

# Publication Logbook

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**Article Title:**

**Top Management Team Meetings and Firm  
Performance**

**Latest status:**

**Published to Accounting Research Journal**



**CPEBR RESEARCH SERIES 2020**

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# Top Management Team Meetings and Firm Performance

|                           |  |
|---------------------------|--|
| List of the author(s):    |  |
| First                     | Iman Harymawan, <i>Universitas Airlangga, Indonesia</i> / CPEBR* |
| Second                    | Mohammad Nasih, <i>Universitas Airlangga, Indonesia</i>          |
| Third                     | John Nowland   |
| Fourth                    |  |
| Fifth                     |  |
| Funding scheme            | N/A  |
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| Submitted date            | Juli 2020  |
| Publisher                 | Emerald Publishing Limited                                       |
| ISSN                      | 1030-9616  |
| <b>Decision ROUND 1</b>   |  |
| Rejection                 |  |
| Revise and resubmit       | V (8 Juli 2020)  |
| Acceptance                |  |
| Comments & Responses      |  |

From: Accounting Research Journal <[onbehalf@manuscriptcentral.com](mailto:onbehalf@manuscriptcentral.com)>  
Sent: Sunday, June 7, 2020 8:51 PM  
To: Nowland, John <[jenowla@ilstu.edu](mailto:jenowla@ilstu.edu)>  
Cc: [arj@qut.edu.au](mailto:arj@qut.edu.au) <[arj@qut.edu.au](mailto:arj@qut.edu.au)>  
Subject: Accounting Research Journal - Decision on Manuscript ID **ARJ-03-2020-0062**

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08-Jun-2020

Dear John,

Manuscript ID **ARJ-03-2020-0062** entitled "Top Management Team Meetings and Firm Performance" which you submitted to the Accounting Research Journal, has been reviewed. The comments of the reviewer(s) are included at the bottom of this letter.

The reviewers have identified several issues that need to be addressed before the manuscript would be publishable. I consider that the reviewers' concerns could be addressed in a revision and therefore invite you to revise and resubmit your manuscript.

John, I hope that you are looking forward to a productive summer break. I would like to publish your manuscript. Emerald has moved us to article level publishing so (subject to the time needed by reviewers) if you are able to revise it in the short term, I should be able to get it published this year.

To revise your manuscript, log into <https://mc.manuscriptcentral.com/arjnl> and enter your Author Centre, where you will find your manuscript title listed under "Manuscripts with Decisions." Under "Actions," click on "Create a Revision." Your manuscript number has been appended to denote a revision.

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You will be unable to make your revisions on the originally submitted version of the manuscript. Instead, revise your manuscript using a word processing program and save it on your computer. Please also highlight the changes to your manuscript within the document by using the track changes mode in MS Word or by using bold or coloured text.

You are reminded that the submission guidelines require that Articles should remain between 6000 and 8000 words in length. This includes all text including references and appendices. Please allow 280 words for each figure or table. When making your revisions, please edit your work to make sure that the revised manuscript adheres to this guideline, we are unable to publish oversized papers.

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**IMPORTANT:** Your original files are available to you when you upload your revised manuscript. Please delete any redundant files before completing the submission.

Because we are trying to facilitate timely publication of manuscripts submitted to the Accounting Research Journal, your revised manuscript should be uploaded as soon as possible. If it is not possible for you to submit your revision in a reasonable amount of time, we may have to consider your paper as a new submission.

To help support you on your publishing journey we have partnered with Editage, a leading global science communication platform, to offer expert editorial support including language editing and translation.

If your article has been rejected or revisions have been requested, you may benefit from Editage's services. For a full list of services, visit: [authorservices.emeraldpublishing.com/](https://www.editage.com/authorservices)

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Once again, thank you for submitting your manuscript to the Accounting Research Journal and I look forward to receiving your revision.

Yours sincerely,  
Prof. Ellie Chapple  
Editor, Accounting Research Journal  
[larelle.chapple@qut.edu.au](mailto:larelle.chapple@qut.edu.au)

**DEADLINE: 06-Sep-2020**

Reviewer(s)' Comments to Author:  
Reviewer: 1

Recommendation: Major Revision

Comments:  
This seems like an interesting paper. Please see my attached review notes on ways the paper could be improved.

Additional Questions:  
<b>1. Originality: </b>Does the paper contain sufficiently new and significant knowledge to justify publication?: Yes, based on my knowledge of the literature, the paper provides new evidence of the association between top management meetings and firm performance not documented elsewhere.

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<b>2. Relationship to Literature: </b>Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: For the most part, the relationship to the literature is adequate. I have noted in my review where the literature review could be improved.

