

Chen Li

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Education

Ph.D.	2013 (Expected)	Accounting, Carnegie Mellon University
M.S.	2008	Industrial Administration, Carnegie Mellon University
M.A.	2006	Accounting, Peking University, China
B.A.	2004	Accounting (Primary), Peking University, China
B.S.	2004	Statistics (Secondary), Peking University, China

Research Interests

Corporate Governance, Empirical Contract Theory

Teaching Interests

Financial Accounting, Managerial Accounting

Job Market Paper

Title: Mutual Monitoring within Top Management Teams: A Structural Modeling Investigation
Dissertation Committee: Professors George-Levi Gayle, Jonathan Glover (co-chair), Pierre Jinghong Liang, Robert A. Miller (co-chair).

Working Papers

"The Consequences of the Sarbanes-Oxley Act on CEOs' Compensation", with George-Levi Gayle and Robert A. Miller, August 2012, 41 pages.

Publications in Refereed Journals

- "Political Connections and Tax-Induced Earnings Management: Evidence from China", with Ya-Ping Wang, Lian-Sheng Wu, and Jason Xiao. *European Journal of Finance*, forthcoming.
- "Local Tax Rebates, Corporate Tax Burdens, and Firm Migration: Evidence from China", with Shaw Chen, Bing-Xuan Lin, Ya-Ping Wang, Lian-Sheng Wu. *Journal of Accounting and Public Policy*, Vol. 26, No. 5, September 2007, p. 555-583.
- "Tax Refunds, the Corporate Tax Burden, and the Effectiveness of Tax Policy", with Lian-Sheng Wu, *Social Sciences in China* (《中国社会科学》), No. 4, 2007, p. 61-73.
- "Ownership, Cash Flow, and Investment", with Yi Zhang. *China Economic Quarterly* (《经济学季刊》), Vol.5, No.1, October 2005, p. 229-246.
- "The Limitation of Human Beings and the Behavioral Distortion of Accounting Information", with Lian-Sheng Wu, *Accounting Research Journal* (《会计研究》), February 2004, p. 16-22.
- "The Accounting Application of the Axiomatic Method: the Destruction and Reconstruction of the Accounting Basic Theory," *Accounting Research Journal* (《会计研究》), leading article, September 2003, p. 3-7.

Work in Progress

Capital Investment and the Growth Anomaly (preliminary regressions)

Book Chapters

Governance to Categorized Accounting Information Distortion: from Accounting Order to Accounting Rules (Chapter 4: The Limitation of Human Beings and the Behavioral Distortion of Accounting Information) with Liansheng Wu, Peking University Press, 2005.

Professional Activities

Conference/seminar presentation

- “The Consequences of the Sarbanes-Oxley Act on CEOs’ Compensation” (with George-Levi Gayle and Robert A. Miller)
 - Seminar, Carnegie Mellon University, 2011
- “Political Connections and Tax-Induced Earnings Management: Evidence from China” (with Ya-Ping Wang, Lian-Sheng Wu, and Jason Xiao)
 - Seminar of Empirical Accounting Research, Carnegie Mellon University, 2008
 - Cardiff University, 2011 (by coauthor)
- “Ownership, Cash Flow and Investment” (with Yi Zhang)
 - China International Conference in Finance (CICF), July 2005.
 - The Chinese Economists Society Annual Conference (CES), June 2005.
- “An Empirical Study on the Outcome of Terminating the Financial Return Policy” (with Lian-Sheng Wu)
 - Peking University, May 2005.

