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Appendices

Appendix A
History of Thai cabinets from 1992 to 2006
The data source is the official website of the Secretariat of the Cabinet of Royal Thai Government (www.cabinets.thaigov.go.th). The dates refer to the official effective dates.

Assembly	Prime Minister	From	To	No. of days	No. of months
Assembly L	Mr. Chuan Leekpai	23/09/1992	13/07/1995	1,023	34.1
	Cabinet 1	29/9/1992	23/09/1993	359	12.0
	Cabinet 2 (major reshuffle#1)	23/09/1993	25/10/1994	397	13.2
	Cabinet 3 (major reshuffle#2)	25/10/1994	17/12/1994	53	1.8
	Cabinet 4 (major reshuffle#3)	17/12/1994	19/05/1995	153	5.1
Assembly LI	Mr. Banharn Silapa-Archa	13/07/1995	25/11/1996	501	16.7
	Cabinet 1	18/07/1995	28/05/1996	315	10.5
	Cabinet 2 (major reshuffle#1)	28/05/1996	03/07/1996	36	1.2
	Cabinet 3 (major reshuffle#2)	03/07/1996	27/09/1996	86	2.9
Assembly LII	General Chavalit Yongchaiyudh	25/11/1996	09/11/1997	349	11.6
	Cabinet 1	29/11/1996	15/08/1997	259	8.6
	Cabinet 2 (major reshuffle#1)	15/08/1997	24/10/1997	70	2.3
	Cabinet 3 (major reshuffle#2)	24/10/1997	06/11/1997	13	0.4
Assembly LIII	Mr. Chuan Leekpai	09/11/1997	17/02/2001	1,196	39.9
	Cabinet 1	09/11/1997	05/10/1998	330	11.0
	Cabinet 2 (major reshuffle#1)	05/10/1998	09/07/1999	277	9.2
	Cabinet 3 (major reshuffle#2)	09/07/1999	09/11/2000	489	16.3
Assembly LIV	Police Lieutenant Colonel Thaksin Shinawatra	17/02/2001	11/03/2005[24]	1,483	49.4
	Cabinet 1	17/02/2001	05/03/2002	381	12.7
	Cabinet 2 (major reshuffle#1)	05/03/2002	03/10/2002	212	7.1
	Cabinet 3 (major reshuffle#2)	03/10/2002	04/02/2003	124	4.1
	Cabinet 4 (major reshuffle#3)	04/02/2003	08/11/2003	277	9.2
	Cabinet 5 (major reshuffle#4)	08/11/2003	10/03/2004	123	4.1
	Cabinet 6 (major reshuffle#5)	10/03/2004	06/10/2004	210	7.0
	Cabinet 7 (major reshuffle#6)	06/10/2004	05/01/2005	91	3.0
Assembly LV	Police Lieutenant Colonel Thaksin Shinawatra	11/03/2005	19/09/2006[25]	557	18.6
	Cabinet 1	11/03/2005	02/08/2005	144	4.8
	Cabinet 2 (major reshuffle#1)	02/08/2005	24/02/2006[26]	206	6.9
Assembly LVI	General Surayud Chulanont	08/10/2006	06/02/2008	487	16.2
Assembly LVII	Mr. Samk Suthorawet	06/02/2008	08/09/2008	215	7.2
Assembly LVIII	Mr. Somchai Wongsawat	18/09/2008	02/12/2008	76	2.5
Assesmbly LVIIII	Mr. Abisit Vejjacheeva	17/12/2008			

[24] This government of Police Licutenant Thaksin Shinawatra Prime Minister and Head of the Administration on January 6, 2001 to January 5, 2005. The Cabinet left office when the House of Representatives conform the period 4 years).

[25] Thailand coup took place on Tuesday 19 September 2006, when the Royal Thai Army leading by General Sonthi Boonyaratglin staged a coup against the government of caretaker Prime Minister Thaksin Shinawatra and Assembly LVI is lead by General Surayud Chulanont since Oct 1, 2006.

[26] This cabinet left office when the Royal Decree of parliament Dissolution was vigorized on February 24, 2006.

Appendix B

As of December 31, 2008 detail regarding the TAS compare to International Financial

Reporting Standards (IFRS) are presented in as follows:

TAS No.	Topic	Current Status [1]	IFRS/IAS No.
TAS 25	Cash Flow Statements	Fully Implement	IAS 7
TAS 29	Leases	Fully Implement	IAS 17
TAS 30	The Effects of Changes in Foreign Exchange Rates	Make a Formal Declaration to adopt the principle	IAS 21
TAS 31	Inventories	Fully Implement	IAS 2
TAS 32	Property, Plant and Equipment	Issued Exposure Draft	IAS 16
TAS 33	Borrowing Costs	Fully Implement	IAS 23
TAS 35	Presentation of Financial Statements	Fully Implement	IAS 1
TAS 36	Impairment of Assets	Fully Implement	IAS 36
TAS 37	Revenue	Issued Exposure Draft	IAS 18
TAS 38	Earnings per Share	Fully Implement	IAS 33
TAS 39	Accounting Policies, changes in Accounting Estimates and Errors	Fully Implement	IAS 8
TAS 41	Interim Financial Reporting	Fully Implement	IAS 34
TAS 43	Business Combination	Fully Implement	IFRS 3
TAS 44	Consolidated and Separate Financial Statements	Fully Implement	IAS 27
TAS 45	Investments in Associates	Fully Implement	IAS 28
TAS 46	Interest in Joint Ventures	Fully Implement	IAS 31
TAS 47	Related Party Disclosures	Issued Exposure Draft	IAS 24
TAS 48	Financial Instrument: Disclosure and Presentation	Make a Formal Declaration to adopt the principle	IAS 32
TAS 49	Construction Contracts	Fully Implement	IAS 11
TAS 50	Segment Reporting	Make a Formal Declaration to adopt the principle	IAS 14

TAS No.	Topic	Current Status [1]	IFRS/IAS No.
TAS 51	Intangible Assets	Fully Implement	IAS 38
TAS 52	Events After the Balance Sheet Date	Fully Implement	IAS 10
TAS 53	Provisions, Contingent Liabilities and Contingent Assets	Fully Implement	IAS 37
TAS 54	Discounted Operations	Fully Implement	IAS 35
TAS 55	Accounting for Government and Disclosure of Government Assistance	Issued Exposure Draft	IAS 20
TAS 56	Income Taxes	Make a Formal Declaration to adopt the principle	IAS 12
TAS 57	Agriculture	Issued Exposure Draft	IAS 41

Remark[1]: Definition of each status are as follows:

Fully Implement	Thai Accounting Standards has currently applied and flowed IAS Principles (Already published in Royal Government Gazzette)
Issued Exposure Draft	Federation of Accounting Professions has finished its exposure draft. In additional, the draft has already disseminated via the website and/or distribute for hearing from participants.
Make a Formal Declaration to adopt the principle	Federation of Accounting has already draft the standards, However it still under the review process and not yet available to public

Appendix C
Conservatism Definitions

This appendix describes definitions of conservatism and sources:

Definitions of Conservatism	Source(s)
▪ Prudent reaction to uncertainty to try to ensure that uncertainty and risks inherent in business situation are adequately considered.	FASB's Concepts Statement No. 2 (FABS, 1980)
▪ accounting conservatism as accounting practices that recognized all losses when they occur not when they are realized, but not recognizes gains until they are realized and, if in doubt, errs on the side of undervaluing assets and overvaluing liabilities.	AICPA Special committee on Financial Reporting (1994)
▪ Anticipate no profit, but anticipate all losses.	Bliss, 1924, cited in Watts, 2003a.
▪ Conservatism as the most influential principle of valuation in accounting	Sterling (1970)
▪ Conservatism is, at best, a very poor method of treating the existence of uncertainty in valuation and income. At its worst, it results in a complete distortion of accounting data.	Hendriksen and Van Breda (1992)
▪ A conservative accounting practice is likely to create "hidden reserves" and, in turn, general higher expected future firm values in the long run. Therefore, it is expected that companies applying conservative accounting practices will be valued higher by investor than companies following less conservative accounting practices.	Stober (1996)

Appendix C *(continued)*

Definitions of Conservatism	Source(s)
■ The accountant's tendency to require a higher degree of verification to recognize good news as gains than to recognize bad new as losses.	Basu (1997)
■ Choosing accounting method and estimated that keep the book value of net assets relatively low, such as LIFO accounting for inventories, expensing research and development, record depreciation in excess of economic depreciation.	Penman and Zhang (2002)
■ Conservative accounting leads to lower cumulative reported earnings, but the effect on current period earnings depends on investment growth.	Ahmed et. al., (2002)

Appendix D
Variable Definitions

Descriptions of all the variables usedin the analyzes:

	Variable	Description
1	*EPS*	Earnings per share before extraordinary items divided by beginning of period price.
2	*R*	Stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
3	*RD*	Dummy variable coded one if *R* is negative, zero is otherwise.
4	*OWN (dummy)*	Dummy variable equal to one if the *OWN* are either *FF* or *FAM* firms members on the board of directors or in the top management and directly or indirectly owner more than 10% of outstanding shares at the beginning of the fiscal year, zero is otherwise.
5	*OWN (rank)*	Equal to the scaled decile rank of percentage of shares held by *FF* or *FAM* firms members
6	*OWN 10-20%*	Dummy variable equal to one if common stock owned by *FF* or *FAM* firms members is between 10%-20% of outstanding shares at the beginning of the year, zero is otherwise.
7	*OWN >20-50%*	Dummy variable equal to one if common stock owned by *FF* or *FAM* firms members is more than 20%-50% of outstanding shares at the beginning of the year, zero is otherwise.
8	*OWN >50%*	Dummy variable equal to one if common stock owned by *FF* or *FAM* firms members is more than 50% of outstanding shares at the beginning of the year, zero is otherwise.

Appendix D *(continued)*

	Variable	Description
9	*F_CEO*	Dummy variable equal to one if the CEO is the founder of the *FF* or *FAM* firm, zero is otherwise.
10	*D_CEO*	Dummy variable equal to one if the CEO is a descendant of the *FF* or *FAM* firm, zero is otherwise.
11	*H_CEO*	Dummy variable equal to one if the CEO is a hired outsider for the *FF* or *FAM* firms, zero is otherwise.
12	*POL*	Dummy variable coded one if *FF* or *FAM* members are members of parliament or a minister or the head of state, zero is otherwise.
13	*DUAL*	Dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
14	*BRDSIZE*	Number of directors on the board at the year-end.
15	*IND*	Number of independent audit committee divided by total board size.
16	*BIG4*	Dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.
17	*LEV*	Scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
18	*PINST*	Institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.

Appendix D *(continued)*

	Variable	Description
19	*SIZE*	Scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
20	*RISK*	Dummy variable coded one if the firm is a technology industry and zero otherwise
21	*MTB*	Scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Tables

Table 1

Sample Description

Panel A: Sample Selection of Stock Exchange of Thailand firms from 2000-2006

	N	%
Number of firm years in the Stock Exchange of Thailand 2000-2006	2,944	
Financial Services and Insurance Firms	(430)	
	2,514	100.0
Rehabilitation companies	(295)	(11.7)
.Data are not available (including incomplete data)	(486)	(19.4)
Final Sample	1,733	68.9

Panel B: Sample firm breakdown by Industry

Industry	Sub-industry	Firm-Years	Distinct firms
Agro & Food Industry	Agribusiness	112	18
	Food and beverage	142	22
Consumer Products	Fashion	154	23
	Home & Office Products	64	11
	Personal Products & Pharmaceuticals	22	4
Industrials	Automotive	63	16
	Industry Material & Machinery	67	17
	Packaging	90	15
	Petrochemicals & Chemicals	71	13
Property & Construction	Construction Materials	100	24
	Property Development	196	42
Resource	Energy & Utilities	71	17
	Mining	7	1
Services	Commerce	75	14
	Health Care Services	80	13
	Media & Publishing	118	24
	Professional Services	8	2
	Tourism & Leisure	73	13
	Transportation & Logistics	59	10
Technology	Electronic Components	56	10
	Information & Communication Technology	105	22
Total		1,733	331

Table 2

Ownership and CEO Characteristics Description

Panel A: Controlling shareholder (CS)[a], founding family (FF)[b] and family firm (FAM)[c] members ownership by year

Year	N	No. of CS Firms	% of CS Firms	Avg % of Stock Owned by CS	Median % of Stock Owned by CS	No. of FF Firms	% of FF Firms	Avg % of Stock Owned by FF	Median % of Stock Owned by FF	No. of FAM Firms	% of FAM	Avg % of Stock Owned by FAM	Median % of Stock Owned by FAM
2000	158	152	96.2%	39.0%	36.8%	104	65.8%	41.7%	39.5%	48	30.4%	33.3%	29.6%
2001	221	213	96.4%	39.6%	36.7%	130	58.8%	43.3%	41.8%	83	37.6%	33.8%	26.1%
2002	226	214	94.7%	40.4%	36.6%	133	58.9%	43.0%	41.5%	81	35.8%	36.2%	31.4%
2003	246	233	94.7%	41.0%	39.6%	149	60.6%	42.6%	40.9%	84	34.2%	38.2%	35.6%
2004	263	253	96.2%	41.0%	40.7%	159	60.5%	41.9%	41.9%	94	35.7%	39.4%	37.6%
2005	290	276	95.2%	41.9%	41.9%	173	59.7%	42.0%	41.9%	103	35.5%	41.6%	41.9%
2006	329	314	95.4%	42.6%	42.2%	200	60.8%	43.5%	42.7%	114	34.7%	40.9%	38.7%
Total	1,733	1,655	95.5%	41.0%	39.6%	1,048	60.5%	42.7%	41.6%	607	35.0%	38.2%	34.6%

a) Controlling shareholders (CS) are either controlling shareholder members on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.
b) Founding family (FF) members are either founding family members on the board of directors or in the top management of the company and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.
c) Family firm (FAM) members are either family firm members on the board of directors or in the top management of the company and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.

