公司成長與資產減損市場反應之關聯性

Firm Growth, Asset Write-downs, and Market Reactions

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ABSTRACT: This study aims to examine how the market investors react to firms’ asset write-downs in Taiwan and whether these reactions vary with the level of firm growth. Since both the degrees of the investor’s expectation gap for asset write-downs and the manager’s incentive to withhold write-down news may increase with the level of firm growth, we expect that the level of firm growth have a negative impact on the market reactions to asset write-downs. Using a sample of firms recognizing asset write-downs over 2005-2007, we provide evidence that, on average, firms with more growth opportunities have more negative market reactions to asset write-downs than firms with less growth opportunities. In addition, we find that the next-year returns are significantly and positively associated with the interaction between asset write-downs and firm growth, suggesting that investors revise upward their previous overly negative reactions to the write-downs in the recognition year. In the robustness test, we find that the level of firm growth mitigates the negative (positive) relation between the asset write-downs and future cash flow (firm’s risk).

Keywords: firm growth; asset write-downs; market reactions.