

**ACG7886 Accounting Research Seminar
Corporate Disclosure
Spring 2018**

Instructor: Jennifer Wu Tucker, 310 Gerson Hall, jenny.tucker@warrington.ufl.edu.

Meetings: 9:30 am – 12:30 on Fridays in 327 Gerson Hall (conference room).

Office hours: by appointment.

Objectives:

- To introduce you to a major body of accounting literature regarding financial reporting and disclosure.
- To lay the foundation for you to understand financial research.
- To help you learn how to read academic papers.
- To help you take the first step toward conducting academic research.

This course is designed for first-year and second-year accounting doctoral students, though students of all levels are welcome.

Course Description

We will cover 28 articles, including one theoretical paper. The papers will cover a dozen major topics. The list of the papers is by no means comprehensive and exhaustive. These papers only serve as a window for you to peer into other studies and literatures.

Based on the suggestions of the students, I have included three recent publications or acceptances of my own. I will share with you my experience about the production, promotion, and publication processes for each paper. In this way you will have a holistic view of a paper from idea generation to publication, rather than simply a polished finish product.

Motto of the course

1. You are what you read, not what you eat.
2. There are no stupid questions as long as you are prepared.

Course Requirements

After I know how many students will enroll or sit in the class, I will randomly assign you to be the discussion leader for a paper. The discussion leader names will appear in the updated class schedule. The discussion leader will have 15 to 30 minutes to share his/her understanding of the paper. Leading the paper discussion is a good opportunity to check your understanding and practice your communication skills. You are not allowed to use PowerPoint slides or read from a prepared sheet. You must come to the front, talk to your audience, and make eye contact.

Each student is required to read each assigned paper in depth before class and send your questions and suggestions about the paper to the discussion leader and me by **5 pm on Thursday**. The questions and suggestions could be the issues that you have difficulty understanding or that you would like the class to discuss. Given the time limit, it is unlikely that all the questions can be addressed in class. You are encouraged to come to see me after class or follow up with emails to get your questions resolved. I cannot guarantee that I have answers to all of your questions, but I will certainly help you search for them.

For each paper, the outline of our class discussion will be as follows:

1. What is the research question?
2. How did the author(s) motivate the study to make it interesting to you?
3. What is the theoretical underpinning of the study? How does the author (do the authors) develop the hypotheses?
4. What modelling framework or empirical design do the authors use to examine their predictions?
5. Is there anything special about the research setting or data?
6. Are the papers' conclusions justified? What could be the alternative explanations for the authors' findings that they have not considered or successfully ruled out?
7. What is new in the study and what is the takeaway? Can you use one sentence to summarize the paper?

At the end of the course you are required to (1) submit a critique of an assigned working paper and (2) submit and present a research proposal for an archival financial study. The paper for the critique will be provided to you by April 1 and the critique is due on **April 15**. To monitor your progress on your research proposal, I expect to receive a one-page, four-paragraph outline of it by **April 10**. The four paragraphs will consist of your research question, motivation, empirical plan, and perceived contribution if the empirical results turn out to be as predicted. You will present your research proposal on **May 10** and submit a written report of your proposal by **May 20**, which should include the introduction, literature review, hypotheses, and research design and be between 10 to 20 double-spaced pages.

Course Grading

I believe that one's success in a Ph.D. program comes from self-motivation, not outside pressure. You should not work to merely get good grades but work to learn how to conduct high-quality academic research. Grading your performance for the course is an administrative duty to me. My evaluations will be based on class discussion (65%), research critique (15%), and research proposal (20%).

