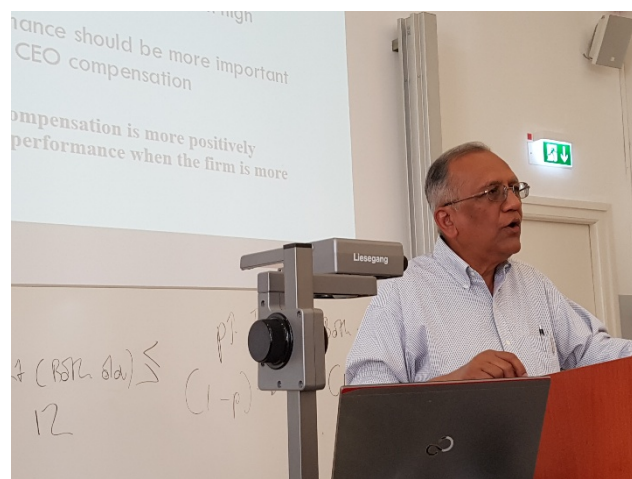


Accounting Research Workshop (ARW) - ST2016

- Speaker:** Gerald Lobo
- University:** Professor of Accounting, C. T. Bauer College of Business, University of Houston
- Research:** Corporate disclosure policy, earnings management, accounting conservatism, bank financial reporting, international accounting
- Date:** July 5, 2016
- Topic:** "The Use of Nonfinancial Measures for Executive Compensation in High-Technology Industries"
- Abstract:** "Innovation is an important driver of firm value for high-technology firms; however, its outcome is long deferred and highly uncertain. We examine the relation between innovation, a nonfinancial performance measure, and CEO compensation for high-technology firms. We find that CEO compensation is positively associated with corporate innovation performance, i.e., innovation output (measured by patent count) and innovation output value (measured by patent citations). We also find that CEO equity compensation, particularly option compensation, is more sensitive to these measures of innovation performance than is cash compensation. Overall, our evidence suggests that boards of directors view patent performance as an important non-financial performance measure for innovation and incorporate this information when determining CEO compensation. We also explore cross-sectional differences in the compensation relevance of patent performance. We find the relevance varies according to firm characteristics (noise in financial performance and R&D intensity) and CEO characteristics (CEO tenure and CEO age)."



We are very pleased that we had the possibility to take part in the interesting presentation of Prof. Lobo who we invited in our Accounting Research Workshop. We wish him all the best for his research project.