Conference participation

- American Accounting Association Management Accounting Section Research and Case Conference, Atlanta, 2011
- American Accounting Association/Deloitte/J. Michael Cook Doctoral Consortium, Lake Tahoe, 2010
- Accounting and Corporate Governance Conference, University of Texas at Austin, 2009
- North American Meetings of Econometric Society, Carnegie Mellon University, 2008
- Advances in Theory Based Estimation: A Conference in Honor of Lars Hansen & Ken Singleton, Carnegie Mellon University, 2007
- Carnegie Mellon University Accounting Mini Annual Conference, 2006-2012

Referee work for academic journals/conferences

- China Economic Quarterly
- American Accounting Association Annual Meeting

Lecturer

Introduction to Accounting (Undergraduate, teaching evaluation: 4.2/5.0), 2011

Teaching assistant

- Trading and Investment Strategy (MBA, Professor Robert Miller), Carnegie Mellon University, 2009-2011
- Strategic Corporate Management (MBA, Professor Robert Miller), Carnegie Mellon University, 2009-2011
- Financial Accounting (MBA, Professor Carolyn Levine), Carnegie Mellon University, 2008
- Financial Statement Analysis (MBA, Professor Pierre Jinghong Liang), Carnegie Mellon University, 2008
- Corporate Financial Reporting (Undergraduate, Professor Lin Nan), Carnegie Mellon University, 2007
- Financial Accounting (MBA, Professor Heng Yue), Peking University, 2005

Training on teaching

Future Faculty Program, Eberly Center for Teaching Excellence, Carnegie Mellon University (expected to finish by January 2013)

Research assistant

A Case Study: The Implementation of Activity-Based-Costing (ABC) System in the Southwest Aluminum Corporation, Supervisor: Professor Ya-Ping Ning, Guanghua School of Management, Peking University, 2003.

Membership

- American Accounting Association (AAA)
- Chinese Accounting Professors' Association of North America (CAPANA)

Honors

- American Accounting Association Management Accounting Section Doctoral Consortium Fellowship, 2011
- American Accounting Association/Deloitte/J. Michael Cook Doctoral Consortium Fellowship, 2010
- William Larimer Mellon Fellowship, Carnegie Mellon University, 2006-2009
- Marc Vellrath Fellowship, Carnegie Mellon University, 2006
- Merrill Lynch Fellowship, Peking University, 2005
- Honor Graduate, Peking University, 2004
- DuPont Fellowship, Peking University, 2003
- University Award for Overall Outstanding Student, Peking University, 2002-2003
- University Award for Social Work Excellence, Peking University, 2001

Media

“Tax Refunds , the Corporate Tax Burden and the Effectiveness of Tax Policy”

- Xinhua Digest, No. 19, 2007
- The Universities Service Centre for China Studies at Chinese University of Hong Kong, February 18, 2008

References

George-Levi Gayle

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Washington University in St. Louis
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Robert A. Miller (Co-Chair)

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Abstracts of Selected Papers

Mutual Monitoring within Top Management Teams: A Structural Modeling Investigation (Job Market Paper)

Mutual monitoring as a solution to moral hazard has been extensively studied by theorists. However, do shareholders actually take advantage of mutual monitoring among executives to design individual compensation? This paper non-parametrically identifies and tests three structural models of principal-multiagent moral hazard using the data of S&P1500 firms from 1993 to 2005. The Mutual Monitoring with Individual Utility Maximization Model provides the most plausible answer. The No Mutual Monitoring Model is also plausible but relies on the assumption that managers have heterogeneous risk preferences across firm characteristics. The Mutual Monitoring with Total Utility Maximization Model is rejected by the data. This paper indicates that shareholders seem to recognize and exploit complementary incentive mechanisms, such as mutual monitoring among self-interested top executives, to design compensation.

The Consequences of the Sarbanes-Oxley Act on CEOs' Compensation (with George-Levi Gayle and Robert A. Miller)

The Sarbanes-Oxley Act of 2002 (SOX) aims to improve the corporate governance of U.S. firms, for example, by mitigating the agency problems between shareholders and CEOs. We adopt a generalized moral hazard framework and estimate the agency cost of moral hazard and that of hidden information. We compare these two costs in the Pre-SOX period with those in the Post-SOX period. We seek to provide a more comprehensive quantitative evaluation on the potential costs and benefits of SOX. We find that SOX seems to alleviate the hidden information problem universally in the economy, but it may mitigate the moral hazard problem in some firms only.