Table 2 (*continued*)

Panel B: No. of CEO characteristics of controlling shareholder (CS)[a)], founding family (FF)[b)] and family firm (FAM)[c)] by year

Year	N	No. of CS Firms	No. of CS with Founders as CEOs	No. of CS with Descendants as CEOs	No. of CS with Hired Outsiders as CEOs	No. of FF Firms	No. of FF with Founders as CEOs	No. of FF with Descendants as CEOs	No. of FF with Hired Outsiders as CEOs	No. of FAM Firms	No. of FAM with Founders as CEOs	No. of FAM with Descendants as CEOs	No. of FAM with Hired Outsiders as CEOs
2000	158	152	53	27	72	104	42	22	40	48	11	5	32
2001	221	213	64	38	111	130	52	31	47	83	12	7	64
2002	226	214	67	37	110	133	53	30	50	81	14	7	60
2003	246	233	77	41	115	149	58	33	58	84	19	8	57
2004	263	253	82	43	128	159	63	34	62	94	19	9	66
2005	290	276	92	44	140	173	74	33	66	103	18	11	74
2006	329	314	117	52	145	200	93	42	65	114	24	10	80
Total	1,733	1,655	552	282	821	1,048	435	225	388	607	117	57	433

Panel C: % CEO characteristics of controlling shareholder (CS)[a)], founding family (FF)[b)] and family firm (FAM)[c)] by year

Year	N	% of CS with Founders as CEOs	% of CS with Descendants as CEOs	% of CS with Hired Outsiders as CEOs	% of FF with Founders as CEOs	% of FF with Descendants as CEOs	% of FF with Hired Outsiders as CEOs	% of FAM with Founders as CEOs	% of FAM with Descendants as CEOs	% of FAM with Hired Outsiders as CEOs
2000	158	34.9%	17.8%	47.4%	40.4%	21.2%	38.5%	22.9%	10.4%	66.7%
2001	221	30.0%	17.8%	52.1%	40.0%	23.8%	36.2%	14.5%	8.4%	77.1%
2002	226	31.3%	17.3%	51.4%	39.8%	22.6%	37.6%	17.3%	8.6%	74.1%
2003	246	33.0%	17.6%	49.4%	38.9%	22.1%	38.9%	22.6%	9.5%	67.9%
2004	263	32.4%	17.0%	50.6%	39.6%	21.4%	39.0%	20.2%	9.6%	70.2%
2005	290	33.3%	15.9%	50.7%	42.8%	19.1%	38.2%	17.5%	10.7%	71.8%
2006	329	37.3%	16.6%	46.2%	46.5%	21.0%	32.5%	21.1%	8.8%	70.2%
Total	1.733	33.4%	17.0%	49.6%	41.5%	21.5%	37.0%	19.3%	9.4%	71.3%

Table 2 *(continued)*

Panel D: Controlling shareholder (*CS*) ᵃ⁾, founding family (*FF*) ᵇ⁾ and family firm (*FAM*) ᶜ⁾ with political connection by year

Fiscal year	N	No. of CS Firms	No. of CS with Politically Connected Firms	% of CS with Politically Connected Firms	No. of FF Firms	No. of FF with Politically Connected Firms	% of FF with Politically Connected Firms	No. of FAM	No. of FAM with Politically Connected Firms	% of FAM with Politically Connected Firms
2000	158	152	23	14.6%	104	14	8.9%	48	9	5.7%
2001	221	213	29	13.1%	130	14	6.3%	83	15	6.8%
2002	226	214	29	12.8%	133	14	6.2%	81	15	6.6%
2003	246	233	33	13.4%	149	15	6.1%	84	18	7.3%
2004	263	253	37	14.1%	159	17	6.5%	94	20	7.6%
2005	290	276	42	14.5%	173	19	6.6%	103	23	7.9%
2006	329	314	50	15.2%	200	20	6.1%	114	26	7.9%
Total	1.733	1.655	243	14.0%	1.048	113	6.5%	607	126	7.3%

a) Controlling shareholders (*CS*) are either controlling shareholder members on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.

b) Founding family (*FF*) members are either founding family members on the board of directors or in the top management of the company and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.

c) Family firm (*FAM*) members are either family firm members on the board of directors or in the top management of the company and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year.

Table 3

Descriptive statistics

	Mean	Median	Std. Dev.	P10	P25	P75	P90
EPS	-0.309	0.085	0.924	1.942	0.368	0.168	0.318
R_{it}	0.306	0.086	0.932	0.383	0.175	0.442	1.114
RD_{it}	0.410	0.000	0.492	0.000	0.000	1.000	1.000
OWN_{t-1}	0.394	0.371	0.190	0.158	0.250	0.522	0.661
DUAL	0.269	0.000	0.444	0.000	0.000	1.000	1.000
BRDSIZE	11.310	11.000	3.436	8.000	9.000	13.000	15.000
IND	0.273	0.273	0.084	0.188	0.222	0.333	0.375
BIG 4	0.609	1.000	0.488	0.000	0.000	1.000	1.000
LEV_{t-1}	0.352	0.290	0.752	0.001	0.079	0.521	0.691
$PINST_{t-1}$	0.024	0.000	0.053	0.000	0.000	0.0241	0.082
$SIZE_{t-1}$	1.008	0.533	6.202	0.129	0.277	1.014	1.787
RISK	0.139	0.000	0.346	0.000	0.000	0.000	1.000
MTB_{t-1}	2.830	1.060	39.455	0.354	0.620	1.810	3.190
POL	0.145	0.000	0.352	0.000	0.000	0.000	1.000

- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.
- OWN_{t-1} is equal to the percentage of share held by the largest shareholder members at the beginning of the fiscal year.
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.
- LEV_{t-1} is total debts divided by total assets at the beginning of the fiscal year.
- $PINST_{t-1}$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE_{t-1}$ is equal to the market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry, zero is otherwise.
- MTB_{t-1} is the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.
- *POL* is dummy variable coded one if controlling shareholder members are members of parliament or a minister or the head of state, zero is otherwise.

Table 4

Correlation Pearson (top)/Spearman (bottom)

	EPS	R_{it}	RD_{it}	OWN $_{t-1}$	DUAL	BRD SIZE	IND	BIG 4	LEV $_{t-1}$	PINST $_{t-1}$	SIZE $_{t-1}$	RISK	MTB $_{t-1}$	POL
EPS		**0.40**	**-0.67**	0.03	-0.04	**0.11**	-0.08	0.01	-0.01	**0.08**	-0.03	-0.03	-0.04	**-0.06**
R_{it}	**0.74**		**-0.50**	0.00	-0.02	0.01	0.02	0.00	0.03	**0.08**	**-0.06**	0.03	-0.01	-0.03
RD_{it}	**-0.72**	**-0.85**		0.02	**0.04**	**-0.09**	0.07	0.02	**0.06**	**-0.07**	**0.05**	0.02	0.04	**0.09**
OWN $_{t-1}$	0.01	0.00	0.02		**0.06**	**-0.04**	**0.15**	**0.05**	-0.01	**-0.07**	-0.01	**-0.04**	0.03	**-0.05**
DUAL	-0.02	-0.03	0.04	0.05		**-0.12**	**0.12**	**-0.13**	0.02	0.00	0.00	**-0.14**	0.03	**-0.07**
BRDSIZE	**0.12**	**0.09**	**-0.11**	**-0.13**	**-0.16**		**-0.70**	**0.05**	**-0.04**	**0.06**	-0.02	-0.03	0.02	**0.16**
IND	**-0.10**	**-0.08**	**0.09**	**0.17**	**0.17**	**-0.86**		0.00	0.00	**-0.08**	0.03	**0.07**	-0.03	**-0.08**
BIG 4	-0.02	-0.04	0.02	**0.06**	**-0.13**	0.02	0.01		**0.05**	**0.09**	0.02	**0.08**	-0.03	**0.14**
LEV $_{t-1}$	-0.04	-0.03	**0.08**	**-0.06**	-0.02	-0.01	-0.01	**0.08**		0.01	**0.65**	0.01	0.02	0.02
PINST $_{t-1}$	**0.08**	**0.06**	**-0.06**	-0.04	0.00	**0.13**	**-0.12**	**0.06**	0.03		-0.03	**-0.06**	0.02	-0.03
SIZE $_{t-1}$	**-0.20**	**-0.19**	**0.10**	0.04	-0.04	-0.02	**0.09**	**0.05**	**-0.36**	**-0.16**		-0.01	0.01	0.01
RISK	-0.04	0.00	0.02	-0.04	**-0.14**	-0.07	**0.08**	**0.08**	**0.06**	**-0.06**	0.03		0.01	**0.08**
MTB $_{t-1}$	**-0.25**	**-0.21**	**0.13**	0.03	**-0.08**	-0.02	**0.08**	**0.07**	0.01	**-0.14**	**0.71**	**0.08**		0.02
POL	**-0.10**	**-0.09**	**0.09**	-0.04	**-0.07**	**0.14**	**-0.09**	**0.14**	**0.08**	0.00	**0.06**	**0.08**	**0.13**	

- Bold text indicates significant at the .05 level or better, two tailed.
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.
- OWN_{t-1} is equal to the percentage of share held by the largest shareholder members at the beginning of the fiscal year.
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.
- LEV_{t-1} is long-term debt divided by total assets at the beginning of the fiscal year.
- $PINST_{t-1}$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE_{t-1}$ is equal to the market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry, zero is otherwise.
- MTB_{t-1} is the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.
- *POL* is dummy variable coded one if controlling shareholder members are members of parliament or a minister or the head of state, zero is otherwise.

Table 5

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns
(Year 2000-2006)

	Expected Sign	Parameter Estimate	p-value	
Intercept		0.243	0.000	***
RD		-0.865	0.000	***
R	+	0.060	0.006	***
R*RD	+	1.196	0.000	***
Year fixed effect		Yes		
Industry fixed effect		Yes		
Adj R^2		0.3562		
F-test		0.0000		
N		1,733		

	Return Sample	
	Positive	Negative
Adj. R^2	0.0396	0.0670
F-test	0.0000	0.0000
N	1,022	711

Sensitivity bad news relative to good news

(R+RD)/R (times)	20.9

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \varepsilon_{it} \qquad (1)$$

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if *R* is negative, zero is otherwise.

Table 6
Controlling Shareholder (CS)
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.142	0.416		0.257	0.410		0.218	0.249		0.325	0.309	
RD		-1.144	0.000	***	-2.019	0.000	***	-0.594	0.043	**	-1.493	0.010	**
R	+	-0.019	0.914		-0.085	0.765		-0.095	0.604		-0.171	0.560	
R*RD	+	-0.083	0.887		-1.768	0.243		1.764	0.014	**	-0.383	0.805	
Family Proxies													
OWN(dummy)		0.099	0.548		-0.084	0.655		0.106	0.518		-0.079	0.673	
RD*OWN(dummy)		0.296	0.260		0.374	0.225		0.306	0.243		0.318	0.299	
R*OWN(dummy)	+	0.078	0.656		0.168	0.393		0.057	0.746		0.158	0.425	
R*RD*OWN(dummy)	-	1.378	0.123		1.104	0.126		1.508	0.113		1.103	0.126	
Corporate Governance Control Variables													
DUAL					0.039	0.528					0.033	0.594	
RD*DUAL					0.016	0.894					0.020	0.866	
R*DUAL	+				0.007	0.905					0.010	0.870	
R*RD*DUAL	-				0.617	0.065	*				0.636	0.058	*
BRDSIZE					0.000	0.970					0.003	0.830	
RD*BRDSIZE					0.032	0.179					0.038	0.118	
R*BRDSIZE	+				0.004	0.712					0.003	0.807	
R*RD*BRDSIZE	+				0.046	0.500					0.087	0.205	
IND					0.157	0.735					0.204	0.658	
RD*IND					1.080	0.205					1.382	0.104	*
R*IND	+				-0.278	0.434					-0.319	0.378	
R*RD*IND	+				3.509	0.137					4.970	0.036	**

Table 6 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BIG4				0.002	0.964			-0.016	0.768
RD*BIG4				0.213	0.049 **			0.274	0.012 **
R*BIG4	+			0.022	0.661			0.038	0.450
R*RD*BIG4	+			0.434	0.155			0.544	0.081 *
Firm Characteristics Control Variables									
LEV						-0.016	0.870	0.010	0.918
RD*LEV						-0.536	0.004 ***	-0.638	0.001 ***
R*LEV	+					0.095	0.261	0.099	0.247
R*RD*LEV	+					-2.141	0.000 ***	-2.436	0.000 ***
PINST						0.004	0.328	0.004	0.409
RD*PINST						-0.020	0.070 *	-0.021	0.059 *
R*PINST	+					0.000	0.938	0.001	0.762
R*RD*PINST	+					-0.062	0.081 *	-0.062	0.083 *
SIZE						-0.004	0.975	-0.025	0.844
RD*SIZE						-0.923	0.000 ***	-0.918	0.001 ***
R*SIZE	+					0.033	0.742	0.043	0.666
R*RD*SIZE	-					-2.177	0.002 ***	-2.239	0.002 ***
RISK						0.005	0.959	0.010	0.918
RD*RISK						-0.094	0.538	-0.123	0.423
R*RISK	+					-0.011	0.835	-0.015	0.783
R*RD*RISK	+					-0.249	0.543	-0.155	0.715

Table 6 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.191	0.102 *	-0.203	0.082 *
RD*MTB						0.458	0.058 *	0.378	0.126
R*MTB	+					0.017	0.819	0.019	0.808
R*RD*MTB	+					0.980	0.141	0.683	0.311
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4775		0.4849		0.4865		0.5126	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 6 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i.} + \beta_5 R_{it}* OWN_{i.} + \beta_6 RD_{it} * OWN_{i.} + \beta_7 R_{it}*RD_{it}* OWN_{i.}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if *R* is negative, zero is otherwise.

