Return Skewness, Real Options, and Corporate Governance

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Abstract
We use Taiwanese firms from 2002:Q1 to 2012:Q3 to examine the effects of corporate governance and real options on return skewness. Firms with better corporate governance structure (such as higher managerial ownership, higher largest shareholder ownership, more independent board, more transparent information, and less agency cost) tend to have positive skewed returns. In addition, firms that own real options (better social capital, more market potential, and greater market power) appear to have positive skewed returns.

Keywords: Dynamic Panel Regression, Social Capital, Corporate Governance, Return Distribution, Discretionary Disclosure

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