

Accepted Manuscript

Measuring Firm Size in Empirical Corporate Finance

Chongyu Dang , Zhichuan (Frank) Li , Chen Yang

PII: S0378-4266(17)30220-0
DOI: [10.1016/j.jbankfin.2017.09.006](https://doi.org/10.1016/j.jbankfin.2017.09.006)
Reference: JBF 5210

To appear in: *Journal of Banking and Finance*

Received date: 21 August 2016
Revised date: 4 September 2017
Accepted date: 12 September 2017

Please cite this article as: Chongyu Dang , Zhichuan (Frank) Li , Chen Yang , Measuring Firm Size in Empirical Corporate Finance, *Journal of Banking and Finance* (2017), doi: [10.1016/j.jbankfin.2017.09.006](https://doi.org/10.1016/j.jbankfin.2017.09.006)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Measuring Firm Size in Empirical Corporate Finance

Chongyu Dang, Zhichuan (Frank) Li, Chen Yang*

This Version: September 12, 2017

Abstract

In empirical corporate finance, firm size is commonly used as an important, fundamental firm characteristic. However, no research comprehensively assesses the sensitivity of empirical results in corporate finance to different measures of firm size. This paper fills this hole by providing empirical evidence for a “measurement effect” in the “size effect”. In particular, we examine the influences of employing different proxies (total assets, total sales, and market capitalization) of firm size in 20 prominent areas in empirical corporate finance research. We highlight several empirical implications. First, in most areas of corporate finance the coefficients of firm size measures are robust in sign and statistical significance. Second, the coefficients on regressors other than firm size often change sign and significance when different size measures are used. Unfortunately, this suggests that some previous studies are not robust to different firm size proxies. Third, the goodness of fit measured by R-squared also varies with different size measures, suggesting that some measures are more relevant than others in different situations. Fourth, different proxies capture different aspects of “firm size”, and thus have different implications. Therefore, the choice of size measures needs both theoretical and empirical justification. Finally, our empirical assessment provides guidance to empirical corporate finance researchers who must use firm size measures in their work.

JEL Classifications: G3, G30, G31, G32, G34, G35, C23, C58, J31, J33.

Key Words: Firm size measures; Total assets; Total sales; Market capitalization; Empirical corporate finance.

* We thank Geert Bekaert (the editor) and two anonymous reviewers for their valuable comments. For helpful insights, we are also grateful to Steve Foerster, Craig Dunbar, Stephannie Larocque, Stephen Sapp, Shahbaz Sheikh, Jeff Coles, Michael Schill, Susan Christoffersen, Francesca Cornelli, Pedro Matos, Heitor Almeida, Simi Kedia, Patrick Akey, Philip Strahan, Michael King, Walid Busaba, George Athanassakos, and seminar participants at Ivey Business School, the annual meeting of International Finance and Banking Society (IFABS) 2015, Hangzhou, China, and the annual meeting of Canadian Law and Economics Association (CLEA) 2015, University of Toronto, Canada. We thank Connor Fraser for research assistance. All errors are ours. Dang (daviddangf@hotmail.com) and Li (fli@uwo.ivey.ca) are at Western University; Yang (cyang244@uwo.ca) is at Wuhan University.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات