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研究課題名(和文) Earnings Management Behavior of Family and Non-Family Firms in Japan: Further

研究課題名(英文) Earnings Management Behavior of Family and Non-Family Firms in Japan: Further

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研究成果の概要(和文)：この研究は、家族企業と非家族企業の収益管理行動を明らかにすることを目的としています。そのために、私たちは国際的に権威のあるジャーナルに5つの学術論文を掲載し、2つの国際会議に参加し、「家族企業の産学連携に関する勧告」についての書籍を出版しました。さらに、別の書籍と学術論文が進行中です。最も重要なことは、研究助成金を活用して、家族企業のデータベースを更新し、将来的に学術論文を発表するためのものにしたことです。全体的に、私たちはいくつかの学術論文を成功裏に発表し、将来の出版のためのデータベースを作成し、この研究助成金から書籍を出版しました。

研究成果の学術的意義や社会的意義

Family firms hold about 40% of the listed firms in Japan. They show superior performance to nonfamily firms. Foreign ownership promotes performance of family firms. Family firms in Japan focus on trust and socio-emotional ties for long-term success. These findings are instrumental for policymaking.

研究成果の概要(英文)：We have published some academic articles in internationally reputed journals, attended two international conferences, and published a book titled "Recommendations for industry-academic collaborations for the family business." Meanwhile, we have drafted another book titled "Secrets of success of family firms in Japan: Cases and lessons" and submitted another paper titled "Do family firms outperform nonfamily firms in Japan? Further evidence using foreign ownership as a moderator". The Journal of Research in International Business and Finance is reviewing the paper. Most importantly, we have updated our database for family firms which will be used to publish academic papers. Overall, we would like to state that we have successfully published some scholarly articles, created a database for increasing future publications, and published a book from this research subsidy. In addition, a book and an academic paper are in the pipeline.

研究分野：Accounting

キーワード：family firms performance governance Japan earnings Japan

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### 1. 研究開始当初の背景

Family firms tend to hold a large share of the listed firms in many countries. For example, family firms hold 60% of the listed firms in France, Italy, and Germany, 67% in Australia, and 35% in the US, implying the importance of such firms on stock market development and economic growth. In Japan, family firms hold nearly 69% of the listed firms. One of the salient features of family firms is that the founding family members often carry the top management position with a significant portion of equity. Family firms also want to keep the firm for successive generations. By contrast, a professional board composed of independent directors and experts runs nonfamily firms. Thus, nonfamily firms are likely to make more value-maximizing decisions than family firms, leading to superior performance.

However, recent studies highlighted that family firms tend to outperform nonfamily firms in many countries. This finding creates a puzzle. This is because nonfamily firms are assumed to have a more professional board with higher accountability than family firms, leading to superior financial performance. Therefore, some critical questions arise: Why do family firms tend to have superior performance over nonfamily firms? Is the performance of family firms managed by the board of family firms? If so, what kind of earnings management strategies (real and accrual) do the family firms adopt? An explanation to the above questions deserves attention because as Japan's economy has recovered, the family firms are growing, and the government is putting more importance on developing family firms to promote regional economic growth in Japan.

### 2. 研究の目的

This research aimed to investigate empirically whether family firms outperform nonfamily firms in Japan and practice earnings management to exhibit superior performance compared to nonfamily firms. The specific purposes of the research were as follows:

Do family firms manage earnings to show superior performance over nonfamily firms? If so, what kind of earnings management strategies (real and accrual) do the family firms adopt?

Do the governance elements such as ownership structure, board structure, and audit quality moderate the earnings management behavior of family and nonfamily firms in Japan?

What financial and management strategies do family firms adopt for business succession?

To create a database for the financial and governance structure of family and nonfamily firms in Japan to assist in future research.

### 3. 研究の方法

To carry out the research objectives, we first updated our database for the firms listed on Tokyo Stock Exchange and classified them into family and nonfamily ones. We employed research assistants to compile necessary data using several secondary sources such as the Japan Exchange Group database, IPO Prospectuses, Financial Quest, Bloomberg, Bureau Van Dijk (Osiris) database, and Nikkei Needs.

