	1.5968
R_ROACV		0.0737	0.1550	0.2858	0.2579
R_ROASTD		0.8117	0.5663	0.5389	1.5063
R_ROECV		0.1930	0.1703	0.2671	0.7227
R_ROESTD		0.8185	0.5616	0.5517	1.4836
Growth	:				
G_MBE		0.9323	0.4437	0.7277	1.2812
G_SALES		0.5864	0.2772	0.5406	1.0848
G_TA		0.5075	0.1635	0.6497	0.7811

Table 8A
Path Coefficients (N=17)
Taiwan Subsample 3: Firms with Both Title of President and General Manager

	Compete	Perf	Board	Ownersh	Size	Risk	Growth	
Comp	-0.0750	0.8830	-0.1000	-0.1330	-0.2640	0.2800	-0.0640	(0.4321)
	(0.8957)	(0.5134)	(0.5135)	(0.5215)	(0.5292)	(0.4344)		

Standard errors are in parenthesis.

All coefficients are insignificant at $\alpha=10\%$.

Table 8B
Correlations of Latent Variables
Taiwan Subsample 3: Firms with Both Title of President and General Manager

	Compete	Perf	Board	Ownersh	Size	Risk	Growth	Comp
Compete	1.000							
Perf	-0.067	1.000						
Board	-0.155	-0.269	1.000					
Ownersh	0.133	-0.601	0.214	1.000				
Size	0.114	0.801	-0.459	-0.482	1.000			
Risk	-0.175	0.161	0.154	-0.433	0.042	1.000		
Growth	0.274	-0.754	-0.116	0.589	-0.449	-0.437	1.000	
Comp	-0.233	0.876	-0.183	-0.726	0.584	0.494	-0.821	1.000

Table 8C
Outer Model Loadings
Taiwan Subsample 3: Firms with Both Title of President and General Manager

	Entire Sample Estimate	Mean of Subsamples	Standard Error	t-Statistic
Compete :				
A5_hhiav	0.9820	0.8474	0.5058	1.9415
A5_hhisq	0.9932	0.8536	0.5099	1.9477
A5_top3a	0.9974	0.8553	0.5115	1.9501
A5_top4a	0.9925	0.8514	0.5097	1.9473
Perf :				
P_NI	0.9290	0.9316	0.1527	6.0844
P_NIBEX	0.9546	0.9388	0.1391	6.8618
P_SALES	0.9056	0.8631	0.1492	6.0717
Board :				
A2_BLOCK	0.8759	0.3324	0.5418	1.6166

Table 8C (cont'd)
Outer Model Loadings

Taiwan Subsample 3: Firms with Both Title of President and General Manager

A2_DRCTR	0.1058	-0.0421	0.6334	0.1670
A2_MANAG	-0.5319	-0.2590	0.5707	-0.9320
Ownershi:				
A3_CORPO	0.0904	0.1533	0.5547	0.1630
A3_FINAN	0.1768	0.0929	0.2955	0.5984
A3_GOVER	0.1176	0.3004	0.3995	0.2944
A3_INDIV	-0.1037	-0.1967	0.5359	-0.1935
A3_MUTUA	-0.9872	-0.2307	0.7233	-1.3649
Size :				
S_LNS	0.9729	0.1211	0.9571	1.0165
S_LNTA	0.9316	0.0923	0.9365	0.9948
Risk :				
R_RETCV	-0.1281	0.0671	0.3293	-0.3890
R_RETSTD	-0.1824	0.0294	0.3974	-0.4590
R_ROACV	-0.1743	0.0652	0.4420	-0.3943
R_ROASTD	0.8806	0.1774	0.8367	1.0525
R_ROECV	-0.2673	0.0398	0.4255	-0.6283
R_ROESTD	0.9549	0.2118	0.8720	1.0950
Growth :				
G_MBE	-0.8438	-0.2461	0.8451	-0.9985
G_SALES	-0.2565	0.1245	0.6199	-0.4138
G_TA	-0.6924	-0.2466	0.8084	-0.8565
Comp :				
C_TCC2	0.9713	0.8800	0.3566	2.7237
C_TCC5	0.8883	0.8331	0.3409	2.6056
C_TCCC2	-0.9115	-0.6327	0.5281	-1.7260
C_TCCC5	-0.1347	-0.1505	0.2629	-0.5123

Table 9A
Path Coefficients: US Sample (N=231)

	Perf	Growth	Risk	Size
Comp	0.5880*** (0.0842)	-0.0160 (0.0743)	0.0190 (0.0656)	-0.2980 0.1697

Standard errors are in parenthesis.

