

## Seminar Outline

**Concordia University**  
**John Molson School of Business**  
**Department of Accountancy**  
**ADMI 860/2 A - Accounting Research: An Overview**  
**PhD in Business Administration Seminar**  
**Fall 2018**

## Class Time and Location

Tuesday 8 :45AM – 11 :15AM

## Instructors

Michel Magnan (MB-15.301; 514-848-2424 x 4145; [Michel.magnan@concordia.ca](mailto:Michel.magnan@concordia.ca))  
Li Yao (MB-15.309; 514-848-2424 X 2319; [li.yao@concordia.ca](mailto:li.yao@concordia.ca))

## Summary

As a professional field, accounting encompasses a wide range of activities, practices, and concepts with accounting professionals acting in various capacities (e.g., auditor, controller, financial executive). Hence, in their efforts to understand how and why accountants make decisions as well as the impact of these decisions, accounting researchers need to rely on a broad set of theoretical and methodological tools that are drawn from various disciplines. The purpose of the seminar is to expose students to these theoretical and methodological tools. However, by emphasizing emerging issues and current trends, the seminar adopts a forward-looking stance with respect to accounting research so that students can better identify relevant and promising research themes.

## Objectives

The purpose of Accounting Research: An Overview is threefold:

- Provide students with a comprehensive perspective of the tools, theoretical as well as methodological, that are currently driving accounting research;
- Expose students to emerging trends in accounting research;
- Introduce students to databases that are widely used in accounting research.

With this background, students will be better able to delineate their research interests as well as faculty members who may potentially serve as advisers. Hence, by the end of the seminar, students should be able to:

- Know and understand the main areas of accounting research, the underlying paradigms, theories and methodological approaches;
- Summarize and analyze a research paper, identifying its strengths and weaknesses;
- Identify and develop a research question that may eventually translate into a full-fledge research project that creates new knowledge;
- Acquire an understanding of ethical issues in research and scholarship.

Since the seminar is an introduction to accounting research, a mixed pedagogical strategy will be used. Each lecture investigates a particular research question from different theoretical and methodological perspectives. At the beginning of each lecture, the instructor will provide students with background knowledge and information so that they can better understand the context in which the studies to be discussed were realized. Afterward, the lecture will turn into a more traditional seminar format, with students leading the discussion on some papers.

### Evaluation

The seminar is to be viewed as a learning laboratory. Therefore, at each lecture, students are expected to turn in a short critique of a paper they would have selected. That critique could have the following format:

- What is the paper's research question?
- What is the paper's underlying theory?
- How was the study performed (method)?
- What does the paper show?
- What is the paper's relevance (why is it interesting, important)?

Each week, some students will be asked to lead the discussion on a particular paper. However, at each session, all students (whether or not they have critiqued a paper) are expected to turn in a critique.

Students are expected to write a term paper. The term paper will take the form of a research proposal (5-10 pages), with a research question, a theoretical framework and a methodology. The proposed study's contribution will also need to be discussed.

Critiques and presentations	30 %
Class discussion	20 %
Term paper (oral presentation and written report)	50 %
Total	100 %

		Session Leader
Session 1 (September 10)	Course introduction Part 1: Ethics in research: what can we learn from the Hunton case? Part 2: Critiquing research	Michel Magnan
Session 2 (September 17)	Is financial reporting relevant to investors?	Michel Magnan and Li Yao
Session 3 (September 24)	What is the stewardship role of financial reporting?	Michel Magnan
Session 4 (October 1st)	Does measurement matter? The Fair Value Accounting debate as an illustration	Michel Magnan
Session 5 (October 15)	What's wrong with earnings management?	Li Yao
Session 6 (October 22)	Beyond numbers: How and why does disclosure affect investors' decisions?	Li Yao
Session 7 (October 29)	Special Workshop on Databases and WRDS	Li Yao
Session 8 (November 5)	Does governance matter?  Abstract of term paper due (with abbreviated bibliography)	Michel Magnan
Session 9 (November 12)	Beyond financial markets: a look at accounting within organizations and in society	Michel Magnan
Session 10 (November 19)	Beyond financial reporting: why do firms provide social and environmental disclosure? Does it matter?	Michel Magnan
Session 11 (November 26)	Audit research: presentations by JMSB faculty	
Session 12 (December 3)	Financial reporting research: presentations by JMSB faculty	
Session 13 (TBD)	Presentation of term papers	Michel Magnan Li Yao

## Detailed Content of Lectures

### Session 1

#### Course introduction

#### Part 1: Ethics in research; What can we learn from the Hunton case?

##### Required Reading

Malone, J. 2014. Report on J.E. Hunton. Bentley University. July 21.  
<https://www.bentley.edu/files/Hunton%20report%20July21.pdf>

##### Further readings

<http://retractionwatch.com/2015/06/29/accounting-professor-notches-30-retractions-after-misconduct-finding/>

<http://aaahq.org/Portals/0/documents/Website-FinalListofRetractedArticles-6-25-15.pdf>

#### Part 2: Critiquing research

##### Required Readings

Choi, J.H., Kim, J.B., Liu, X. and Simunic, D.A., 2008. Audit pricing, legal liability regimes, and big 4 premiums: Theory and cross-country evidence. *Contemporary Accounting Research*, 25(1), pp.55-99.