We also visited some family firms in Japan and an emerging economy such as Bangladesh to accumulate information through field visits and face-to-face interviews. We adopted a mixed-method approach to carry out empirical analysis. We used sophisticated statistical tools such as pooled OLS with two-way clustering and two-stage least squares methods. In addition, we planned to use factor analysis to analyze primary data collected through face-to-face interviews.

### 4. 研究成果

To disseminate our research results, we first compared the performance of family and nonfamily firms in Japan. Also, we checked whether a link exists between the corporate governance elements and the performance of family and nonfamily firms in Japan. We published this paper in the "Journal of Risk and Financial Management," an

internationally reputed journal. The title of the paper is “Corporate governance and firm performance: A comparative analysis between listed family and nonfamily firms in Japan.” The paper can be accessed from the link <https://doi.org/10.3390/jrfm13090215>. In this paper, we unearth that family firms in Japan exhibit superior performance over nonfamily firms under the accounting and market-based measures of financial performance. We also reveal that institutional and foreign shareholding promote the performance of family and nonfamily firms, but board independence negates the same for family firms. In addition, we find that the performance of family firms run by the founders’ descendants is superior to those run by the founder. These findings have critical policy implications for family firms in Japan.

Then, we drafted our second paper titled “An accounting approach to family business studies.” This paper has appeared in *Commercial Studies (商学論究)*, Vol. 68(4), published by the Kwansai Gakuin University. The paper can be accessed from the link <http://hdl.handle.net/10236/00029266>. This paper reviewed previous literature on family firms and suggested avenues for future research. We note that research on family firms falls under the ambit of accounting, finance, and business administration. We note that besides the traditional agency theory, scholars tend to apply the socio-emotional wealth (SEW) hypothesis to discuss the long-term survival of family firms. We argue that such a socio-emotional perspective can explain the behavior of family firms in Japan. Therefore, we warrant more research on this area in the future.

Then, we finalized a paper on the earnings management behavior of listed manufacturing firms from the perspective of an emerging economy. The title of the paper is “Do manufacturing firms in Bangladesh engage in earnings management to avoid losses? Further evidence using governance elements as monitors”. We published this paper in the “*Journal of Financial Reporting and Accounting*,” an internally renowned journal. This paper can be accessed through the “DOI 10.1108/JFRA-05-2020-0131”. In this paper, we applied both real earnings management (REM) and accrual earnings management (AEM) tools to understand the earnings management behavior of the listed firms. We find that firms with small positive EPS (earnings per share) tend to engage in AEM to avoid losses. Also, firm managers manipulate discretionary expenses to manage real earnings. In addition, we reveal that the governance factors, such as institutional shareholders, play a significant role in limiting REM and AEM. Also, foreign ownership and board size significantly negate REM, whereas director ownership encourages the same. We argue that these findings could be a wake-up call for constituents of financial reporting to comprehend the mechanics of earnings management.

One of our objectives for this research was to write a book on family firms in Japan. In doing so, we compiled a book titled “Recommendations for industry-academic collaborations for the family business.” This book is published by Chuo Keizai-sha, ISBN: 10:4502394610. The book can be accessed through the link-<https://www.amazon.co.jp/dp/4502394610>. In this book, we have presented some cases where an individual entrepreneur (family firm) has been successful in developing new products, such as “sleep medical pillow” and “ginjo e pork,” with business and academic collaboration. We also studied cases of business transformation and the creation of cutting-edge technologies taking examples from Ehime University and Tohoku University. We interviewed several companies such as Watanabe Chemical Industry Co., Ltd., Otafuku Holdings Co., Ltd., Ammin Pillow Co., Ltd., Marumatsu Bussan Co., Ltd., Marui Textile Machinery Co., Ltd., and Sasaki Chemicals Co., Ltd. to understand how they have been benefited through the academic-business collaboration in getting success. Finally, we presented a bundle of suggestions for the family firms to win business success.