Family Proxies
- *OWN* is dummy variable coded one if the *CS* firms are *CS* members, on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 7
Founding Family (FF)
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	(i) p-value		(ii) Parameter Estimate	(ii) p-value		(iii) Parameter Estimate	(iii) p-value		(iv) Parameter Estimate	(iv) p-value	
Intercept		0.204	0.009	***	0.154	0.543		0.273	0.015	**	0.221	0.402	
RD		-0.905	0.000	***	-1.648	0.001	***	-0.370	0.031	**	-1.198	0.018	**
R	+	0.077	0.023	**	0.081	0.707		-0.020	0.816		-0.015	0.949	
R*RD	+	0.675	0.002	***	-0.730	0.589		2.530	0.000	***	0.566	0.684	
Family Proxies													
OWN(dummy)		0.059	0.261		0.041	0.445		0.061	0.254		0.040	0.454	
RD*OWN(dummy)		0.085	0.413		0.074	0.481		0.082	0.427		0.061	0.560	
R*OWN(dummy)	+	-0.028	0.498		-0.008	0.851		-0.022	0.615		0.003	0.956	
R*RD*OWN(dummy)	+	0.933	0.001	***	0.845	0.004	***	1.014	0.001	***	0.871	0.004	***
Corporate Governance Control Variables													
DUAL					0.040	0.513					0.033	0.593	
RD*DUAL					-0.013	0.912					-0.005	0.964	
R*DUAL	+				0.005	0.922					0.011	0.858	
R*RD*DUAL	-				0.443	0.186					0.459	0.172	
BRDSIZE					0.000	0.993					0.002	0.839	
RD*BRDSIZE					0.030	0.208					0.036	0.134	
R*BRDSIZE	+				0.004	0.683					0.002	0.814	
R*RD*BRDSIZE	+				0.019	0.777					0.064	0.352	
IND					0.133	0.775					0.191	0.681	
RD*IND					1.047	0.220					1.352	0.112	
R*IND	+				-0.265	0.472					-0.336	0.371	
R*RD*IND	+				3.122	0.186					4.620	0.051	*

Table 7 *(continued)*

	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value		*(iii)* Parameter Estimate	p-value		*(iv)* Parameter Estimate	p-value	
Corporate Governance Control Variables												
BIG4				0.007	0.894					-0.012	0.827	
RD*BIG4				0.203	0.060	*				0.263	0.015	**
R*BIG4	+			0.018	0.718					0.035	0.482	
R*RD*BIG4	+			0.388	0.200					0.486	0.117	
Firm Characteristics Control Variables												
LEV							-0.003	0.973		0.012	0.899	
RD*LEV							-0.535	0.004	***	-0.626	0.001	***
R*LEV	+						0.091	0.287		0.106	0.222	
R*RD*LEV	+						-2.200	0.000	***	-2.473	0.000	***
PINST							0.004	0.325		0.004	0.419	
RD*PINST							-0.020	0.074	*	-0.021	0.056	*
R*PINST	+						0.001	0.866		0.001	0.744	
R*RD*PINST	+						-0.064	0.074	*	-0.065	0.069	*
SIZE							0.001	0.996		-0.020	0.878	
RD*SIZE							-0.845	0.001	***	-0.859	0.001	***
R*SIZE	+						0.036	0.721		0.042	0.675	
R*RD*SIZE	-						-1.774	0.012	**	-1.895	0.008	***
RISK							-0.004	0.963		0.004	0.966	
RD*RISK							-0.107	0.482		-0.130	0.394	
R*RISK	+						-0.013	0.798		-0.016	0.760	
R*RD*RISK	+						-0.274	0.503		-0.165	0.697	

Table 7 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.189	0.106 *	-0.209	0.074 *
RD*MTB						0.428	0.076 *	0.354	0.152
R*MTB	+					0.012	0.875	0.022	0.779
R*RD*MTB	+					0.783	0.240	0.462	0.494
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4794		0.4873		0.4889		0.4993	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 7 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_i + \beta_5 R_{it}* OWN_i + \beta_6 RD_{it} * OWN_i + \beta_7 R_{it}*RD_{it}* OWN_i$$
$$+ \text{ Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- *OWN* is dummy variable coded one if the *FF* firms are *FF* members, on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 8
Family Firm (FAM)
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.260	0.000	***	0.202	0.429		0.333	0.001	***	0.268	0.310	
RD		-0.853	0.000	***	-1.615	0.001	***	-0.318	0.047	**	-1.161	0.022	**
R	+	0.048	0.069	*	0.059	0.791		-0.042	0.573		-0.026	0.912	
R*RD	+	1.419	0.000	***	-0.085	0.951		3.289	0.000	***	1.239	0.378	
Family Proxies													
OWN(dummy)		-0.041	0.443		-0.046	0.396		-0.044	0.423		-0.046	0.399	
RD*OWN(dummy)		-0.022	0.834		-0.025	0.810		-0.010	0.924		-0.014	0.896	
R*OWN(dummy)	+	0.033	0.431		0.017	0.695		0.026	0.560		0.006	0.890	
R*RD*OWN(dummy)	-	-0.611	0.039	**	-0.648	0.031	**	-0.621	0.038	**	-0.635	0.037	**
Corporate Governance Control Variables													
DUAL					0.042	0.499					0.035	0.573	
RD*DUAL					-0.010	0.935					-0.005	0.970	
R*DUAL	+				0.005	0.935					0.010	0.872	
R*RD*DUAL	-				0.448	0.184					0.456	0.178	
BRDSIZE					0.000	0.994					0.002	0.838	
RD*BRDSIZE					0.031	0.197					0.036	0.131	
R*BRDSIZE	+				0.005	0.659					0.003	0.787	
R*RD*BRDSIZE	+				0.026	0.706					0.070	0.315	
IND					0.118	0.800					0.177	0.704	
RD*IND					1.086	0.204					1.384	0.105	*
R*IND	+				-0.243	0.510					-0.313	0.405	
R*RD*IND	+				3.243	0.170					4.737	0.046	**

Table 8 *(continued)*

	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value		*(iii)* Parameter Estimate	p-value		*(iv)* Parameter Estimate	p-value	
Corporate Governance Control Variables												
BIG4				0.005	0.924					-0.014	0.800	
RD*BIG4				0.198	0.068	*				0.258	0.018	**
R*BIG4	+			0.018	0.709					0.036	0.475	
R*RD*BIG4	+			0.349	0.250					0.455	0.143	
Firm Characteristics Control Variables												
LEV							-0.008	0.931		0.010	0.921	
RD*LEV							-0.534	0.004	***	-0.626	0.001	***
R*LEV	+						0.092	0.287		0.105	0.228	
R*RD*LEV	+						-2.136	0.000	***	-2.421	0.000	***
PINST							0.004	0.317		0.004	0.414	
RD*PINST							-0.020	0.066	*	-0.022	0.048	**
R*PINST	+						0.001	0.860		0.001	0.726	
R*RD*PINST	+						-0.064	0.074	*	-0.068	0.058	*
SIZE							-0.002	0.987		-0.023	0.855	
RD*SIZE							-0.889	0.001	***	-0.888	0.001	***
R*SIZE	+						0.037	0.711		0.044	0.659	
R*RD*SIZE	-						-2.007	0.005	***	-2.074	0.004	***
RISK							0.004	0.964		0.010	0.918	
RD*RISK							-0.109	0.473		-0.137	0.371	
R*RISK	+						-0.014	0.782		-0.017	0.742	
R*RD*RISK	+						-0.274	0.503		-0.198	0.642	

Table 8 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.184	0.117	-0.205	0.080 *
RD*MTB						0.461	0.057 *	0.371	0.134
R*MTB	+					0.010	0.902	0.019	0.810
R*RD*MTB	+					1.001	0.132	0.586	0.385
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4772		0.4859		0.4861		0.4975	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 8 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1\,RD_{it} + \beta_2\,R_{it} + \beta_3\,R_{it}{}^*RD_{it} + \beta_4\,OWN_{i.} + \beta_5\,R_{it}{}^*\,OWN_{i.} + \beta_6\,RD_{it}{}^*\,OWN_{i.} + \beta_7\,R_{it}{}^*RD_{it}{}^*\,OWN_{i.}$$
$$+\ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- OWN is dummy variable coded one if the FAM firms are FAM members, on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 9
Summary of Comparative Results based on Tables 6, 7 and 8
Controlling Shareholder (CS), Founding Family (FF) and Family Firm (FAM)
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(iv) CS Parameter Estimate	p-value	(iv) FF Parameter Estimate	p-value	(iv) FAM Parameter Estimate	p-value
Intercept		0.325	0.309	0.221	0.402	0.268	0.310
RD		-1.493	0.010 **	-1.198	0.018 **	-1.161	0.022 **
R	+	-0.171	0.560	-0.015	0.949	-0.026	0.912
R*RD	+	-0.383	0.805	0.566	0.684	1.239	0.378
Family Proxies							
OWN(dummy)		-0.079	0.673	0.040	0.454	-0.046	0.399
RD*OWN(dummy)		0.318	0.299	0.061	0.560	-0.014	0.896
R*OWN(dummy)	+	0.158	0.425	0.003	0.956	0.006	0.890
R*RD*OWN(dummy)	-/+	1.103	0.126	0.871	0.004 ***	-0.635	0.037 **
Control variables							
- Corporate Governance		Yes		Yes		Yes	
- Firm Characteristics		Yes		Yes		Yes	
Year fixed effect		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes	
Adj. R^2		0.5126		0.4993		0.4975	
F-test		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733	

■ */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 9 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1\,RD_{it} + \beta_2\,R_{it} + \beta_3\,R_{it}{}^*RD_{it} + \beta_4\,OWN_{i.} + \beta_5\,R_{it}{}^*\,OWN_{i.} + \beta_6\,RD_{it}{}^*\,OWN_{i.} + \beta_7\,R_{it}{}^*RD_{it}{}^*\,OWN_{i.}$$
$$+\ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- *OWN* is dummy variable coded one if the *CS, FF* or *FAM* firms are either *CS, FF* or *FAM* members, respectively, on the board of directors or in the top management and directly or indirectly own more than 10% of outstanding shares the beginning of the fiscal year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 10
Controlling Shareholder (CS) Ownership
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.215	0.008	***	0.168	0.508		0.285	0.014	**	0.233	0.383	
RD		-1.199	0.000	***	-2.120	0.000	***	-0.686	0.000	***	-1.661	0.001	***
R	+	0.045	0.280		0.053	0.814		-0.056	0.504		-0.054	0.822	
R*RD	+	0.027	0.915		-2.324	0.091	*	1.824	0.000	***	-1.042	0.461	
Family Proxies													
OWN(rank)		0.039	0.632		0.025	0.767		0.045	0.583		0.036	0.668	
RD*OWN(rank)		0.666	0.000	***	0.670	0.000	***	0.685	0.000	***	0.657	0.000	***
R*OWN(rank)	+	0.025	0.710		0.014	0.843		0.029	0.672		0.016	0.823	
R*RD*OWN(rank)	-	2.429	0.000	***	2.341	0.000	***	2.556	0.000	***	2.437	0.000	***
Corporate Governance Control Variables													
DUAL					0.041	0.506					0.035	0.572	
RD*DUAL					-0.015	0.901					-0.013	0.912	
R*DUAL	+				0.006	0.910					0.010	0.859	
R*RD*DUAL	-				0.504	0.128					0.511	0.123	
BRDSIZE					0.000	0.981					0.002	0.837	
RD*BRDSIZE					0.043	0.072	*				0.047	0.051	*
R*BRDSIZE	+				0.005	0.637					0.004	0.723	
R*RD*BRDSIZE	+				0.083	0.222					0.123	0.074	*
IND					0.116	0.802					0.153	0.741	
RD*IND					1.153	0.174					1.447	0.087	*
R*IND	+				-0.240	0.504					-0.272	0.457	
R*RD*IND	+				3.791	0.106	*		.		5.153	0.028	**

153

Table 10 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BIG4				0.003	0.960			-0.016	0.775
*RD*BIG4*				0.195	0.069 *			0.251	0.020 **
*R*BIG4*	+			0.019	0.704			0.036	0.477
*R*RD*BIG4*	+			0.419	0.166			0.517	0.094 *
Firm Characteristics Control Variables									
LEV						-0.020	0.840	0.005	0.962
*RD*LEV*						-0.489	0.009 ***	-0.580	0.002 ***
*R*LEV*	+					0.102	0.221	0.107	0.205
*R*RD*LEV*	+					-2.104	0.000 ***	-2.380	0.000 ***
PINST						0.005	0.252	0.004	0.364
*RD*PINST*						-0.016	0.152	-0.018	0.113
*R*PINST*	+					0.000	0.937	0.001	0.733
*R*RD*PINST*	+					-0.050	0.160	-0.055	0.125
SIZE						-0.002	0.984	-0.023	0.859
*RD*SIZE*						-0.983	0.000 ***	-0.949	0.000 ***
*R*SIZE*	+					0.030	0.764	0.039	0.697
*R*RD*SIZE*	-					-2.370	0.001 ***	-2.356	0.001 ***
RISK						0.026	0.785	0.028	0.774
*RD*RISK*						-0.071	0.639	-0.106	0.486
*R*RISK*	+					-0.015	0.760	-0.018	0.727
*R*RD*RISK*	+					-0.152	0.708	-0.126	0.765

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Table 10 *(continued)*

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	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value	*(iii)* Parameter Estimate	p-value	*(iv)* Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.183	0.113	-0.200	0.084 *
RD*MTB						0.520	0.030 **	0.418	0.088 *
R*MTB	+					0.017	0.817	0.022	0.778
R*RD*MTB	+					1.288	0.050 **	0.925	0.166
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4857		0.4929		0.4954		0.5048	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 10 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1\, RD_{it} + \beta_2\, R_{it} + \beta_3\, R_{it}*RD_{it} + \beta_4\, OWN_{i,} + \beta_5\, R_{it}* OWN_{i,} + \beta_6\, RD_{it} * OWN_{i,} + \beta_7\, R_{it}*RD_{it}* OWN_{i,}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- *OWN(rank)* is equal to the scaled decile rank of percentage of shares held by the *CS* members at the beginning of fiscal year.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 11

Founding Family (FF) Ownership

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.205	0.007	***	0.149	0.557		0.276	0.014	**	0.221	0.404	
RD		-0.962	0.000	***	-1.738	0.000	***	-0.447	0.009	***	-1.300	0.010	**
R	+	0.070	0.031	**	0.081	0.704		-0.032	0.712		-0.024	0.919	
R*RD	+	0.567	0.007	***	-1.035	0.444		2.360	0.000	***	0.226	0.871	
Family Proxies													
OWN(rank)		0.073	0.285		0.053	0.449		0.072	0.304		0.050	0.478	
RD*OWN(rank)		0.245	0.063	*	0.239	0.075	*	0.255	0.054	*	0.230	0.088	*
R*OWN(rank)	+	-0.024	0.678		-0.001	0.989		-0.010	0.866		0.016	0.789	
R*RD*OWN(rank)	+	1.530	0.000	***	1.387	0.000	***	1.656	0.000	***	1.443	0.000	***
Corporate Governance Control Variables													
DUAL					0.040	0.516					0.034	0.589	
RD*DUAL					-0.038	0.751					-0.032	0.791	
R*DUAL	+				0.005	0.922					0.010	0.864	
R*RD*DUAL	-				0.367	0.276					0.377	0.263	
BRDSIZE					0.001	0.961					0.003	0.811	
RD*BRDSIZE					0.033	0.166					0.039	0.108	*
R*BRDSIZE	+				0.004	0.697					0.002	0.812	
R*RD*BRDSIZE	+				0.036	0.592					0.081	0.240	
IND					0.128	0.783					0.179	0.698	
RD*IND					1.087	0.202					1.382	0.104	*
R*IND	+				-0.275	0.443					-0.336	0.357	
R*RD*IND	+				3.305	0.161					4.709	0.046	**