Outline

Date	Readings
1/12	<u>Accounting fundamentals I</u> Bushman, Lerman, and Zhang (2016 JAR) Haggard, Howe, and Lynch (2015 JAE)
1/19	<u>Accounting fundamentals II</u> Michels (2017 JAR) Donelson, McInnis, and Mergenthaler (2016 JAR)
1/26	No class (AAA FARS Conference)
2/2	<u>Voluntary disclosure</u> Cao, Ma, Tucker, and Wan (2017 TAR)

	Franco, Urcan, and Vasvari (2016 TAR)
2/9	<u>Disclosure Theory</u> Dye (2017 AH) Bagnoli and Watts (2015 TAR)
2/16	<u>Effects of regulation</u> Dambra, Field, and Gustafson (2015 JFE) Christensen, Hail, and Leuz (2016 RFS)
2/19	<u>Information</u> Akbas (2016 JF) Ryan, Tucker, and Zhou (2016 TAR)
2/23	<u>Role of Analysts</u> Merkley, Michaely, and Pacelli (2017 JF) Lawrence, Ryans, and Sun (2017 TAR)
3/2	<u>Textual analysis</u> Buay, Samuels, and Taylor (2016 JAE) Hoberg and Moon (2017 JFE)
3/9	No class - spring break
3/16	<u>Corporate governance</u> Sunder, Sunder, and Zhang (2017 JFE) Armstrong, Core, and Guay (2014 JFE)
3/23	No class – make up class on May 8
3/30	<u>Institutions</u> Marcus and Markov (2016 TAR) Bird and Karolyi (2016 RFS)
4/6	<u>Debt contracts</u> Demerjian, Donovan, and Larson (2016 JAR) Lisowsky, Minnis, and Sutherland (2017 JAR)
4/13	<u>Other I</u> Arikan and Stulz (2016 JF) Guiso, Sapienza, and Zingales (2015 JFE)
4/20	Other II Dutta and Patatoukas (2017 TAR) Brown, Tian, and Tucker (2017 CAR)
4/27	No class – reading day
5/8	<u>Methods</u> Bertomeu, Beyer, and Tayler (2016 FTA) Chen and Schipper (2016 FTA)

5/10	Research proposal presentations
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Note: Discussion leader names are in upper case.

List of papers in the order of assignments

Haggard, K. S., J. S. Howe, and A. A. Lynch. 2015. Do baths muddy the waters or clear the air? *Journal of Accounting and Economics* 59: 105-117.

Bushman, R. M., A. Lerman, and X. F. Zhang. 2016. The changing landscape of accrual accounting. *Journal of Accounting Research* 54 (1): 41-77.

Michels, J. 2017. Disclosure versus recognition: Inferences from subsequent events. *Journal of Accounting Research* 55 (1): 3-34.

Donelson, D. C., J. McInnis, and R. D. Mergenthaler. 2016. Explaining rules-based characteristics in U.S. GAAP: Theories and evidence. *Journal of Accounting Research* 54 (3): 827-861.

Cao, S. G. Ma, J. W. Tucker, and C. Wan. 2017. Technological peer pressure and product disclosure. Conditionally accepted by *The Accounting Review*.

Franco, F., O. Urcan, and F. P. Vasvari. 2016. Corporate diversification and the cost of debt: The role of segment disclosures. *The Accounting Review* 91 (4): 1139-1165.

Dye, R. A. 2017. Some recent advances in the theory of financial reporting and disclosures. *Accounting Horizons* 31 (3): 39-54.

M. Bagnoli and S. G. Watts. 2015. Delegating disclosure and production choices. *The Accounting Review* 90 (3): 835-857.

Dambra, M., L. C. Field, and M. T. Gustafson. 2015. The JOBS Act and IPO Volume: Evidence that disclosure costs affect the IPO decision. *Journal of Financial Economics* 116: 121-143.

Christensen H. B, L Hail, and C. Leuz. 2016. Capital-market effects of securities regulation: Prior conditions, implementation, and enforcement. *Review of Financial Studies* 29 (11): 2885-2924.

Akbas, F. 2016. The Calm before the storm. *Journal of Finance* 71 (1): 225-265.

Ryan, S., J. W. Tucker, and Y. Zhou. 2016. *Securitization and insider trading*. *The Accounting Review* 91(2): 649-675.

Ryan, S., J. W. Tucker, and Y. Zhou. 2016. *Securitization and insider trading*. *The Accounting Review* 91(2): 649-675.

Merkley, K., R. Michaely, and J. Pacelli. 2017. Does the scope of the sell-side analyst industry matter? An examination of bias, accuracy, and information content of analyst reports. *Journal of Finance* 72 (3): 1285-1334.