Side by side, we published another paper titled “Technology transfer performance: A comparative analysis of two universities in Japan” in the *International Journal of Technology Management*. This paper can be accessed through DOI: 10.1504/IJTM.2021.10046227. Also, we published a chapter in an international book titled “Corporate Social Responsibility” (chapter 7), published by Intech Open Publisher, England, ISBN: 978-1-80356-165-3. The title of the paper is “Does board structure matter in CSR spending of commercial banks? Empirical evidence from an emerging economy”. To disseminate research results, we have participated in international conferences in Vietnam and Bangladesh and presented our paper as an invited speaker to the Atish Dipankar University of Science and Technology, Dhaka, Bangladesh.

Recently, we have drafted another book titled “Secrets of success of family firms in Japan: Cases and Lessons.” This book will be submitted to Springer for review.

Furthermore, we have recently submitted another paper titled “Do family firms outperform nonfamily firms in Japan? Further evidence using foreign ownership as a moderator”. The Global Journal of Accounting and Finance is reviewing the paper. The paper can be accessed at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4384844](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4384844). As a whole, we conclude that although the Covid-19 pandemic impeded a smooth transition to our research, we have successfully carried out our research. We have published academic articles, participated in international conferences, published a book, and created a database for increasing future publications using this research subsidy. We expect to publish another book and an academic paper soon from this research.

5. 主な発表論文等

〔雑誌論文〕 計5件（うち査読付論文 5件/うち国際共著 1件/うちオープンアクセス 2件）

1. 著者名 Adhikary, Bishnu Kumar, Ranjan K. Mitra, and Mohammad R. Meah	4. 巻 19
2. 論文標題 Do Manufacturing Firms in Bangladesh Engage in Earnings Management to Avoid Losses? Further Evidence Using Governance Elements as Monitors	5. 発行年 2021年
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2. 論文標題 Corporate Governance and Firm Performance: A Comparative Analysis between Listed family and non-family firms in Japan	5. 発行年 2020年
3. 雑誌名 Journal of Financial Risk and Management	6. 最初と最後の頁 1-20
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2. 論文標題 Does Board Structure Matter in CSR Spending of Commercial Banks? Empirical evidence from an Emerging Economy	5. 発行年 2022年
3. 雑誌名 Corporate Social Responsibility	6. 最初と最後の頁 1-21
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1. 著者名 Takayuki Sakai, Kensuke Inai, Kenji Kutsuna, Bishnu Kumar Adhikary, Norbert Buzas	4. 巻 90(1/2)
2. 論文標題 Technology Transfer Performance: A Comparative Analysis of Two Universities in Japan	5. 発行年 2022年
3. 雑誌名 International Journal of Technology Management	6. 最初と最後の頁 78-101
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〔学会発表〕 計3件 (うち招待講演 1件 / うち国際学会 2件)

1. 発表者名 Bishnu Kumar Adhikary
2. 発表標題 Do family firms outperform non-family firms in Japan? Further Evidence Using Foreign ownership as a moderator
3. 学会等名 Finance, Business and Banking Symposium, Dhaka (国際学会)
4. 発表年 2022年

1. 発表者名 Bishnu Kumar Adhikary
2. 発表標題 Does foreign Ownership promote the performance of Family Firms? Empirical Evidence from Japan
3. 学会等名 Atish Diapankar University of Science and Technology, Dhaka (招待講演)
4. 発表年 2022年

1. 発表者名 Kojima, Koji
2. 発表標題 Do family firms outperform non-family firms in Japan? Further Evidence Using Foreign ownership as a moderator
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2. 出版社 中央経済社	5. 総ページ数 152
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〔産業財産権〕

〔その他〕

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6. 研究組織

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7. 科研費を使用して開催した国際研究集会

〔国際研究集会〕 計0件

8. 本研究に関連して実施した国際共同研究の実施状況

共同研究相手国	相手方研究機関
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