Table 11 *(continued)*

	Expected Sign	(i) Parameter Estimate	(i) p-value	(ii) Parameter Estimate	(ii) p-value	(iii) Parameter Estimate	(iii) p-value	(iv) Parameter Estimate	(iv) p-value
Corporate Governance Control Variables									
BIG4				0.007	0.901			-0.012	0.826
RD*BIG4				0.191	0.077 *			0.247	0.023 **
R*BIG4	+			0.018	0.711			0.035	0.482
R*RD*BIG4	+			0.368	0.225			0.453	0.144
Firm Characteristics Control Variables									
LEV						-0.007	0.942	0.007	0.942
RD*LEV						-0.532	0.004 ***	-0.617	0.001 ***
R*LEV	+					0.095	0.270	0.110	0.205
R*RD*LEV	+					-2.222	0.000 ***	-2.481	0.000 ***
PINST						0.004	0.301	0.004	0.403
RD*PINST						-0.020	0.067 *	-0.022	0.048 **
R*PINST	+					0.000	0.916	0.001	0.753
R*RD*PINST	+					-0.066	0.066 *	-0.069	0.055 *
SIZE						0.005	0.971	-0.020	0.878
RD*SIZE						-0.862	0.001 ***	-0.860	0.001 ***
R*SIZE	+					0.031	0.754	0.042	0.675
R*RD*SIZE	-					-1.835	0.009 ***	-1.934	0.007 ***
RISK						0.005	0.961	0.011	0.907
RD*RISK						-0.105	0.487	-0.136	0.373
R*RISK	+					-0.013	0.802	-0.015	0.782
R*RD*RISK	+					-0.229	0.575	-0.166	0.695

Title: Table 11 (continued)

Columns: Expected Sign, then (i) Parameter Estimate, p-value, (ii) Parameter Estimate, p-value, (iii) Parameter Estimate, p-value, (iv) Parameter Estimate, p-value

Rows:
Firm Characteristics Control Variables
MTB: (iii) -0.193, 0.097 *, (iv) -0.210, 0.072 *
RD*MTB: (iii) 0.471, 0.050 *, (iv) 0.384, 0.119
R*MTB: Expected Sign +, (iii) 0.017, 0.822, (iv) 0.023, 0.763
R*RD*MTB: Expected Sign +, (iii) 0.959, 0.147, (iv) 0.634, 0.345

Year fixed effect: Yes Yes Yes Yes
Industry fixed effect: Yes Yes Yes Yes
Adj. R2: 0.4807 0.4881 0.4904 0.5001
F-test: 0.0000 0.0000 0.0000 0.0000
N: 1,733 1,733 1,733 1,733**Table 11** *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.193	0.097 *	-0.210	0.072 *
$RD*MTB$						0.471	0.050 *	0.384	0.119
$R*MTB$	+					0.017	0.822	0.023	0.763
$R*RD*MTB$	+					0.959	0.147	0.634	0.345
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4807		0.4881		0.4904		0.5001	
$F\text{-}test$		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 11 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i,} + \beta_5 R_{it}* OWN_{i,} + \beta_6 RD_{it} * OWN_{i,} + \beta_7 R_{it}*RD_{it}* OWN_{i,}$$
$$+ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- $OWN(rank)$ is equal to the scaled decile rank of percentage of shares held by the FF members at the beginning of fiscal year.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 12
Family Firm (FAM) Ownership
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Intercept		0.259	0.000 ***	0.192	0.450	0.334	0.001 ***	0.260	0.325
RD		-0.860	0.000 ***	-1.622	0.001 ***	-0.324	0.044 **	-1.167	0.021 **
R	+	0.050	0.056 *	0.072	0.748	-0.042	0.578	-0.015	0.950
R*RD	+	1.389	0.000 ***	-0.141	0.918	3.269	0.000 ***	1.207	0.391
Family Proxies									
OWN(rank)		-0.039	0.537	-0.044	0.480	-0.039	0.535	-0.041	0.516
RD*OWN(rank)		-0.009	0.940	-0.012	0.921	0.001	0.996	-0.005	0.968
R*OWN(rank)	+	0.029	0.536	0.010	0.834	0.020	0.682	-0.003	0.954
R*RD*OWN(rank)	-	-0.608	0.078 *	-0.659	0.061 *	-0.637	0.071 *	-0.665	0.063 *
Corporate Governance Control Variables									
DUAL				0.041	0.507			0.034	0.580
RD*DUAL				-0.004	0.973			0.002	0.987
R*DUAL	+			0.006	0.920			0.010	0.865
R*RD*DUAL	-			0.466	0.167			0.475	0.159
BRDSIZE				0.000	0.977			0.003	0.822
RD*BRDSIZE				0.031	0.194			0.037	0.129
R*BRDSIZE	+			0.004	0.683			0.002	0.813
R*RD*BRDSIZE	+			0.027	0.695			0.070	0.312
IND				0.138	0.767			0.198	0.670
RD*IND				1.068	0.211			1.362	0.110 *
R*IND	+			-0.264	0.474			-0.335	0.372
R*RD*IND	+			3.248	0.170			4.729	0.046 **

Table 12 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Corporate Governance Control Variables												
BIG4				0.006	0.911					-0.013	0.813	
RD*BIG4				0.201	0.064	*				0.260	0.017	**
R*BIG4	+			0.018	0.712					0.036	0.477	
R*RD*BIG4	+			0.365	0.229					0.465	0.135	
Firm Characteristics Control Variables												
LEV							-0.011	0.913		0.006	0.947	
RD*LEV							-0.533	0.004	***	-0.625	0.001	***
R*LEV	+						0.095	0.269		0.109	0.211	
R*RD*LEV	+						-2.146	0.000	***	-2.435	0.000	***
PINST							0.004	0.319		0.004	0.420	
RD*PINST							-0.021	0.065	*	-0.022	0.047	**
R*PINST	+						0.001	0.879		0.001	0.742	
R*RD*PINST	+						-0.065	0.069	*	-0.069	0.054	*
SIZE							-0.001	0.995		-0.022	0.863	
RD*SIZE							-0.893	0.001	***	-0.890	0.001	***
R*SIZE	+						0.035	0.721		0.043	0.666	
R*RD*SIZE	-						-2.007	0.005	***	-2.066	0.004	***
RISK							0.003	0.975		0.007	0.939	
RD*RISK							-0.100	0.514		-0.125	0.415	
R*RISK	+						-0.015	0.773		-0.017	0.754	
R*RD*RISK	+						-0.236	0.565		-0.155	0.716	

Table 12 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.186	0.114	-0.207	0.077 *
RD*MTB						0.463	0.056 *	0.372	0.132
R*MTB	+					0.012	0.876	0.021	0.785
R*RD*MTB	+					0.996	0.134	0.575	0.395
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4768		0.4856		0.4858		0.4973	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 12 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i,} + \beta_5 R_{it}* OWN_{i,} + \beta_6 RD_{it} * OWN_{i,} + \beta_7 R_{it}*RD_{it}* OWN_{i,}$$
$$+ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- $OWN(rank)$ is equal to the scaled decile rank of percentage of shares held by the FAM members at the beginning of fiscal year.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the
  - beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 13

Summary of Comparative Results based on Tables 10, 11 and 12

Controlling Shareholder (CS), Founding Family (FF) and Family Firm (FAM) Ownership

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(iv) CS Parameter Estimate	p-value		(iv) FF Parameter Estimate	p-value		(iv) FAM Parameter Estimate	p-value	
Intercept		0.233	0.383		0.221	0.404		0.260	0.325	
RD		-1.661	0.001	***	-1.300	0.010	**	-1.167	0.021	**
R	+	-0.054	0.822		-0.024	0.919		-0.015	0.950	
R*RD	+	-1.042	0.461		0.226	0.871		1.207	0.391	
Family Proxies										
OWN(rank)		0.036	0.668		0.050	0.478		-0.041	0.516	
RD*OWN(rank)		0.657	0.000	***	0.230	0.088	*	-0.005	0.968	
R*OWN(rank)	+	0.016	0.823		0.016	0.789		-0.003	0.954	
R*RD*OWN(rank)	-/+	2.437	0.000	***	1.443	0.000	***	-0.665	0.063	*
Control variables										
- Corporate Governance		Yes			Yes			Yes		
- Firm Characteristics		Yes			Yes			Yes		
Year fixed effect		Yes			Yes			Yes		
Industry fixed effect		Yes			Yes			Yes		
Adj. R^2		0.5048			0.5001			0.4973		
F-test		0.0000			0.0000			0.0000		
N		1,733			1,733			1,733		

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 13 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i.} + \beta_5 R_{it}* OWN_{i.} + \beta_6 RD_{it} * OWN_{i.} + \beta_7 R_{it}*RD_{it}* OWN_{i.}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Proxies
- $OWN(rank)$ is equal to the scaled decile rank of percentage of shares held by the CS, FF, or FAM members at the beginning of fiscal year.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 14

Controlling Shareholder (CS) Members Ownership Level
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.115	0.484		0.195	0.521		0.180	0.320		0.284	0.366	
RD		-1.080	0.000	***	-2.072	0.000	***	-0.529	0.064	*	-1.530	0.008	***
R	+	0.038	0.811		-0.020	0.944		-0.044	0.795		-0.135	0.639	
R*RD	+	0.000	1.000		-2.188	0.148		1.907	0.007	***	-0.618	0.690	
Family Ownership Level Proxies													
OWN10-20%		0.096	0.565		-0.047	0.799		0.055	0.741		-0.097	0.596	
RD*OWN10-20%		-0.100	0.726		-0.041	0.897		-0.130	0.649		-0.129	0.684	
R*OWN10-20%	+	0.075	0.671		0.139	0.465		0.085	0.629		0.164	0.384	
R*RD*OWN10-20%	-	-0.142	0.843		-0.372	0.646		-0.314	0.660		-0.725	0.367	
OWN>20-50%		0.118	0.440		-0.037	0.828		0.133	0.382		-0.022	0.897	
RD*OWN>20-50%		0.185	0.467		0.199	0.494		0.211	0.403		0.165	0.568	
R*OWN>20-50%	+	0.021	0.899		0.098	0.578		-0.010	0.952		0.078	0.659	
R*RD*OWN>20-50%	-	1.211	0.145		0.820	0.247		1.430	0.118		0.925	0.190	
OWN>50%		0.161	0.310		0.011	0.949		0.167	0.291		0.018	0.918	
RD*OWN>50%		0.416	0.114		0.470	0.116		0.425	0.105	*	0.402	0.176	
R*OWN>50%	+	0.011	0.947		0.082	0.646		-0.002	0.991		0.080	0.652	
R*RD*OWN>50%	-	1.895	0.003	***	1.560	0.034	**	1.989	0.002	***	1.497	0.042	**
Corporate Governance Control Variables													
DUAL					0.043	0.489					0.038	0.539	
RD*DUAL					0.014	0.909					0.024	0.839	
R*DUAL	+				0.004	0.942					0.008	0.891	
R*RD*DUAL	-				0.621	0.062	*				0.667	0.046	**

Table 14 *(continued)*

	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value		*(iii)* Parameter Estimate	p-value		*(iv)* Parameter Estimate	p-value	
Corporate Governance Control Variables												
BRDSIZE				0.002	0.894					0.003	0.826	
RD*BRDSIZE				0.045	0.065	*				0.049	0.047	**
R*BRDSIZE	+			0.004	0.715					0.003	0.753	
R*RD*BRDSIZE	+			0.090	0.193					0.124	0.075	*
IND				0.130	0.784					0.112	0.812	
RD*IND				1.162	0.176					1.475	0.085	*
R*IND	+			-0.262	0.470					-0.257	0.484	
R*RD*IND	+			3.914	0.098	*				5.259	0.026	**
BIG4				0.001	0.979					-0.020	0.720	
RD*BIG4				0.202	0.063	*				0.256	0.019	**
R*BIG4	+			0.023	0.635					0.043	0.398	
R*RD*BIG4	+			0.404	0.189					0.473	0.131	
Firm Characteristics Control Variables												
LEV							-0.014	0.890		0.011	0.913	
RD*LEV							-0.507	0.007	***	-0.596	0.002	***
R*LEV	+						0.110	0.203		0.112	0.199	
R*RD*LEV	+						-2.165	0.000	***	-2.436	0.000	***
PINST							0.005	0.252		0.004	0.319	
RD*PINST							-0.015	0.174		-0.017	0.122	
R*PINST	+						0.000	0.895		0.001	0.746	
R*RD*PINST	+						-0.047	0.194		-0.050	0.164	
SIZE							0.001	0.994		-0.020	0.873	
RD*SIZE							-1.012	0.000	***	-0.983	0.000	***
R*SIZE	+						0.024	0.806		0.034	0.730	
R*RD*SIZE	-						-2.465	0.000	***	-2.459	0.001	***

Table 14 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
RISK						0.023	0.817	0.026	0.789
RD*RISK						-0.048	0.755	-0.081	0.601
R*RISK	+					-0.017	0.747	-0.022	0.684
R*RD*RISK	+					-0.069	0.866	0.016	0.970
MTB						-0.185	0.111	-0.202	0.083 *
RD*MTB						0.478	0.048 **	0.384	0.120
R*MTB	+					0.012	0.870	0.017	0.830
R*RD*MTB	+					1.105	0.098 *	0.754	0.264
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4807		0.4882		0.4908		0.5008	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 14 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i.} + \beta_5 R_{it}* OWN_{i.} + \beta_6 RD_{it} * OWN_{i.} + \beta_7 R_{it}*RD_{it}* OWN_{i.}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Ownership Level Proxies
- $OWN10$-20% is dummy variable equal to one if common stock owned by CS members is between 10%-20% of outstanding shares at the beginning of the year, zero is otherwise.
- OWN>20-50% is dummy variable equal to one if common stock owned by CS members is more than 20%-50% of outstanding shares at the beginning of the year, zero is otherwise.
- OWN>50% is dummy variable equal to one if common stock owned by CS members is more than 50% of outstanding shares at the beginning of the year, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 15
Founding Family (FF) Members Ownership Level
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.201	0.009	***	0.133	0.601		0.264	0.020	**	0.204	0.443	
RD		-0.906	0.000	***	-1.795	0.000	***	-0.345	0.047	**	-1.290	0.011	**
R	+	0.078	0.022	**	0.090	0.679		-0.018	0.839		-0.020	0.934	
R*RD	+	0.677	0.002	***	-1.324	0.331		2.632	0.000	***	0.164	0.907	
Family Ownership Level Proxies													
OWN10-20%		0.076	0.637		0.062	0.699		0.032	0.843		0.014	0.932	
RD*OWN10-20%		-0.353	0.145		-0.348	0.150		-0.451	0.064	*	-0.466	0.054	*
R*OWN10-20%	+	-0.023	0.890		-0.028	0.862		0.025	0.881		0.025	0.880	
R*RD*OWN10-20%	+	-0.693	0.256		-0.697	0.259		-1.049	0.091	*	-1.164	0.063	*
OWN>20-50%		0.039	0.503		0.021	0.720		0.044	0.451		0.024	0.679	
RD*OWN>20-50%		0.071	0.546		0.036	0.760		0.099	0.402		0.061	0.606	
R*OWN>20-50%	+	-0.022	0.616		-0.004	0.936		-0.022	0.631		0.000	0.999	
R*RD*OWN>20-50%	+	1.011	0.002	***	0.892	0.008	***	1.204	0.000	***	1.054	0.002	***
OWN>50%		0.104	0.151		0.087	0.240		0.104	0.159		0.085	0.258	
RD*OWN>50%		0.242	0.084	*	0.259	0.070	*	0.221	0.116		0.216	0.132	
R*OWN>50%	+	-0.044	0.461		-0.018	0.761		-0.026	0.676		0.004	0.945	
R*RD*OWN>50%	+	1.342	0.001	***	1.234	0.002	***	1.318	0.001	***	1.134	0.005	***
Corporate Governance Control Variables													
DUAL					0.041	0.504					0.035	0.572	
RD*DUAL					-0.019	0.876					-0.002	0.989	
R*DUAL	+				0.005	0.933					0.009	0.877	
R*RD*DUAL	-				0.478	0.155					0.533	0.113	