***Significant at $\alpha=1\%$.

Table 9B
Correlations of Latent Variables: US Sample

	Comp	Perf	Growth	Risk	Size
Comp	1.000				
Perf	0.797	1.000			
Growth	-0.265	-0.322	1.000		
Risk	-0.106	-0.134	0.004	1.000	
Size	-0.704	-0.690	0.199	0.155	1.000

Table 9C
Outer Model Loadings: US Sample

Comp	Entire Sample Estimate	Mean of Subsamples	Standard Error	t-Statistic
C_SALARY	0.7686	0.7602	0.0419	18.3589
C_BONUS	0.8379	0.8437	0.0339	24.7167
C_LTIP	0.5597	0.5605	0.1061	5.2743
C_ALLOTH	0.3533	0.3397	0.1203	2.9362
C_RSTKHL	0.5463	0.5261	0.1162	4.7014
C_OTHANN	0.4411	0.4713	0.1052	4.1935
C_BLKV	0.6594	0.6509	0.0673	9.8020
C_RSTKGR	0.4515	0.4394	0.1348	3.3488
C_SOPTVA	0.6858	0.6674	0.0888	7.7187
C_SALARY	0.0751	0.0679	0.2234	0.3362
C_TCCCH	0.4408	0.3762	0.2567	1.7169
C_TDC1CH	0.5524	0.5293	0.1322	4.1773
C_TDC2CH	0.3549	0.3266	0.1921	1.8475
C_ALLOTH	-0.1763	-0.1606	0.1474	-1.1958
C_SALARY	-0.1044	-0.0928	0.0518	-2.0164
C_TCCPCT	-0.0104	0.0087	0.1064	-0.0977
C_TDC1PC	0.4781	0.4527	0.1144	4.1775
C_TDC2PC	0.4432	0.4179	0.1115	3.9758
C_ALLOTH	-0.0264	-0.0185	0.0498	-0.5302
Perf				
P_SALES	0.8706	0.8586	0.0553	15.7435
P_NI	0.9664	0.9422	0.0238	40.5234
P_NIBEX	0.9703	0.9473	0.0224	43.2996
P_SALESC	0.3891	0.4726	0.1787	2.1769
P_NICH	0.1332	0.1952	0.4407	0.3022

Table 9C (cont'd)
Outer Model Loadings: US Sample

P_NIBEXC	0.1126	0.1877	0.4497	0.2504
P_ROA	0.2127	0.1918	0.1022	2.0819
P_ROE	0.3041	0.2881	0.0844	3.6038
P_RET	0.1511	0.1374	0.0967	1.5620
P_ROACH	0.0273	0.0326	0.1478	0.1847
P_ROECH	-0.0068	-0.0121	0.1748	-0.0389
P_RETCH	-0.0553	-0.0638	0.1193	-0.4637
P_ROAPCT	-0.1097	-0.0386	0.1464	-0.7495
P_ROEPCT	-0.1248	-0.0671	0.1193	-1.0462
P_RETPCT	-0.0001	0.0317	0.0654	-0.0015
Growth :				
G_ASSETS	-0.3254	-0.0229	0.4101	-0.7935
G_SALESP	-0.3246	-0.0497	0.4303	-0.7544
G_MBE	-0.9517	-0.4849	0.7681	-1.2390
Risk :				
R_ROASTD	0.1889	0.2709	0.3958	0.4773
R_ROESTD	-0.0017	0.2314	0.4363	-0.0039
R_RETSTD	0.7105	0.2359	0.4815	1.4756
R_ROACV	0.5136	0.1225	0.4478	1.1468
R_ROECV	-0.5491	-0.1265	0.4631	-1.1856
R_RETCV	0.5141	0.0101	0.5022	1.0236
Size :				
S_LNASSE	-0.9509	-0.8298	0.4633	-2.0525
S_LNSALE	-0.9604	-0.8393	0.4666	-2.0582