<b>3. Methodology: </b>Is the paper's argument built on an appropriate base of theory, concepts or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: There were no significant issues with methodology. I have noted in my review where the methodology could be improved.

<b>4. Results: </b>Are results presented clearly and analysed appropriately? Do the conclusions adequately link the other elements of the paper?: Some of the conclusions were not warranted given the analysis. I have noted in my review the areas where the conclusions of the paper can be improved.

<b>5. Implications for research, practice and/or society: </b>Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: While the paper includes some implications for practice, there are issues with the implications that are along the lines of the issues with drawing the conclusion based on the evidence. Clarifying the conclusion could also improve the paper's suggestions for practice.

<b>6. Quality of Communication: </b>Does the paper clearly express its case, measured against the technical language of the fields and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: There were no major issues with the quality of communication.

Reviewer: 2

Recommendation: Minor Revision

Comments:

The paper may address the issues and revise the paper as mentioned in the comments, above.

Additional Questions:

<b>1. Originality: </b>Does the paper contain sufficiently new and significant knowledge to justify publication?: The paper addresses a unique aspect of corporate governance vs firm performance, but the methodology followed is as per existing literature.

<b>2. Relationship to Literature: </b>Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: The authors have covered related literature extensively. However, the authors need to link their findings adequately with similar studies as mentioned in the literature survey and hypothesis development section.

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How to know that meeting communication is focussed? (p.7 also in the literature review, p.6, (Bang et al., 2010; Wageman et al., 2008). The authors need to point out how their study has examined the presence of focussed communication.

As quoted from the paper: "Using data from listed Indonesian companies during 2010 to 2017, we find that top management team meetings are positively related to firm performance, consistent with the effective effort hypothesis".

Without measuring the attributes of effective effort hypothesis and merely finding a positive relationship between the number of top management meetings and firm performance the authors have proved EEH. This seems to be very simple. The authors need to demonstrate how have they considered the different attributes of EEH in their model.

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What is the difference between hypotheses 1 and 2? They are inverse of each other. The hypotheses do not reflect the discussion that was done before building up the hypothesis.

Hypothesis 1: Top management team meetings are positively related to firm performance.

Hypothesis 2: Top management team meetings are negatively related to firm performance.

Why can't be only one null hypothesis: Top Management team meetings and not related with firm performance.

For ROA, one should use net operating income or profit before interest and tax or NOPAT (net operating profit after tax) in the numerator, not net income. Total assets are financed by both debt and equity. Hence the numerator should be before deducting interest. Moreover, if net income is used as numerator in both the measures (ROA and ROE), they are likely to be highly correlated. Hence only one measure is sufficient.

Why has no market-related performance metric been considered? For listed companies, market-based metrics are better measures of performance, and shareholders do attach importance to such metrics. Rather market to book ratio is considered as one of the control variables.

The authors have considered only the instances of loss-making as challenging circumstances, whereas the companies face challenging circumstances in different ways, like, technological disruption, employee-related problems, change in top management, political/ general economic events, recession, etc. These need to be addressed.

<b>4. Results: </b>Are results presented clearly and analysed appropriately? Do the conclusions adequately link the other elements of the paper?: The impact of the 'presence of independent directors' on firm performance needs to be addressed. (table 3, p.26)

Loss is positively (and significant) related to ROE, but negatively related to ROA. The second part is acceptable, but what is the explanation for the first part? (table 3, p.26)

Several control variables are considered by the authors. However, there is hardly any discussion on the signs and coefficients of control variables as factors affecting the performance. (p.29)

Please refer to the previous section for more discussion on the results.

The paper in the revised version can suitably address the above issues.

<b>5. Implications for research, practice and/or society: </b>Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: The paper is based on Indonesian companies' data. It has implications for corporate governance practices in Indonesia.

<b>6. Quality of Communication: </b>Does the paper clearly express its case, measured against the technical language of the fields and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Readers will find the paper simple to understand in terms of clarity of expression.

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## Decision ROUND (2)

|                      |                 |
|----------------------|-----------------|
| Rejection            |                 |
| Revise and resubmit  |                 |
| Acceptance           | 26 Agustus 2020 |
| Comments & Responses |                 |





Accounting Research Journal <onbehalf@manuscriptcentral.com>  
to me, harymawan.iman, mohnasih, jenowla, arj

Wed, 26 Aug 2020, 14:47 ☆ ↶ ⋮

26-Aug-2020

Dear Iman; Mohammad; & John,

It is a pleasure to accept your manuscript ARJ-03-2020-0062.R1, entitled "Top Management Team Meetings and Firm Performance" in its current form for publication in Accounting Research Journal. Please note, no further changes can be made to your manuscript.