Table 15 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Corporate Governance Control Variables												
BRDSIZE				0.002	0.876					0.004	0.752	
RD*BRDSIZE				0.041	0.094	*				0.045	0.068	*
R*BRDSIZE	+			0.004	0.730					0.003	0.806	
R*RD*BRDSIZE	+			0.061	0.382					0.100	0.150	
IND				0.115	0.805					0.157	0.734	
RD*IND				1.176	0.168					1.444	0.089	*
R*IND	+			-0.273	0.463					-0.322	0.391	
R*RD*IND	+			3.716	0.116					5.082	0.031	**
BIG4				0.007	0.900					-0.012	0.830	
RD*BIG4				0.194	0.072	*				0.246	0.023	**
R*BIG4	+			0.018	0.713					0.035	0.487	
R*RD*BIG4	+			0.340	0.263					0.408	0.187	
Firm Characteristics Control Variables												
LEV							0.001	0.989		0.014	0.888	
RD*LEV							-0.528	0.005	***	-0.606	0.001	***
R*LEV	+						0.090	0.305		0.106	0.229	
R*RD*LEV	+						-2.244	0.000	***	-2.513	0.000	***
PINST							0.005	0.283		0.004	0.364	
RD*PINST							-0.022	0.049	**	-0.024	0.033	**
R*PINST	+						0.001	0.857		0.001	0.725	
R*RD*PINST	+						-0.072	0.065	*	-0.079	0.085	*
SIZE							0.009	0.944		-0.015	0.908	
RD*SIZE							-0.964	0.000	***	-0.952	0.000	***
R*SIZE	+						0.030	0.765		0.040	0.690	
R*RD*SIZE	-						-2.121	0.003	***	-2.179	0.002	***

Table 15 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
RISK						0.005	0.962		0.012	0.904
RD*RISK						-0.079	0.601	-0.100	0.513
R*RISK	+					-0.013	0.799	-0.016	0.759
R*RD*RISK	+					-0.194	0.636	-0.068	0.873
MTB						-0.192	0.100 *	-0.212	0.069 *
RD*MTB						0.500	0.039 **	0.406	0.100 *
R*MTB	+					0.011	0.886	0.021	0.785
R*RD*MTB	+					1.031	0.125	0.661	0.331
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4819		0.4906		0.4928		0.5040	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 15 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}{}^*RD_{it} + \beta_4 OWN_{i,} + \beta_5 R_{it}{}^* OWN_{i,} + \beta_6 RD_{it}{}^* OWN_{i,} + \beta_7 R_{it}{}^*RD_{it}{}^* OWN_{i,}$$
$$+ \text{ Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Family Ownership Level Proxies
- *OWN10-20%* is dummy variable equal to one if common stock owned by *FF* members is between 10%-20% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>20-50%* is dummy variable equal to one if common stock owned by *FF* members is more than 20%-50% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>50%* is dummy variable equal to one if common stock owned by *FF* members is more than 50% of outstanding shares at the beginning of the year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 16

Family Firm (FAM) Members Ownership Level

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	(i) p-value		(ii) Parameter Estimate	(ii) p-value		(iii) Parameter Estimate	(iii) p-value		(iv) Parameter Estimate	(iv) p-value	
Intercept		0.258	0.000	***	0.206	0.426		0.334	0.002	***	0.299	0.265	
RD		-0.849	0.000	***	-1.616	0.001	***	-0.327	0.043	**	-1.200	0.018	**
R	+	0.049	0.061	*	0.058	0.794		-0.047	0.531		-0.047	0.842	
R*RD	+	1.427	0.000	***	-0.092	0.947		3.310	0.000	***	1.249	0.375	
Family Ownership Level Proxies													
OWN10-20%		-0.060	0.568		-0.063	0.561		-0.105	0.326		-0.116	0.286	
RD*OWN10-20%		-0.280	0.269		-0.219	0.388		-0.196	0.456		-0.118	0.653	
R*OWN10-20%	+	0.103	0.359		0.092	0.417		0.122	0.277		0.116	0.307	
R*RD*OWN10-20%	-	-1.642	0.029	**	-1.424	0.059	*	-1.651	0.034	**	-1.483	0.056	*
OWN>20-50%		-0.029	0.650		-0.041	0.524		-0.013	0.838		-0.021	0.746	
RD*OWN>20-50%		-0.106	0.401		-0.116	0.357		-0.114	0.369		-0.127	0.317	
R*OWN>20-50%	+	0.020	0.699		0.012	0.818		0.000	0.995		-0.012	0.833	
R*RD*OWN>20-50%	-	-0.878	0.012	**	-0.961	0.006	***	-0.854	0.015	**	-0.902	0.010	**
OWN>50%		-0.048	0.617		-0.040	0.674		-0.057	0.562		-0.046	0.642	
RD*OWN>50%		0.202	0.237		0.193	0.258		0.213	0.217		0.193	0.261	
R*OWN>50%	+	0.029	0.655		-0.003	0.966		0.032	0.644		-0.003	0.967	
R*RD*OWN>50%	-	0.244	0.603		0.225	0.638		0.187	0.696		0.169	0.728	
Corporate Governance Control Variables													
DUAL					0.043	0.485					0.035	0.573	
RD*DUAL					0.007	0.953					0.008	0.944	
R*DUAL	+				0.004	0.937					0.012	0.839	
R*RD*DUAL	-				0.515	0.129					0.502	0.140	

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BRDSIZE				0.000	0.987			0.001	0.910
*RD*BRDSIZE*				0.032	0.183			0.038	0.117
*R*BRDSIZE*	+			0.004	0.664			0.003	0.782
*R*RD*BRDSIZE*	+			0.029	0.668			0.072	0.298
IND				0.118	0.803			0.126	0.790
*RD*IND*				1.023	0.236			1.395	0.105 *
*R*IND*	+			-0.247	0.506			-0.291	0.443
*R*RD*IND*	+			3.014	0.204			4.585	0.054 *
BIG4				0.004	0.946			-0.019	0.735
*RD*BIG4*				0.204	0.060 *			0.266	0.015 **
*R*BIG4*	+			0.023	0.643			0.045	0.382
*R*RD*BIG4*	+			0.381	0.212			0.480	0.125
Firm Characteristics Control Variables									
LEV						-0.017	0.865	0.003	0.978
*RD*LEV*						-0.502	0.008 ***	-0.597	0.002 ***
*R*LEV*	+					0.105	0.228	0.118	0.182
*R*RD*LEV*	+					-2.121	0.000 ***	-2.406	0.000 ***
PINST						0.005	0.293	0.004	0.382
*RD*PINST*						-0.017	0.143	-0.020	0.091 *
*R*PINST*	+					0.001	0.877	0.001	0.739
*R*RD*PINST*	+					-0.052	0.157	-0.059	0.110 *
SIZE						0.000	0.998	-0.024	0.854
*RD*SIZE*						-0.896	0.001 ***	-0.897	0.001 ***
*R*SIZE*	+					0.032	0.750	0.044	0.660
*R*RD*SIZE*	-					-2.055	0.004 ***	-2.136	0.003 ***

Table 16 (continued)

<table>
<thead>
<tr><th></th><th>Expected Sign</th><th>(i) Parameter Estimate</th><th>p-value</th><th>(ii) Parameter Estimate</th><th>p-value</th><th>(iii) Parameter Estimate</th><th>p-value</th><th></th><th>(iv) Parameter Estimate</th><th>p-value</th><th></th></tr>
</thead>
<tbody>
<tr><td colspan="12">Firm Characteristics Control Variables</td></tr>
<tr><td>RISK</td><td></td><td></td><td></td><td></td><td></td><td>0.011</td><td>0.910</td><td></td><td>0.015</td><td>0.877</td><td></td></tr>
<tr><td>RD*RISK</td><td></td><td></td><td></td><td></td><td></td><td>-0.110</td><td>0.479</td><td></td><td>-0.140</td><td>0.369</td><td></td></tr>
<tr><td>R*RISK</td><td>+</td><td></td><td></td><td></td><td></td><td>-0.025</td><td>0.651</td><td></td><td>-0.024</td><td>0.678</td><td></td></tr>
<tr><td>R*RD*RISK</td><td>+</td><td></td><td></td><td></td><td></td><td>-0.236</td><td>0.568</td><td></td><td>-0.189</td><td>0.660</td><td></td></tr>
<tr><td>MTB</td><td></td><td></td><td></td><td></td><td></td><td>-0.188</td><td>0.109</td><td>*</td><td>-0.209</td><td>0.076</td><td>*</td></tr>
<tr><td>RD*MTB</td><td></td><td></td><td></td><td></td><td></td><td>0.449</td><td>0.066</td><td>*</td><td>0.369</td><td>0.140</td><td></td></tr>
<tr><td>R*MTB</td><td>+</td><td></td><td></td><td></td><td></td><td>0.012</td><td>0.878</td><td></td><td>0.020</td><td>0.801</td><td></td></tr>
<tr><td>R*RD*MTB</td><td>+</td><td></td><td></td><td></td><td></td><td>0.973</td><td>0.149</td><td></td><td>0.584</td><td>0.393</td><td></td></tr>
<tr><td>Year fixed effect</td><td></td><td>Yes</td><td></td><td>Yes</td><td></td><td>Yes</td><td></td><td></td><td>Yes</td><td></td><td></td></tr>
<tr><td>Industry fixed effect</td><td></td><td>Yes</td><td></td><td>Yes</td><td></td><td>Yes</td><td></td><td></td><td>Yes</td><td></td><td></td></tr>
<tr><td>Adj. R^2</td><td></td><td>0.4770</td><td></td><td>0.4857</td><td></td><td>0.4859</td><td></td><td></td><td>0.4972</td><td></td><td></td></tr>
<tr><td>F-test</td><td></td><td>0.0000</td><td></td><td>0.0000</td><td></td><td>0.0000</td><td></td><td></td><td>0.0000</td><td></td><td></td></tr>
<tr><td>N</td><td></td><td>1,733</td><td></td><td>1,733</td><td></td><td>1,733</td><td></td><td></td><td>1,733</td><td></td><td></td></tr>
</tbody>
</table>

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 16 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 OWN_{i,} + \beta_5 R_{it}* OWN_{i,} + \beta_6 RD_{it} * OWN_{i,} + \beta_7 R_{it}*RD_{it}* OWN_{i,}$$
$$+ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if *R* is negative, zero is otherwise.

Family Ownership Level Proxies
- *OWN10-20%* is dummy variable equal to one if common stock owned by *FAM* members is between 10%-20% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>20-50%* is dummy variable equal to one if common stock owned by *FAM* members is more than 20%-50% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>50%* is dummy variable equal to one if common stock owned by *FAM* members is more than 50% of outstanding shares at the beginning of the year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year..

Table 17

Summary of Comparative Results based on Tables 14, 15 and 16
Controlling Shareholder (CS), Founding Family (FF) and Family Firm (FAM) Members Ownership Level
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(iv) CS Parameter Estimate	p-value		(iv) FF Parameter Estimate	p-value		(iv) FAM Parameter Estimate	p-value	
Intercept		0.284	0.366		0.204	0.443		0.299	0.265	
RD		-1.530	0.008	***	-1.290	0.011	**	-1.200	0.018	**
R	+	-0.135	0.639		-0.020	0.934		-0.047	0.842	
R*RD	+	-0.618	0.690		0.164	0.907		1.249	0.375	
Family Ownership Level Proxies										
OWN10-20%		-0.097	0.596		0.014	0.932		-0.116	0.286	
RD*OWN10-20%		-0.129	0.684		-0.466	0.054	*	-0.118	0.653	
R*OWN10-20%	+	0.164	0.384		0.025	0.880		0.116	0.307	
R*RD*OWN10-20%	-/+	-0.725	0.367		-1.164	0.063	*	-1.483	0.056	*
OWN>20-50% •		-0.022	0.897		0.024	0.679		-0.021	0.746	
RD*OWN>20-50%		0.165	0.568		0.061	0.606		-0.127	0.317	
R*OWN>20-50%	+	0.078	0.659		0.000	0.999		-0.012	0.833	
R*RD*OWN>20-50%	-/+	0.925	0.190		1.054	0.002	***	-0.902	0.010	**
OWN>50%		0.018	0.918		0.085	0.258		-0.046	0.642	
RD*OWN>50%		0.402	0.176		0.216	0.132		0.193	0.261	
R*OWN>50%	+	0.080	0.652		0.004	0.945		-0.003	0.967	
R*RD*OWN>50%	-/+	1.497	0.042	**	1.134	0.005	***	0.169	0.728	
Control variables - Corporate Governance		Yes			Yes			Yes		
Control variables - Firm Characteristics		Yes			Yes			Yes		
Year fixed effect		Yes			Yes			Yes		
Industry fixed effect		Yes			Yes			Yes		
Adj. R^2		0.5008			0.5040			0.4972		
F-test		0.0000			0.0000			0.0000		
N		1,733			1,733			1,733		

■ */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 17 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1\, RD_{it} + \beta_2\, R_{it} + \beta_3\, R_{it}{}^*RD_{it} + \beta_4\, OWN_{i.} + \beta_5\, R_{it}{}^* OWN_{i.} + \beta_6\, RD_{it}{}^* OWN_{i.} + \beta_7\, R_{it}{}^*RD_{it}{}^* OWN_{i.}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (2)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm *i* from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if *R* is negative, zero is otherwise.

