

## Tai-Yuan Chen

SM41, School of Management  
The University of Texas at Dallas  
Richardson, TX75083

Office: (972) 883-4434  
Cell: (972) 679-3174  
Email: [taiyuanchen@student.utdallas.edu](mailto:taiyuanchen@student.utdallas.edu)

---

### EDUCATION

The University of Texas at Dallas  
Ph.D. in Management Science (Major: Accounting), August 2006 (expected)

University of Illinois at Urbana Champaign  
Master of Science in Accountancy, 2001

National ChengChi University, Taipei, Taiwan  
Bachelor of Business Administration (Major: Accounting), 1997

---

### RESEARCH INTEREST

Corporate Governance, Corporate Disclosures, and Executive Compensation

### WORKING PAPERS

- **Corporate Disclosures by Family Firms** with A. Ali, S. Radhakrishnan  
Accepted and presented at 2005 *Journal of Accounting and Economics Conference*
- **CEO Compensation Contracts of Family Firms** *Job market paper*
- **Family Firms, Non-audit Fees and Earnings Management** with S. Radhakrishnan  
under review at *The Accounting Review*
- **The Impact of Activity-Based Costing on Manufacturing Performance**  
with R. Banker, I. Bardhan, and H. Chang  
under second round review at *Accounting, Organizations, and Society*
- **Audit Committee Expertise and Voluntary Corporate Governance Disclosures**  
with L. Chan and M. Vargus under review at *Journal of Accounting and Economics*

### TEACHING EXPERIENCE

Introductory Financial Accounting

- Summer 2004 (Rating 3.7/5)
- Summer 2005 (Rating 4.2/5)

Introductory Management Accounting

- Fall 2005, Spring 2006 (Scheduled)

## **WORK EXPERIENCE**

Accounting Specialist and Assistant Manager

- Connell Brothers Limited (Taiwan Branch) 1999 - 2000

Second Lieutenant and Financial Management Officer

- Taiwan Defense Department 1997 -1999

## **AWARDS AND SCHOLARSHIPS**

Graduate Assistantship, University Of Texas at Dallas, 2001 - 2005

China Life Merit Scholarship, 1994 - 1996

## **REFERENCES**

Professor Ashiq Ali

Dissertation Committee Chair

School of Management

The University of Texas at Dallas

Email: ashiq.ali@utdallas.edu

Phone: 972-883-6360

Professor Suresh Radhakrishnan

Dissertation Committee Member

School of Management

The University of Texas at Dallas

Email: sradhakr@utdallas.edu

Phone: 972-883-4438

Professor Mark Vargus

Dissertation Committee Member

School of Management

The University of Texas ad Dallas

Email: vargus@utdallas.edu

Phone: 972-883-4772

Professor James Myers

Mays Business School

Texas A&M University

Email: jmyers@mays.tamu.edu

Phone: 979-845-4652

## Abstracts of Working Papers

### **“Corporate Disclosures by Family Firms”** (with Ashiq Ali, Suresh Radhakrishnan)

Accepted and presented at 2005 *Journal of Accounting and Economics Conference*

Compared to non-family firms, family firms face less severe agency problems due to the separation of ownership and management, but more severe agency problems that arise between controlling and non-controlling shareholders. These characteristics of family firms affect their corporate disclosure practices. Using the sample of U.S. family firms and non-family firms in the S&P 500, we provide the following evidence. Reported earnings of family firms are of better quality. Also, the likelihood of family firms issuing management earnings forecasts increases more rapidly with the magnitude of bad news. However, family firms make less voluntary disclosures about their corporate governance practices. Consistent with family firms making better financial disclosure, we find that family firms have larger analyst following, lower dispersion in analysts' earnings forecasts, smaller forecast errors, less volatile forecast revisions, and smaller bid-ask spreads.

### **“CEO Compensation Contracts of Family Firms”** (Job market paper)

Compared to non-family firms, family firms with professional CEOs face less severe agency problems arising from the separation of ownership and management. This study examines how this characteristic affects family firms' CEO compensation contracts. Using a sample of S&P 500 firms, I show that U.S. family firms are less likely to grant equity-based compensation to their professional CEOs and pay lower levels of total CEO compensation. Also, the description of annual bonus plans in the proxy statements reveals that family firms use fewer performance measures, are less likely to use non-financial performance measures, and use more discretion in determining CEOs' annual bonuses. Further, family firms exhibit higher pay-earnings sensitivity in the actual CEO annual bonus. Finally, family firms exhibit greater sensitivity of future profitability to CEO's equity compensation.

### **“Family Firms, Non-audit Fees and Earnings Management”** (with Suresh Radhakrishnan)

We examine the association between family firms and audit fees and find that family firms pay less audit fees, *ceteris paribus*. Furthermore the negative association between family firms and audit fees is driven by the interaction of family firms with audit risk. This suggests that family firms have lower audit fees because of their ability to effectively monitor operating managers and thereby reduce control risk. We then examine the relationship between earnings management, auditor's fees and family firms. The evidence indicates that non-family firms pay a premium for earnings management through non-audit fees. This result also holds for family firms with professional CEOs, indicating that family firms with family CEO monitor the operating managers and not only reduce the control risk, but also the potential for earnings management.

**“The Impact of Activity-Based Costing on Manufacturing Performance”** (with Rajiv Banker, Indrail Bardhan, and HsiHui Chang)

Using a large cross-sectional sample of manufacturing plants, we study the impact of ABC on adoption of world-class manufacturing (WCM) practices and plant performance using a structural equation model. Our results indicate that ABC has a significant indirect impact on plant performance as measured by improvements in unit manufacturing costs, cycle time, and product quality yield. Drawing on the theory of dynamic capabilities, we observe that WCM practices mediate the impact of ABC on plant performance. While the direct impact of ABC on performance is weak, we find a significant indirect impact of ABC for different model specifications. We also find that plant information systems have a significant association with adoption of ABC. Our results extend prior research on the impact of ABC and provide a new conceptual framework to evaluate the relationships between ABC, manufacturing practices, and manufacturing performance. Our modeling approach also provides a better explanation of these relationships compared to prior research.

**“Audit Committee Expertise and Voluntary Corporate Governance Disclosures”** with L. Chan and M. Vargus

One objective of the Sarbanes-Oxley Act of 2002 is to protect investors by increasing corporate transparency. The Act significantly increased the duties and responsibilities of audit committees and implicitly promoted the idea that firms’ audit committees consist of members with a requisite level of expertise. In this study we provide empirical evidence that audit committee accounting expertise is associated with economic factors, and firms with such expertise have greater level of transparency resulting from more voluntary disclosures. Specifically, we find that the likelihood of having audit committee accounting expertise increases with the severity of agency problem and firms’ legal liability, and is positively associated with growth opportunities, debt-to-assets ratio, and earnings volatility. Our results also document that firms with accounting expertise on their audit committees are more likely to make voluntary disclosures relating to business strategy, governance and compensation. Overall, having accounting expertise is associated with the demand for monitoring and signaling, and firms with such expertise have more voluntary disclosures, consistent with the objective of SOX to improve corporate transparency.