Note, reviewer #2 had three additional comments, which I reproduce here for your consideration. However my reading would indicate that this may be motivation for a future research paper, to examine the economic "power" to investors of the attendance signal. Time to get the team back together?

"1) The paper argues that the implication for practice is that investors can use the number of meetings as a signal of high performing firms. However, their results are based on the contemporary relationship with performance measures. Why don't investors just use ROA and ROE? In order to make the statement that meetings could be used as a signal, the authors should try to predict future performance, controlling for current performance. Their lagged dependent variable plus the stickiness of normal meetings leads me to believe that they should be able to find that the current number of meetings is correlated with future ROA and ROE, making the number of meetings a good signal (after controlling for current ROA and ROE). Alternatively, the authors could stress the result that having more normal meetings matters and that managers should try to schedule more normal meetings. Perhaps they could highlight the difference between reactionary and proactive meetings, advising managers to try to schedule more normal meetings.  
2) While there are no significant issues with the methodology, the lack of results for the endogeneity test calls into question the validity of the main results. The authors should present the coefficients from the endogeneity test to provide insight into how biased the main results are. If the coefficients are about the same after controlling for endogeneity, then it could be that the more conservative methods are inflating the standard errors without much effect on the point estimate. If the coefficients are wildly different, then the main results should not be accepted.  
3) It would be beneficial to add a comment on the economic effect of additional executive meetings with a discussion of how this effect is in comparison to other governance literature on ROA and ROE."

Please go to your Author Centre at <https://mc.manuscriptcentral.com/arjnl> (Manuscripts with Decisions for the submitting author or Manuscripts I have co-authored for all listed co-authors) to complete the Copyright Transfer Agreement form (CTA). We cannot publish your paper without this.

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Thank you for your contribution. On behalf of the Editors of Accounting Research Journal, we look forward to your continued contributions to the Journal.

Yours sincerely,

Prof. Ellie Chapple  
Editor, Accounting Research Journal  
[larelle.chapple@qut.edu.au](mailto:larelle.chapple@qut.edu.au)

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**Fw: Accounting Research Journal - Decision on Manuscript ID ARJ-03-2020-0062**

2 messages

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**Nowland, John** <jenowla@ilstu.edu>  
To: Iman Harymawan <harymawan.iman@feb.unair.ac.id>

30 June 2020 at 05:58

Hi Iman,

How are you all doing?

Good news is that we have a revision at ARJ for this paper.

I am in the middle of the revision and just need your help with one item.

Do you have data on firms that change their CEO?

So this would just be a data file with year, ticker and a dummy variable equal to one for firms who changed their CEO during the year.

If you have the name of the CEO in a file each year (I think you do) then this would be easy to code as a 1 for any difference from the prior year.

For this paper with the revision we have data from 2010 to 2017. So that period would be good.

So please let me know if you have this CEO change data or could do this soon.

Thanks,

John

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**From:** Accounting Research Journal <onbehalf@manuscriptcentral.com>  
**Sent:** Sunday, June 7, 2020 8:51 PM  
**To:** Nowland, John <jenowla@ilstu.edu>  
**Cc:** arj@qut.edu.au <arj@qut.edu.au>  
**Subject:** Accounting Research Journal - Decision on Manuscript ID ARJ-03-2020-0062

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Yours sincerely,  
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Editor, Accounting Research Journal  
[larelle.chapple@qut.edu.au](mailto:larelle.chapple@qut.edu.au)

DEADLINE: 06-Sep-2020

Reviewer(s)' Comments to Author:  
Reviewer: 1

Recommendation: Major Revision

Comments:  
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Reviewer: 2

Recommendation: Minor Revision

Comments:

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 **ARJ-03-2020-0062.pdf**  
61K

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**Iman Harymawan** <harymawan.iman@feb.unair.ac.id>  
To: "Nowland, John" <jenowla@ilstu.edu>

2 July 2020 at 14:02

Hi John,

We are fine, hope you all are too at Normal, Illinois.  
Thanks for the good news. I enclose the CEO turnover data attached.  
Let me know if there is other thing that I can help with.