Family Ownership Level Proxies
- *OWN10-20%* is dummy variable equal to one if common stock owned by *CS*, *FF*, or *FAM* members is between 10%-20% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>20-50%* is dummy variable equal to one if common stock owned by *CS*, *FF*, or *FAM* members is more than 20%-50% of outstanding shares at the beginning of the year, zero is otherwise.
- *OWN>50%* is dummy variable equal to one if common stock owned by *CS*, *FF*, or *FAM* members is more than 50% of outstanding shares at the beginning of the year, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 18
CEO Characteristics in Controlling Shareholder (CS)
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.173	0.300		0.292	0.333		0.236	0.193		0.349	0.258	
RD		-1.106	0.000	***	-2.003	0.000	***	-0.577	0.044	**	-1.473	0.011	**
R	+	-0.023	0.892		-0.142	0.619		-0.091	0.612		-0.207	0.481	
R*RD	+	-0.014	0.981		-1.679	0.269		1.776	0.013	**	-0.263	0.866	
CEO Characteristics Proxies													
F_CEO		0.095	0.550		-0.079	0.661		0.095	0.550		-0.079	0.659	
RD*F_CEO		0.142	0.595		0.190	0.538		0.149	0.575		0.144	0.640	
R*F_CEO	+	0.080	0.648		0.172	0.378		0.067	0.704		0.169	0.390	
R*RD*F_CEO	-	1.547	0.016	**	1.121	0.140		1.644	0.010	**	1.095	0.148	
D_CEO		0.107	0.520		-0.061	0.744		0.121	0.464		-0.048	0.795	
RD*D_CEO		0.259	0.352		0.335	0.292		0.252	0.363		0.263	0.404	
R*D_CEO	+	0.037	0.837		0.113	0.567		0.016	0.928		0.103	0.603	
R*RD*D_CEO	-	1.027	0.126		0.848	0.279		1.211	0.073	*	0.884	0.263	
H_CEO		0.032	0.841		-0.140	0.434		0.045	0.774		-0.120	0.502	
RD*H_CEO		0.343	0.189		0.377	0.214		0.366	0.161		0.327	0.279	
R*H_CEO	+	0.116	0.508		0.197	0.313		0.093	0.600		0.178	0.368	
R*RD*H_CEO	-	1.231	0.047	**	0.939	0.202		1.382	0.026	**	0.949	0.197	
Corporate Governance Control Variables													
DUAL					0.026	0.690					0.025	0.706	
RD*DUAL					0.104	0.424					0.102	0.437	
R*DUAL	+				0.000	0.998					0.002	0.972	
R*RD*DUAL	-				0.596	0.105	*				0.600	0.104	*

Table 18 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BRDSIZE				0.001	0.961		.	0.002	0.844
RD*BRDSIZE				0.033	0.170			0.038	0.125
R*BRDSIZE	+			0.006	0.540			0.005	0.651
R*RD*BRDSIZE	+			0.053	0.441			0.089	0.201
IND				0.105	0.822			0.157	0.736
RD*IND				1.179	0.169			1.451	0.090 *
R*IND	+			-0.182	0.619			-0.247	0.507
R*RD*IND	+			3.376	0.154			4.777	0.044 **
BIG4				0.012	0.829			-0.007	0.900
RD*BIG4				0.189	0.086 *			0.245	0.027 **
R*BIG4	+			0.023	0.647			0.037	0.465
R*RD*BIG4	+			0.418	0.181			0.534	0.092 *
Firm Characteristics Control Variables									
LEV						-0.005	0.960	0.015	0.881
RD*LEV						-0.486	0.009 ***	-0.604	0.001 ***
R*LEV	+					0.080	0.356	0.090	0.309
R*RD*LEV	+					-1.992	0.000 ***	-2.323	0.000 ***
PINST						0.004	0.386	0.003	0.459
RD*PINST						-0.019	0.093 *	-0.020	0.077 *
R*PINST	+					0.001	0.831	0.001	0.767
R*RD*PINST	+					-0.071	0.057 *	-0.071	0.051 *

Table 18 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Firm Characteristics Control Variables											
SIZE						0.016	0.901		-0.012	0.927	
*RD*SIZE*						-0.908	0.001	***	-0.927	0.001	***
*R*SIZE*	+					0.020	0.840		0.034	0.736	
*R*RD*SIZE*	-					-2.148	0.002	***	-2.265	0.001	***
RISK						-0.005	0.960		0.003	0.978	
*RD*RISK*						-0.085	0.575		-0.110	0.475	
*R*RISK*	+					-0.001	0.982		-0.010	0.853	
*R*RD*RISK*	+					-0.154	0.708		-0.139	0.745	
MTB						-0.195	0.094	*	-0.208	0.077	*
*RD*MTB*						0.415	0.086	*	0.381	0.124	
*R*MTB*	+					0.014	0.857		0.015	0.843	
*R*RD*MTB*	+					0.901	0.174		0.705	0.295	
Year fixed effect		Yes		Yes		Yes			Yes		
Industry fixed effect		Yes		Yes		Yes			Yes		
Adj. R^2		0.4819		0.4870		0.4907			0.4980		
F-test		0.0000		0.0000		0.0000			0.0000		
N		1,733		1,733		1,733			1,733		

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 18 *(continued)*

The regression being estimated is

$$
\begin{aligned}
EPS = \ & \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 F\_CEO + \beta_5 R_{it}* F\_CEO + \beta_6 RD_{it} * F\_CEO + \beta_7 R_{it}*RD_{it}* F\_CEO \\
& + \beta_8 D\_CEO + \beta_9 R_{it}* D\_CEO + \beta_{10} RD_{it} * D\_CEO + \beta_{11} R_{it}*RD_{it}* D\_CEO + \beta_{12} H\_CEO + \beta_{13} R_{it}* H\_CEO \\
& + \beta_{14} RD_{it} * H\_CEO + \beta_{15} R_{it}*RD_{it}* H\_CEO + Corporate\ Governance\ Control\ Variables \\
& + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it}
\end{aligned}
\tag{3}
$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

CEO Characteristics Proxies
- F_CEO_CS is dummy variable coded one if the CEO is the founder of the CS firms, zero is otherwise.
- D_CEO_CS is dummy variable coded one if the CEO is the descendant of the CS firms, zero is otherwise.
- H_CEO_CS is dummy variable coded one if the CEO is the hired outsider as CEOs of the CS firms, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 19

CEO Characteristics in Founding Family (FF)

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.201	0.009	***	0.178	0.489		0.267	0.018	**	0.261	0.329	
RD		-0.901	0.000	***	-1.721	0.000	***	-0.365	0.033	**	-1.276	0.012	**
R	+	0.078	0.022	**	0.027	0.902		-0.015	0.859		-0.088	0.709	
R*RD	+	0.671	0.002	***	-0.830	0.542		2.519	0.000	***	0.522	0.709	
CEO Characteristics Proxies													
F_CEO		0.065	0.324		0.035	0.608		0.061	0.364		0.026	0.714	
RD*F_CEO		-0.047	0.717		-0.045	0.742		-0.058	0.656		-0.055	0.690	
R*F_CEO	+	-0.037	0.444		-0.010	0.851		-0.033	0.549		0.005	0.936	
R*RD*F_CEO	+	0.922	0.010	**	0.685	0.076	*	0.943	0.010	***	0.671	0.086	*
D_CEO		0.095	0.234		0.085	0.292		0.098	0.220		0.082	0.310	
RD*D_CEO		0.145	0.353		0.144	0.359		0.152	0.329		0.142	0.363	
R*D_CEO	+	-0.058	0.301		-0.054	0.370		-0.059	0.298		-0.049	0.415	
R*RD*D_CEO	+	0.676	0.125		0.780	0.084	*	0.888	0.049	**	0.932	0.043	**
H_CEO		0.006	0.936		-0.003	0.961		0.015	0.829		0.009	0.902	
RD*H_CEO		0.194	0.160		0.138	0.327		0.186	0.181		0.110	0.436	
R*H_CEO	+	0.050	0.462		0.058	0.394		0.057	0.418		0.066	0.348	
R*RD*H_CEO	-	1.025	0.010	***	0.963	0.016	**	1.047	0.009	***	0.924	0.022	**
Corporate Governance Control Variables													
DUAL					0.042	0.522					0.038	0.569	
RD*DUAL					0.047	0.709					0.053	0.678	
R*DUAL	+				0.001	0.981					0.009	0.879	
R*RD*DUAL	-				0.541	0.132					0.551	0.127	

Table 19 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BRDSIZE				-0.001	0.946			0.000	0.971
RD*BRDSIZE				0.034	0.166			0.040	0.106 *
R*BRDSIZE	+			0.007	0.538			0.006	0.583
R*RD*BRDSIZE	+			0.030	0.666			0.069	0.322
IND				0.089	0.849			0.125	0.790
RD*IND				1.183	0.169			1.501	0.080 *
R*IND	+			-0.172	0.647			-0.217	0.572
R*RD*IND	+			3.153	0.184			4.624	0.052 *
BIG4				0.009	0.875			-0.012	0.831
RD*BIG4				0.183	0.093 *			0.243	0.027 **
R*BIG4	+			0.022	0.649			0.040	0.427
R*RD*BIG4	+			0.327	0.285			0.434	0.164
Firm Characteristics Control Variables									
LEV						0.000	0.997	0.015	0.880
RD*LEV						-0.521	0.005 ***	-0.632	0.001 ***
R*LEV	+					0.080	0.353	0.099	0.258
R*RD*LEV	+					-2.102	0.000 ***	-2.432	0.000 ***
PINST						0.004	0.382	0.003	0.440
RD*PINST						-0.019	0.083 *	-0.021	0.063 *
R*PINST	+					0.002	0.603	0.002	0.604
R*RD*PINST	+					-0.071	0.056 *	-0.069	0.055 *
SIZE						0.014	0.913	-0.010	0.938
RD*SIZE						-0.853	0.001 ***	-0.884	0.001 ***
R*SIZE	+					0.019	0.847	0.026	0.798
R*RD*SIZE	-					-1.807	0.011 **	-1.943	0.007 ***

Table 19 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
RISK						0.004	0.971	0.009	0.928
*RD*RISK*						-0.104	0.495	-0.117	0.444
*R*RISK*	+					-0.017	0.745	-0.018	0.744
*R*RD*RISK*	+					-0.257	0.533	-0.180	0.672
MTB						-0.193	0.099 *	-0.213	0.069 *
*RD*MTB*						0.417	0.084 *	0.379	0.125
*R*MTB*	+					0.022	0.779	0.034	0.666
*R*RD*MTB*	+					0.766	0.250	0.516	0.446
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4817		0.4880		0.4907		0.4996	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

187

Table 19 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}{*}RD_{it} + \beta_4 F\_CEO + \beta_5 R_{it}{*} F\_CEO + \beta_6 RD_{it} {*} F\_CEO + \beta_7 R_{it}{*}RD_{it}{*} F\_CEO$$
$$+ \beta_8 D\_CEO + \beta_9 R_{it}{*} D\_CEO + \beta_{10} RD_{it} {*} D\_CEO + \beta_{11} R_{it}{*}RD_{it}{*} D\_CEO + \beta_{12} H\_CEO + \beta_{13} R_{it}{*} H\_CEO$$
$$+ \beta_{14} RD_{it} {*} H\_CEO + \beta_{15} R_{it}{*}RD_{it}{*} H\_CEO + Corporate\ Governance\ Control\ Variables$$
$$+ Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (3)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

CEO Characteristics Proxies
- F_CEO_CS is dummy variable coded one if the CEO is the founder of the FF firms, zero is otherwise.
- D_CEO_CS is dummy variable coded one if the CEO is the descendant of the FF firms, zero is otherwise.
- H_CEO_CS is dummy variable coded one if the CEO is the hired outsider as CEOs of the FF firms, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 20

CEO Characteristics in Family Firm (FAM)

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.270	0.000	***	0.183	0.474		0.340	0.001	***	0.258	0.330	
RD		-0.853	0.000	***	-1.609	0.001	***	-0.310	0.054	*	-1.121	0.027	**
R	+	0.049	0.064	*	0.123	0.587		-0.028	0.711		0.038	0.875	
R*RD	+	1.416	0.000	***	-0.303	0.827		3.289	0.000	***	1.157	0.414	
CEO Characteristics Proxies													
F_CEO		0.042	0.662		0.039	0.683		0.019	0.845		0.014	0.888	
RD*F_CEO		-0.188	0.373		-0.148	0.487		-0.159	0.455		-0.105	0.626	
R*F_CEO	+	0.058	0.373		0.035	0.595		0.070	0.326		0.047	0.516	
R*RD*F_CEO	-	-0.100	0.882		-0.122	0.859		-0.174	0.799		-0.154	0.826	
D_CEO		-0.021	0.912		-0.018	0.923		0.005	0.979		0.006	0.973	
RD*D_CEO		-0.325	0.270		-0.286	0.333		-0.440	0.138		-0.397	0.180	
R*D_CEO	+	-0.087	0.568		-0.118	0.451		-0.091	0.555		-0.116	0.460	
R*RD*D_CEO	-	-1.486	0.039	**	-1.481	0.043	**	-1.656	0.022	**	-1.662	0.023	**
H_CEO		-0.059	0.337		-0.064	0.299		-0.059	0.345		-0.060	0.332	
RD*H_CEO		0.078	0.510		0.057	0.636		0.105	0.375		0.079	0.509	
R*H_CEO	+	0.030	0.549		0.015	0.775		0.018	0.733		-0.002	0.973	
R*RD*H_CEO	-	-0.513	0.114		-0.549	0.100	*	-0.477	0.150		-0.488	0.148	
Corporate Governance Control Variables													
DUAL					0.035	0.573					0.031	0.617	
RD*DUAL					0.023	0.850					0.021	0.865	
R*DUAL	+				0.003	0.950					0.002	0.973	
R*RD*DUAL	-				0.491	0.152					0.496	0.150	

Table 20 *(continued)*

	Expected Sign	(i) Parameter Estimate	(i) p-value	(ii) Parameter Estimate	(ii) p-value	(iii) Parameter Estimate	(iii) p-value	(iv) Parameter Estimate	(iv) p-value
Corporate Governance Control Variables									
BRDSIZE				0.002	0.899			0.004	0.754
RD*BRDSIZE				0.031	0.203			0.034	0.155
R*BRDSIZE	+			0.002	0.873			0.000	0.981
R*RD*BRDSIZE	+			0.037	0.595			0.074	0.284
IND				0.161	0.730			0.196	0.674
RD*IND				1.087	0.204			1.381	0.106 *
R*IND	+			-0.340	0.364			-0.382	0.314
R*RD*IND	+			3.561	0.134			4.934	0.038 **
BIG4				0.008	0.878			-0.013	0.814
RD*BIG4				0.181	0.100 *			0.235	0.033 **
R*BIG4	+			0.015	0.755			0.037	0.471
R*RD*BIG4	+			0.332	0.292			0.416	0.193
Firm Characteristics Control Variables									
LEV						-0.008	0.933	0.006	0.956
RD*LEV						-0.532	0.005 ***	-0.631	0.001 ***
R*LEV	+					0.077	0.380	0.095	0.286
R*RD*LEV	+					-2.116	0.000 ***	-2.428	0.000 ***
PINST						0.004	0.369	0.003	0.467
RD*PINST						-0.019	0.092 *	-0.021	0.066 *
R*PINST	+					0.001	0.821	0.001	0.735
R*RD*PINST ·	+					-0.061	0.086 *	-0.066	0.065 *
SIZE						-0.002	0.986	-0.027	0.835
RD*SIZE						-0.955	0.000 ***	-0.952	0.000 ***
R*SIZE	+					0.049	0.622	0.058	0.561
R*RD*SIZE	-					-2.235	0.002 ***	-2.318	0.001 ***

Table 20 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Firm Characteristics Control Variables											
RISK						-0.003	0.976		0.005	0.962	
RD*RISK						-0.143	0.349		-0.162	0.295	
R*RISK	+					-0.032	0.563		-0.036	0.535	
R*RD*RISK	+					-0.267	0.516		-0.194	0.649	
MTB						-0.186	0.114		-0.204	0.083	*
RD*MTB						0.515	0.036	**	0.427	0.090	*
R*MTB	+					0.003	0.968		0.007	0.927	
R*RD*MTB	+					1.180	0.080	*	0.778	0.257	
Year fixed effect		Yes		Yes		Yes			Yes		
Industry fixed effect		Yes		Yes		Yes			Yes		
Adj. R^2		0.4783		0.4863		0.4874			0.4979		
F-test		0.0000		0.0000		0.0000			0.0000		
N		1,733		1,733		1,733			1,733		

■   */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 20 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 F\_CEO + \beta_5 R_{it}* F\_CEO + \beta_6 RD_{it} * F\_CEO + \beta_7 R_{it}*RD_{it}* F\_CEO$$
$$+ \beta_8 D\_CEO + \beta_9 R_{it}* D\_CEO + \beta_{10} RD_{it} * D\_CEO + \beta_{11} R_{it}*RD_{it}* D\_CEO + \beta_{12} H\_CEO + \beta_{13} R_{it}* H\_CEO$$
$$+ \beta_{14} RD_{it} * H\_CEO + \beta_{15} R_{it}*RD_{it}* H\_CEO + Corporate\ Governance\ Control\ Variables$$
$$+ Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (3)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

CEO Characteristics Proxies
- *F_CEO_CS* is dummy variable coded one if the CEO is the founder of the *FAM* firms, zero is otherwise.
- *D_CEO_CS* is dummy variable coded one if the CEO is the descendant of the *FAM* firms, zero is otherwise.
- H_CEO_CS is dummy variable coded one if the CEO is the hired outsider as CEOs of the *FAM* firms, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 21

Summary of Comparative Results based on Tables 18, 19 and 20

CEO Characteristics in Controlling Shareholder (CS), Founding Family (FF) and Family Firm (FAM)

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(iv) CS Parameter Estimate	p-value		(iv) FF Parameter Estimate	p-value		(iv) FAM Parameter Estimate	p-value	
Intercept		0.349	0.258		0.261	0.329		0.258	0.330	
RD		-1.473	0.011	**	-1.276	0.012	**	-1.121	0.027	**
R	+	-0.207	0.481		-0.088	0.709		0.038	0.875	
R*RD	+	-0.263	0.866		0.522	0.709		1.157	0.414	
CEO Characteristics Proxies										
F_CEO		-0.079	0.659		0.026	0.714		0.014	0.888	
RD*F_CEO		0.144	0.640		-0.055	0.690		-0.105	0.626	
R*F_CEO	+	0.169	0.390		0.005	0.936		0.047	0.516	
R*RD*F_CEO	-/+	1.095	0.148		0.671	0.086	*	-0.154	0.826	
D_CEO		-0.048	0.795		0.082	0.310		0.006	0.973	
RD*D_CEO		0.263	0.404		0.142	0.363		-0.397	0.180	
R*D_CEO	+	0.103	0.603		-0.049	0.415		-0.116	0.460	
R*RD*D_CEO	-/+	0.884	0.263		0.932	0.043	**	-1.662	0.023	**
H_CEO		-0.120	0.502		0.009	0.902		-0.060	0.332	
RD*H_CEO		0.327	0.279		0.110	0.436		0.079	0.509	
R*H_CEO	+	0.178	0.368		0.066	0.348		-0.002	0.973	
R*RD*H_CEO	-	0.949	0.197		0.924	0.022	**	-0.488	0.148	
Control variables - Corporate Governance		Yes			Yes			Yes		
Control variables - Firm Characteristics		Yes			Yes			Yes		
Year fixed effect		Yes			Yes			Yes		
Industry fixed effect		Yes			Yes			Yes		
Adj. R^2		0.4980			0.4996			0.4979		
F-test		0.0000			0.0000			0.0000		
N		1,733			1,733			1,733		

▪ */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 21 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 R_{it}*RD_{it} + \beta_4 F\_CEO + \beta_5 R_{it}* F\_CEO + \beta_6 RD_{it} * F\_CEO + \beta_7 R_{it}*RD_{it}* F\_CEO$$
$$+ \beta_8 D\_CEO + \beta_9 R_{it}* D\_CEO + \beta_{10} RD_{it} * D\_CEO + \beta_{11} R_{it}*RD_{it}* D\_CEO + \beta_{12} H\_CEO + \beta_{13} R_{it}* H\_CEO$$
$$+ \beta_{14} RD_{it} * H\_CEO + \beta_{15} R_{it}*RD_{it}* H\_CEO + Corporate\ Governance\ Control\ Variables$$
$$+ Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (3)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- *EPS* is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

CEO Characteristics Proxies
- *F_CEO_CS* is dummy variable coded one if the CEO is the founder of the *CS*, *FF*, or *FAM* firms, zero is otherwise.
- *D_CEO_CS* is dummy variable coded one if the CEO is the descendant of the *CS*, *FF*, or *FAM* firms, zero is otherwise.
- H_CEO_CS is dummy variable coded one if the CEO is the hired outsider as CEOs of the *CS*, *FF*, or *FAM* firms, zero is otherwise.

Corporate Governance Control Variables
- *DUAL* is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- *BRDSIZE* is number of directors on the board at the year-end.
- *IND* is number of independent audit committee divided by total board size.
- *BIG4* is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- *LEV* is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- *PINST* is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- *SIZE* is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- *RISK* is dummy variable coded one if the firm is a technology industry and zero otherwise.
- *MTB* is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 22
Controlling Shareholder (CS) with Political Connection
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.246	0.000	***	0.168	0.506		0.325	0.002	***	0.239	0.364	
RD		-0.817	0.000	***	-1.760	0.000	***	-0.315	0.046	**	-1.288	0.011	**
R	+	0.059	0.010	***	0.074	0.729		-0.044	0.570		-0.021	0.927	
R*RD	+	1.454	0.000	***	-1.280	0.345		3.169	0.000	***	0.070	0.960	
Political Proxies													
POL		-0.016	0.842		-0.019	0.816		-0.017	0.840		-0.019	0.817	
RD*POL		-0.250	0.085	*	-0.319	0.030	**	-0.232	0.118		-0.287	0.056	*
R*POL	+	0.006	0.911		-0.021	0.722		0.008	0.896		-0.023	0.719	
R*RD*POL	-	-1.232	0.001	***	-1.350	0.000	***	-1.200	0.001	***	-1.299	0.001	***
Corporate Governance Control Variables													
DUAL					0.044	0.475					0.040	0.519	
RD*DUAL					0.000	0.997					0.001	0.991	
R*DUAL	+				0.002	0.977					0.001	0.991	
R*RD*DUAL	-				0.534	0.108	*				0.545	0.103	*
BRDSIZE					0.001	0.964					0.003	0.816	
RD*BRDSIZE					0.043	0.075	*				0.047	0.056	*
R*BRDSIZE	+				0.005	0.642					0.003	0.753	
R*RD*BRDSIZE	+				0.098	0.156					0.136	0.052	*
IND					0.175	0.705					0.224	0.627	
RD*IND					1.193	0.161					1.430	0.092	*
R*IND	+				-0.277	0.434					-0.323	0.371	
R*RD*IND	+				4.239	0.073	*				5.458	0.021	**

Table 22 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Corporate Governance Control Variables												
BIG4				0.005	0.926					-0.015	0.781	
RD*BIG4				0.237	0.029	**				0.288	0.008	***
R*BIG4	+			0.021	0.670					0.040	0.433	
R*RD*BIG4	+			0.564	0.066	*				0.632	0.043	**
Firm Characteristics Control Variables												
LEV							-0.017	0.858		0.006	0.951	
RD*LEV							-0.518	0.006	***	-0.616	0.001	***
R*LEV	+						0.104	0.217		0.110	0.192	
R*RD*LEV	+						-2.055	0.000	***	-2.365	0.000	***
PINST							0.004	0.311		0.004	0.384	
RD*PINST							-0.022	0.048	**	-0.025	0.024	**
R*PINST	+						0.000	0.909		0.001	0.876	
R*RD*PINST	+						-0.068	0.057	*	-0.078	0.051	*
SIZE							-0.001	0.993		-0.027	0.831	
RD*SIZE							-0.945	0.000	***	-0.934	0.000	***
R*SIZE	+						0.033	0.740		0.047	0.636	
R*RD*SIZE	-						-2.318	0.001	***	-2.362	0.001	***
RISK							0.010	0.920		0.013	0.895	
RD*RISK							-0.084	0.582		-0.132	0.387	
R*RISK	+						-0.015	0.772		-0.022	0.683	
R*RD*RISK	+						-0.080	0.845		-0.122	0.774	

Table 22 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.187	0.109 *	-0.199	0.089 *
RD*MTB						0.564	0.021 **	0.469	0.059 *
R*MTB	+					0.017	0.818	0.012	0.874
R*RD*MTB	+					1.454	0.030 **	1.074	0.113
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4791		0.4879		0.4875		0.4990	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 22 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 POL_{it} + \beta_4 R_{it}*RD_{it} + \beta_5 R_{it}* POL_{it} + \beta_6 RD_{it} * POL_{it} + \beta_7 R_{it}*RD_{it}* POL_{it}$$
$$+ \; Corporate \; Governance \; Control \; Variables + Firm \; Characteristics \; Control \; Variables + Fixed \; Effects + \varepsilon_{it} \qquad (4)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Political Proxies
- POL is dummy variable coded one if CS members are members of parliament or a minister or the head of state, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 23
Founding Family (FF) with Political Connection
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Intercept		0.243	0.000 ***	0.167	0.510	0.330	0.002 ***	0.241	0.361
RD		-0.834	0.000 ***	-1.807	0.000 ***	-0.315	0.045 **	-1.303	0.010 ***
R	+	0.057	0.010 **	0.074	0.730	-0.053	0.487	-0.027	0.907
R*RD	+	1.380	0.000 ***	-1.609	0.239	3.127	0.000 ***	-0.181	0.897
Political Proxies									
POL		-0.055	0.662	-0.052	0.682	-0.055	0.661	-0.053	0.675
RD*POL		-0.317	0.121	-0.416	0.045 **	-0.334	0.110	-0.418	0.048 **
R*POL	+	0.035	0.624	0.004	0.956	0.044	0.553	0.013	0.866
R*RD*POL	-	-1.789	0.000 ***	-2.015	0.000 ***	-1.942	0.000 ***	-2.152	0.000 ***
Corporate Governance Control Variables									
DUAL				0.042	0.489			0.038	0.537
RD*DUAL				0.020	0.864			0.025	0.836
R*DUAL	+			0.005	0.930			0.008	0.888
R*RD*DUAL	-			0.621	0.061 *			0.641	0.054 *
BRDSIZE				0.001	0.955			0.003	0.793
RD*BRDSIZE				0.044	0.067 *			0.047	0.052 *
R*BRDSIZE	+			0.004	0.676			0.003	0.799
R*RD*BRDSIZE	+			0.117	0.095 *			0.151	0.032 **
IND				0.172	0.710			0.219	0.635
RD*IND				1.204	0.157			1.430	0.092 *
R*IND	+			-0.269	0.448			-0.318	0.378
R*RD*IND	+			4.241	0.072 *			5.413	0.022 **

Table 23 *(continued)*

	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value		*(iii)* Parameter Estimate	p-value		*(iv)* Parameter Estimate	p-value	
Corporate Governance Control Variables												
BIG4				0.007	0.904					-0.013	0.810	
RD*BIG4				0.245	0.025	**				0.291	0.008	***
R*BIG4	+			0.020	0.688					0.036	0.474	
R*RD*BIG4	+			0.608	0.048	**				0.661	0.034	**
Firm Characteristics Control Variables												
LEV							-0.024	0.805		0.003	0.978	
RD*LEV							-0.523	0.005	***	-0.627	0.001	***
R*LEV	+						0.109	0.195		0.112	0.184	
R*RD*LEV	+						-2.015	0.000	***	-2.328	0.000	***
PINST							0.004	0.335		0.003	0.436	
RD*PINST							-0.022	0.048	**	-0.025	0.025	**
R*PINST	+						0.001	0.811		0.001	0.721	
R*RD*PINST	+						-0.070	0.051	*	-0.080	0.056	*
SIZE							-0.004	0.974		-0.025	0.844	
RD*SIZE							-1.015	0.000	***	-1.018	0.000	***
R*SIZE	+						0.036	0.715		0.044	0.658	
R*RD*SIZE	-						-2.697	0.000	***	-2.756	0.000	***
RISK							0.014	0.881		0.018	0.852	
RD*RISK							-0.032	0.835		-0.073	0.637	
R*RISK	+						-0.018	0.719		-0.020	0.705	
R*RD*RISK	+						0.199	0.640		0.173	0.688	

Table 23 *(continued)*

	Expected Sign	*(i)* Parameter Estimate	p-value	*(ii)* Parameter Estimate	p-value	*(iii)* Parameter Estimate	p-value	*(iv)* Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.189	0.105 *	-0.202	0.083 *
RD*MTB						0.604	0.013 **	0.521	0.036 **
R*MTB	+					0.020	0.793	0.020	0.799
R*RD*MTB	+					1.698	0.012 **	1.349	0.049 **
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4799		0.4887		0.4888		0.5003	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

■ */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 23 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 POL_{it} + \beta_4 R_{it}*RD_{it} + \beta_5 R_{it}* POL_{it} + \beta_6 RD_{it} * POL_{it} + \beta_7 R_{it}*RD_{it}* POL_{it}$$
$$+ \text{ Corporate Governance Control Variables } + \text{ Firm Characteristics Control Variables } + \text{ Fixed Effects } + \varepsilon_{it} \qquad (4)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Political Proxies
- POL is dummy variable coded one if FF members are members of parliament or a minister or the head of state, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 24