Lawrence, A., J. P. Ryans, and E. Y. Sun. 2017. Investor demand for sell-side research. *The Accounting Review* 92 (2): 123-149.

Guay, W., D. Samuels, and D. Taylor. 2016. Guiding through the Fog: Financial statement complexity and voluntary disclosure. *Journal of Accounting and Economics* 62: 234-269.

- Hoberg, G. and S. K. Moon. 2017. Offshore activities and financial vs operational hedging. *Journal of Financial Economics* 125: 217-244.
- Sunder, J., S. V. Sunder, and J. Zhang. 2017. Pilot CEOs and corporate innovation. *Journal of Financial Economics* 123: 209-224.
- Armstrong, C. S., J. E. Core, and W. R. Guay. 2014. Do independent directors cause improvements in firm transparency? *Journal of Financial Economics* 113: 383-403.
- Marcus, K. and S. Markov. 2016. Come on over: Analyst/investor days as a disclosure medium. *The Accounting Review* 91 (6): 1725-1750.
- Bird, A. and S. A. Karolyi. 2016. Do institutional investors demand public disclosure? *Review of Financial Studies* 29 (12): 3245-3277.
- Demerjian, P. R., J. Donovan, and C. R. Larson. 2016. Fair value accounting and debt contracting: Evidence from adoption of SFAS 159. *Journal of Accounting Research* 54 (4): 1041-1076.
- Lisowsky, P., M. Minnis, and A. Sutherland. 2017. Economic growth and financial statement verification. *Journal of Accounting Research* 55 (4): 745-794.
- Arikan, A. M. and R. M. Stulz. 2016. Corporate acquisitions, diversification, and the firm's life cycle. *Journal of Finance* 71 (1): 139-193.
- Guiso, L. P. Sapienza, and L. Zingales. 2015. The value of corporate culture. *Journal of Financial Economics* 117: 60-76.
- Dutta, S. and P. N. Patatoukas. 2017. Identifying conditional conservatism in financial accounting data: Theory and evidence. *The Accounting Review* 92 (4): 191-216.
- Brown, S. V., X. Tian, and J. W. Tucker. 2017. The spillover effects of SEC comment letters on qualitative corporate disclosure: Evidence from the risk factor disclosure. Accepted by *Contemporary Accounting Research*, pending the approval of the Editor-in-Chief.
- Bertomeu, J., A. Beyer, and D. J. Taylor. 2016. From causal to causal inference in accounting research: The need for theoretical foundations. *Foundations and Trends in Accounting* 262-313.
- Chen, Q. and K. Schipper. 2016. Comments and observations regarding the relation between theory and empirical research in contemporary accounting research. *Foundations and Trends in Accounting* 316-360.

Policies

RELIGIOUS HOLIDAYS

Religious holidays are valid excuses if you follow the procedures stated in the University's attendance policies. See

<https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>.

ACCOMMODATED TEST REQUESTS

The University of Florida is committed to providing academic accommodations for students with disabilities. Students with disabilities requesting accommodations should first register

with the Disability Resource Center (352-392-8565, www.dso.ufl.edu/drc/) by providing appropriate documentation. Once registered, the student should present me his/her accommodation letter supporting a request for accommodations (this could be a physical letter or attached to an email). Students with disabilities are encouraged to follow these procedures as early as possible within the semester.

GRADING

Your letter grade is determined according to the following cutoffs:

A: 92.0; A-: 88.0; B+: 86.0; B: 82.0; B-: 78.0; C+:76.0; C: 68.0; D+: 66.0; D: 60.0; and D-: 58.0. There will be no curving.

The grade-point value per credit hour associated with each letter grade is assigned by the Office of the University Registrar:

A = 4.0; A- = 3.67; B+ = 3.33; B = 3.0; B- = 2.67; C+ = 2.33; C = 2.0; C- = 1.67; D+ 1.33; D = 1.0; D- = .67; and E = 0.0. See

<https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>.

Teaching evaluation

Please provide feedback on the quality of instruction. Evaluations are conducted online at <https://evaluations.ufl.edu>. You will be given specific times when evaluations are open. A summary of these assessments will be available at <https://evaluations.ufl.edu/results/>.”