Thank you,

[Quoted text hidden]

--

**Iman Harymawan, Ph.D. (CityU of HK)**

Department of Accountancy

Faculty of Economics and Business

Universitas Airlangga

<http://orcid.org/0000-0001-7621-6252>



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## 2 attachments

 **CEO Change Data 2010-2017.dta**  
499K

 **CEO Change Data 2010-2017.xls**  
550K

Review comments of  
“Top Management Team Meetings and Firm Performance”  
Manuscript # ARJ-03-2020-0062

It is my pleasure to review the paper “Top Management Team Meetings and Firm Performance” for the *Accounting Research Journal*. The authors examine the relation between top management team and firm performance. They find a positive relation between the number of top management team meetings and return on assets (ROA) and return on equity (ROE). They find that this relationship is mainly for firms with very high number of meetings and for loss firms. The paper provides interesting evidence that top team meetings tend to have higher performance. My main concerns center on the conclusions and implications of the study, though I also provide suggestions to improve the empirical analysis.

- 1) Construct validity: It is not entirely clear what constructs you are trying to measure in the paper. The metrics you use capture top management team activity (number of meetings) and firm performance (ROA and ROE). However, throughout the introduction and literature review, you discuss other constructs, such as disclosure and shareholder value. You can't make a statement about these latter constructs without further measurement. Because disclosure is mandatory, any suggestions of requiring disclosure of the firm meetings is invalid. To make this claim, you would need to identify firms that do not disclose their meetings, yet still have those meetings, to isolate the effect of disclosure. You may be able to come close to making that suggestion if you were to, for example, identify those firms that only report in a required format (e.g., an annual report or proxy statement) and those that disclose this fact in other places, such as corporate web sites and conference calls. This would get closer to the spirit of disclosure (controlling for the incentives to disclose, of course). Similarly, you discuss firm value or shareholder value in several places. You may want to consider looking at share price or Tobin's Q for measure firm value. That said, I am not sure that the number of top management team meetings would be related to value above and beyond performance unless firms are using meetings to signal quality. While getting additional metrics is problematic, at the very least, you should consider re-writing the introduction and literature review and hypotheses to focus on management team activity and firm performance and avoid statements related to disclosure and firm value.
- 2) Abnormal vs normal team meetings: The evidence in tables four and five suggest that top team meetings are positively associated with higher firm performance. However, the evidence in table 6 suggests that the relationship mainly holds for firms with higher than average number of meetings and the evidence in table 7 suggests that there is only a significant relation for firms with losses. It may be that management teams have more meetings in response to abnormal situations, such as losses. However, this interpretation of the results is not apparent in the introduction or hypothesis development. Some of the suggests are not conditional on abnormalities, such as losses. More concerning is that the hypothesis development of the “effective effort” hypothesis does not condition on abnormalities and suggests that under normal conditions, more meetings indicates more effective management as opposed to a better

response to crisis. It is not clear from the evidence that the more meetings results in better performance under normal circumstances. My suggestion here is two-fold:

- a. I suggest re-writing the introduction and hypothesis sections to position the paper as an analysis of meetings in response to abnormal corporate events.
  - b. Provide additional analysis to highlight the relationship between firm performance and abnormal meetings:
    - i. Measure abnormal meetings as the difference between the number of meetings in the current year and the median number of meetings for the firm. Here, the median number of meetings will likely capture the firm-level scheduled number of meetings, though you may want to consider minimum number of meetings over 2010-2017 period as well. You should include both normal and abnormal number of meetings in the models. I would expect that normal meetings will not be significant and abnormal number of meetings would be significant.
    - ii. Analyze more abnormal events. Here you only analyze losses, but the literature suggests that increased meetings is important around other types of corporate events, such as M&A and earnings restatements. Restructurings and change in managements would also be corporate events where more meetings would be important. An analysis of these other corporate events would allow you to make a broader statement about the importance of top management team meetings under abnormal circumstances.
    - iii. An additional way to support the abnormal events story is to bifurcate the sample and present figure 1 for those that have abnormal events and those that do not. The loss years (about 360 firm-year observations) likely make up many of the 31-40 and 41+ meetings.
- 3) Literature review: The literature review begins with a review of the literature related to input factors, process factors, and task performance. However, it is not made clear how the number of meetings fit into this structure and instead discusses the hypotheses using the prior literature on board of director meetings. I suggest providing more discussion of how the number of meetings fit into the literature. This is essentially supporting the contribution to the top management team literature. I would also suggest creating a separate sub-section for the hypotheses development and explicitly state that the hypotheses are being developed using the board of director and committee meetings literature.
- 4) Introduction: The first two paragraphs could be re-written to better highlight what the research question is and why the question is important. I think the first paragraph could largely be removed or incorporated into the second paragraph. This should be followed by why it is important to understand the relationship between the number of top management team meetings and firm performance. Also, the implications paragraph should not discuss disclosures because of the construct validity issues mentioned above.
- 5) Endogeneity: A review of a cross-sectional empirical paper would not be complete without a comment about the influence of endogeneity on the results of the paper. The authors do a good job addressing endogeneity. However, the paper can be improved by providing more discussion of how well the specifications used fit the econometric models used. For example, the authors use industry mean number of meetings as an instrumental variable and note that