Family Firm (FAM) with Political Connection

Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(i) Parameter Estimate	p-value		(ii) Parameter Estimate	p-value		(iii) Parameter Estimate	p-value		(iv) Parameter Estimate	p-value	
Intercept		0.241	0.000	***	0.167	0.508		0.325	0.002	***	0.244	0.356	
RD		-0.858	0.000	***	-1.646	0.001	***	-0.314	0.047	**	-1.168	0.021	**
R	+	0.061	0.006	***	0.084	0.696		-0.041	0.586		-0.016	0.944	
R*RD	+	1.196	0.000	***	-0.736	0.586		3.100	0.000	***	0.678	0.626	
Political Proxies													
POL		0.011	0.921		-0.003	0.975		0.014	0.900		-0.002	0.987	
RD*POL		-0.101	0.613		-0.116	0.560		-0.080	0.689		-0.075	0.708	
R*POL	+	-0.028	0.753		-0.040	0.654		-0.041	0.650		-0.054	0.552	
R*RD*POL	-	-0.038	0.941		-0.042	0.933		-0.032	0.951		0.018	0.972	
Corporate Governance Control Variables													
DUAL					0.044	0.478					0.040	0.526	
RD*DUAL					0.001	0.996					0.002	0.983	
R*DUAL	+				0.002	0.973					0.001	0.989	
R*RD*DUAL	-				0.589	0.078	*				0.590	0.079	*
BRDSIZE					0.001	0.964					0.003	0.814	
RD*BRDSIZE					0.033	0.165					0.038	0.117	
R*BRDSIZE	+				0.004	0.682					0.003	0.795	
R*RD*BRDSIZE	+				0.050	0.465					0.089	0.200	
IND					0.163	0.725					0.215	0.642	
RD*IND					1.069	0.210					1.360	0.111	
R*IND	+				-0.284	0.425					-0.332	0.361	
R*RD*IND	+				3.570	0.131					5.007	0.035	**

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Corporate Governance Control Variables									
BIG4				0.003	0.956			-0.017	0.763
RD*BIG4				0.197	0.069 *			0.260	0.017 **
R*BIG4	+			0.018	0.712			0.037	0.460
R*RD*BIG4	+			0.367	0.228			0.483	0.121
Firm Characteristics Control Variables									
LEV						-0.024	0.805	-0.002	0.987
RD*LEV						-0.525	0.005 ***	-0.623	0.001 ***
R*LEV	+					0.108	0.203	0.116	0.175
R*RD*LEV	+					-2.101	0.000 ***	-2.388	0.000 ***
PINST						0.005	0.292	0.004	0.384
RD*PINST						-0.021	0.063 *	-0.022	0.046 **
R*PINST	+					0.000	0.966	0.001	0.816
R*RD*PINST	+					-0.063	0.080 *	-0.066	0.066 *
SIZE						-0.007	0.959	-0.032	0.802
RD*SIZE						-0.935	0.000 ***	-0.931	0.001 ***
R*SIZE	+					0.038	0.702	0.052	0.607
R*RD*SIZE	-					-2.287	0.001 ***	-2.368	0.001 ***
RISK						0.012	0.900	0.017	0.862
RD*RISK						-0.112	0.466	-0.143	0.356
R*RISK	+					-0.018	0.725	-0.025	0.641
R*RD*RISK	+					-0.285	0.489	-0.205	0.633

Table 24 (continued)

Table 24 *(continued)*

	Expected Sign	(i) Parameter Estimate	p-value	(ii) Parameter Estimate	p-value	(iii) Parameter Estimate	p-value	(iv) Parameter Estimate	p-value
Firm Characteristics Control Variables									
MTB						-0.186	0.111	-0.199	0.089 *
RD*MTB						0.491	0.043 **	0.395	0.111
R*MTB	+					0.013	0.860	0.012	0.879
R*RD*MTB	+					1.174	0.077 *	0.791	0.241
Year fixed effect		Yes		Yes		Yes		Yes	
Industry fixed effect		Yes		Yes		Yes		Yes	
Adj. R^2		0.4752		0.4839		0.4838		0.4952	
F-test		0.0000		0.0000		0.0000		0.0000	
N		1,733		1,733		1,733		1,733	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 24 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 POL_{it} + \beta_4 R_{it}*RD_{it} + \beta_5 R_{it}* POL_{it} + \beta_6 RD_{it} * POL_{it} + \beta_7 R_{it}*RD_{it}* POL_{it}$$
$$+ \text{Corporate Governance Control Variables} + \text{Firm Characteristics Control Variables} + \text{Fixed Effects} + \varepsilon_{it} \qquad (4)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Political Proxies
- POL is dummy variable coded one if FAM members are members of parliament or a minister or the head of state, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 25
Summary of Comparative Results based on Tables 22, 23 and 24
Controlling Shareholder (CS), Founding Family (FF) and Family Firm (FAM) with Political Connection
Cross-sectional Regression of Earnings Regressed on Contemporaneous Returns (Year 2000-2006)

	Expected Sign	(iv) CS Parameter Estimate	p-value		(iv) FF Parameter Estimate	p-value		(iv) FAM Parameter Estimate	p-value	
Intercept		0.239	0.364		0.241	0.361		0.244	0.356	
RD		-1.288	0.011	**	-1.303	0.010	***	-1.168	0.021	**
R	+	-0.021	0.927		-0.027	0.907	·	-0.016	0.944	
R*RD	+	0.070	0.960		-0.181	0.897		0.678	0.626	
Political Proxies										
POL		-0.019	0.817		-0.053	0.675		-0.002	0.987	
RD*POL		-0.287	0.056	*	-0.418	0.048	**	-0.075	0.708	
R*POL	+	-0.023	0.719		0.013	0.866		-0.054	0.552	
R*RD*POL	-	-1.299	0.001	***	-2.152	0.000	***	0.018	0.972	
Control variables										
- Corporate Governance		Yes			Yes			Yes		
- Firm Characteristics		Yes			Yes			Yes		
Year fixed effect		Yes			Yes			Yes		
Industry fixed effect		Yes			Yes			Yes		
Adj. R^2		0.4990			0.5003			0.4952		
F-test		0.0000			0.0000			0.0000		
N		1,733			1,733			1,733		

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Table 25 *(continued)*

The regression being estimated is

$$EPS = \beta_0 + \beta_1 RD_{it} + \beta_2 R_{it} + \beta_3 POL_{it} + \beta_4 R_{it}{}^*RD_{it} + \beta_5 R_{it}{}^* POL_{it} + \beta_6 RD_{it}{}^* POL_{it} + \beta_7 R_{it}{}^*RD_{it}{}^* POL_{it}$$
$$+ Corporate\ Governance\ Control\ Variables + Firm\ Characteristics\ Control\ Variables + Fixed\ Effects + \varepsilon_{it} \qquad (4)$$

All of the control variables in the regression are also interacted with RD_{it} and R_{it}.

where
- EPS is earnings per share before extraordinary items divided by beginning of period price.
- R_{it} is stock return for firm i from 10 months before the financial year-end to 2 months after the financial year-end.
- RD_{it} is dummy variable coded one if R is negative, zero is otherwise.

Political Proxies
- POL is dummy variable coded one if CS, FF, or FAM members are members of parliament or a minister or the head of state, zero is otherwise.

Corporate Governance Control Variables
- $DUAL$ is dummy variable coded one if the CEO is chairman of the boards, zero otherwise.
- $BRDSIZE$ is number of directors on the board at the year-end.
- IND is number of independent audit committee divided by total board size.
- $BIG4$ is dummy variable coded one if the firm's auditor is a big-four firm, zero otherwise.

Firm Characteristics Control Variables
- LEV is equal to scaled decile rank of total debts divided by total assets at the beginning of the fiscal year.
- $PINST$ is institutional share ownership as a percentage of the total number of outstanding shares at the beginning of the fiscal year.
- $SIZE$ is equal to the scaled decile rank of market value of equity divided by total assets at the beginning of the fiscal year.
- $RISK$ is dummy variable coded one if the firm is a technology industry and zero otherwise.
- MTB is equal to the scaled decile rank of the market-to-book ratio at the beginning of the fiscal year. Shareholder equity at the beginning of the fiscal year is deducted from revaluation surpluses at the beginning of the fiscal year.

Table 26
Summary results of Hypothesis Testing

Hypothesis No.	Variables	Expected Sign	Test Sign	Results	Level
H_1	*CS* Ownership	-	+	Support but opposite sign	***
H_{1a}	*FF* Ownership	+	+	Support	***
H_{1b}	*FAM* Ownership	-	-	Support	*
H_2	*CS* CEO-Founder	-	+	Not support	
H_{2a}	*FF* CEO-Founder	+	+	Support	*
H_{2b}	*FAM* CEO-Founder	-	-	Not support	
H_3	*CS* CEO-Descendant	-	+	Not support	
H_{3a}	*FF* CEO-Descendant	+	+	Support	**
H_{3b}	*FAM* CEO-Descendant	-	-	Support	**
H_4	*CS* CEO-Professional	-	+	Not support	
H_{4a}	*FF* CEO-Professional	-	+	Support but opposite sign	**
H_{4b}	*FAM* CEO-Professional	-	-	Not support	
H_5	*CS* Political Connection	-	-	Support	***
H_{5a}	*FF* Political Connection	-	-	Support	***
H_{5b}	*FAM* Political Connection	-	+	Not support	

- */**/*** represents significance at the 10%, 5% and 1%, respectively.

Figure 1
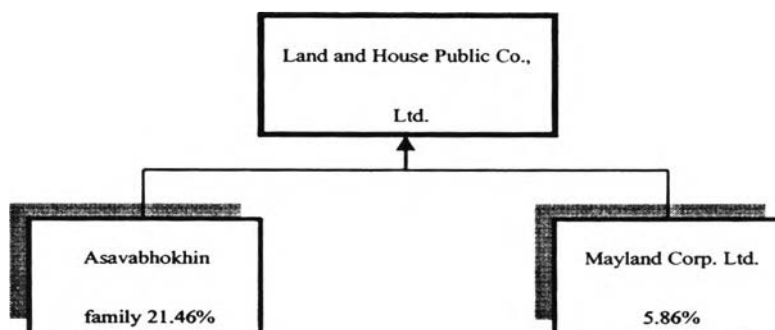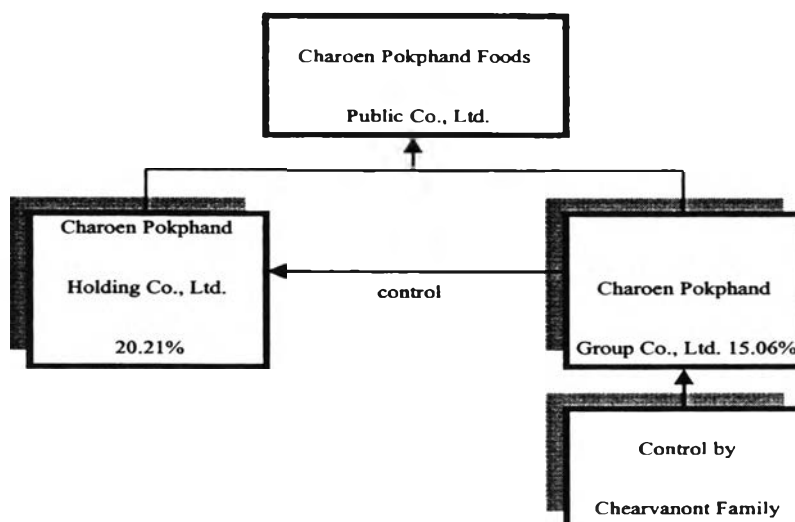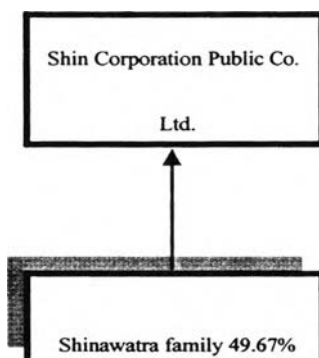**Land and House Public Co., Ltd.**[27]

Figure 2
Charoen Pokphand Foods Public Co., Ltd.[28]

[27] Source of information: The Stock Exchange of Thailand. Shareholder information as of August 30, 2006.

[28] Source of information: The Stock Exchange of Thailand. Shareholder information as of November 23, 2006.

Figure 3
Shin Corporation Public Co., Ltd[29]

[29] Source of information: The Stock Exchange of Thailand. Shareholder information as of March 11, 2005. As of January 23, 2006, Shinawatra family sold all of the ownership to Tamasek Holding of Singapore. As of August 30, 2006, the major shareholder in Shin Corporation Public Co., Ltd. is Cedar Holding Co., Ltd. and Aspen Holdings (both are affiliate with Tamasek Holding) who owned 54.53 percent and 41.76 percent, respectively.

Figure 4 The market capitalization and accounting number of Shin Corporation
Public Company Limited and subsidiaries

Panel A: The market capitalization of the three main Shin Corporation Group
(included Shin Corporation Public Company Limited, Advance Info Service
Public Company Limited and Shin Satellite Public Company Limited)

Baht: Million

	2000	2001	2002	2003	2004	2005	2006
Shin Corporation	46,110.9	45,817.2	29,663.7	113,888.1	117,406.9	126,721.1	83,103.8
Advance Info Service	97,200.0	119,601.3	104,192.5	249,774.6	315,135.1	318,669.1	228,899.9
Shin Satellite	12,578.1	11,156.3	7,306.3	14,656.3	15,696.2	16,252.3	7,419.3
Total	155,889.0	176,574.7	141,162.5	378,319.0	448,238.2	461,642.5	319,423.0

Panel B: Accounting number of Shin Corporation Public Company Limited and
subsidiaries

Baht: Million

	2000	2001	2002	2003	2004	2005	2006
Total Assets	37,840.3	41,356.5	51,248.9	60,159.0	66,363.7	82,343.9	84,779.9
Total Liabilities	17,735.8	17,397.7	20,191.1	22,455.3	24,522.3	29,933.3	34,508.0
Share capital	2,937.0	2,937.0	2,937.0	2,939.0	2,953.6	2,999.3	3,196.3
Shareholders' equity	20,104.5	23,958.7	31,057.9	37,703.6	41,841.4	52,410.6	50,271.9
Revenue	7,833.6	11,019.8	14,876.2	20,570.5	19,825.1	22,078.6	23,450.1
Net income	2,384.1	2,820.2	5,281.4	9,722.8	8,699.7	8,624.7	3,409.9

Source: *SET Market Analysis and Reporting Tool* (*"SETSMART"*) on-line services

BIOGRAPHY

Kiatniyom Kuntisook received his bachelor's degree in business administration majoring in accounting from Bangkok University, Thailand, in 1991. He received his master's degree in accounting from Chulalongkorn University in 1996.

He had 10 years experience with Deloitte Touche Tohmatsu Jaiyos in the audit and advisory profession. He was seconded to the US practice, based in the Deloitte & Touche – Guam office and Deloitte & Touche – San Francisco office in 2000-2002.

Currently, he is a candidate for the Doctor of Philosophy degree from Chulalongkorn University with a major in Accounting.