there is “no direct link between the number of meetings held by other companies in the same industry and the performance of this company.” While this may be true, the authors should provide a) more intuition on why the instrument is valid and b) test statistics that validate the instrument (see Larcker and Rusticus 2010). While I think it is important to report the results of the diagnostic test, I do not think tabulating the results of the endogeneity tests are as important. As such, I would suggest removing table 5 to dedicate more time to the other tables suggested above.

- 6) Non-linearity: looking at the non-linearity results, it seems like there is a diminishing marginal return to top management team meetings. It may be helpful to include a scatterplot of the relation between number of meetings and ROA/ROA. I would expect that a linear-log model would be more appropriate to capture the non-linearity here. Also, there is likely heteroskedasticity in the error related to the number of meetings. Specifically, the coefficient is greater for the lower number of meetings, but it is insignificant, suggesting that the variability is greater for these firms relative to the firms with more meetings. I would suggest using the log on the number of meetings as the independent variable of interest and then controlling for heteroscedasticity.
- 7) Other minor details:
  - a. Prior year loss or the proportion of years reporting a loss in the last 5 or so years should be included as an additional control, given the additional analysis on loss firms.
  - b. The control variables should be discussed in more detail. While they might have been used in prior research, the reasoning for including them in the present paper should be discussed.
  - c. There is no need to define variables in table notes when the variable coefficients are suppressed (e.g., table 5 through 7).
  - d. There is no mention of heteroskedasticity, clustering, or any other robustness of the standard errors. Are OLS standard errors used?
  - e. Since the study is limited to Indonesian firms,
    - i. how well would the results generalize to other firms and
    - ii. how do the sample statistics compare to other studies on top management meetings studies and other Indonesian studies?

#### References:

Larcker, D.F. and T. O. Rusticus. 2010. On the use of instrumental variables in accounting research. *Journal of Accounting and Economics* 49: 186 – 205



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**Accounting Research Journal - Decision on Manuscript ID ARJ-03-2020-0062.R1**

1 message

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**Accounting Research Journal** <onbehalf@manuscriptcentral.com>

26 August 2020 at 14:47

Reply-To: larelle.chapple@qut.edu.au

To: harymawan.iman@feb.unair.ac.id, harymawan.iman@gmail.com, mohnasih@feb.unair.ac.id, jenowla@ilstu.edu

Cc: arj@qut.edu.au

26-Aug-2020

Dear Iman; Mohammad; &amp; John,

It is a pleasure to accept your manuscript ARJ-03-2020-0062.R1, entitled "Top Management Team Meetings and Firm Performance" in its current form for publication in Accounting Research Journal. Please note, no further changes can be made to your manuscript.

Note, reviewer #2 had three additional comments, which I reproduce here for your consideration. However my reading would indicate that this may be motivation for a future research paper, to examine the economic "power" to investors of the attendance signal. Time to get the team back together?

"1) The paper argues that the implication for practice is that investors can use the number of meetings as a signal of high performing firms. However, their results are based on the contemporary relationship with performance measures. Why don't investors just use ROA and ROE? In order to make the statement that meetings could be used as a signal, the authors should try to predict future performance, controlling for current performance. Their lagged dependent variable plus the stickiness of normal meetings leads me to believe that they should be able to find that the current number of meetings is correlated with future ROA and ROE, making the number of meetings a good signal (after controlling for current ROA and ROE).

Alternatively, the authors could stress the result that having more normal meetings matters and that managers should try to schedule more normal meetings. Perhaps they could highlight the difference between reactionary and proactive meetings, advising managers to try to schedule more normal meetings.

2) While there are no significant issues with the methodology, the lack of results for the endogeneity test calls into question the validity of the main results. The authors should present the coefficients from the endogeneity test to provide insight into how biased the main results are. If the coefficients are about the same after controlling for endogeneity, then it could be that the more conservative methods are inflating the standard errors without much effect on the point estimate. If the coefficients are wildly different, then the main results should not be accepted.

3) It would be beneficial to add a comment on the economic effect of additional executive meetings with a discussion of how this effect is in comparison to other governance literature on ROA and ROE."

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Thank you for your contribution. On behalf of the Editors of Accounting Research Journal, we look forward to your

continued contributions to the Journal.

Yours sincerely,

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