Magnan, M.L., 2008. Discussion of “Audit Pricing, Legal Liability Regimes, and Big 4 Premiums: Theory and Cross-country Evidence”. *Contemporary Accounting Research*, 25(1), pp.101-108

### Session 2

#### Is financial reporting relevant for investors?

##### Required Readings

Anantharaman, D. and Chuk, E., 2017. The economic consequences of accounting standards: Evidence from risk-taking in pension plans. *The Accounting Review*.

Barth, M. E., Landsman, W. R., Young, D., & Zhuang, Z. 2014. Relevance of differences between net income based on IFRS and domestic standards for European firms. *Journal of Business Finance & Accounting*, 41(3-4): 297-327.

Hope, O.K., Thomas, W.B. and Vyas, D., 2017. Stakeholder demand for accounting quality and economic usefulness of accounting in US private firms. *Journal of Accounting and Public Policy*, 36(1), pp.1-13.

Williams, P. F., & Ravenscroft, S. P. 2015. Rethinking decision usefulness. *Contemporary Accounting Research*, 32(2): 763-788.

### Session 3

#### What is the stewardship role of financial reporting?

##### Required Readings

Ball, R., Li, X., & Shivakumar, L. 2015. Contractibility and transparency of financial statement information prepared under IFRS: Evidence from debt contracts around IFRS adoption. *Journal of Accounting Research*, 53(5): 915-963.

Barker, R. and Schulte, S., 2017. Representing the market perspective: Fair value measurement for non-financial assets. *Accounting, Organizations and Society*, 56, pp.55-67.

Church, B.K., Kuang, X.J. and Liu, Y.S., 2018. The effects of measurement basis and slack benefits on honesty in budget reporting. *Accounting, Organizations and Society*.

Kraft, P. 2015. Do rating agencies cater? Evidence from rating-based contracts. *Journal of Accounting and Economics*, 59(2), 264-283.

### Session 4

#### Does measurement matter? The Fair Value Accounting debate as an illustration

##### Required Readings

Badia, M., Duro, M., Penalva, F. and Ryan, S., 2017. Conditionally conservative fair value measurements. *Journal of Accounting and Economics*, 63(1), 75-98.

Chung, S.G., Goh, B.W., Ng, J. and Yong, K.O., 2017. Voluntary fair value disclosures beyond SFAS 157's three-level estimates. *Review of Accounting Studies*, 22(1): 430-468.

Givoly, D., Hayn, C. and Katz, S., 2017. The changing relevance of accounting information to debt holders over time. *Review of Accounting Studies*, 22(1), pp.64-108.

Magnan, M., Menini, A., & Parbonetti, A. 2015. Fair value accounting: information or confusion for financial markets? *Review of Accounting Studies*, 20(1), 559-591.

Magnan, M. and Parbonetti, A. 2018. Fair Value Accounting: A Standard Setting Perspective. Chapter 3. *The Routledge Companion to Fair Value in Accounting* (Ed.: G. Livne; G. Markarian). Routledge.

### Session 5

#### What's wrong with earnings management?

### **Required Readings**

Black, E.L., Christensen, T.E., Taylor Joo, T. and Schmardebeck, R., 2017. The Relation Between Earnings Management and Non-GAAP Reporting. *Contemporary Accounting Research*, 34(2), pp.750-782.

Godsell, D., Welker, M. and Zhang, N., 2017. Earnings Management During Antidumping Investigations in Europe: Sample-Wide and Cross-Sectional Evidence. *Journal of Accounting Research*, 55(2), pp.407-457.

Kedia, Simi, Kevin Koh, and Shivaram Rajgopal. 2015. Evidence on Contagion in Earnings Management. *The Accounting Review* 90(6): 2337-2373.

Lo, K., Ramos, F. and Rogo, R., 2017. Earnings management and annual report readability. *Journal of Accounting and Economics*, 63(1), pp.1-25.

### **Session 6**

#### **Beyond numbers: How and why does disclosure affect investors' decisions?**

### **Required Readings**

Hui, K. W., & Matsunaga, S. R. 2014. Are CEOs and CFOs Rewarded for Disclosure Quality? *The Accounting Review*, 90(3), 1013-1047.

Lipe, M.G., 2018. Unpacking the disclosure package: Using experiments to investigate investor reactions to narrative disclosures. *Accounting, Organizations and Society*.

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

Miller, G. S., & Skinner, D. J. 2015. The evolving disclosure landscape: How changes in technology, the media, and capital markets are affecting disclosure. *Journal of Accounting Research*, 53(2), 221-239.

## Session 8

### Does corporate governance matter?

#### Required Readings

Armstrong, C. S., Blouin, J. L., Jagolinzer, A. D., & Larcker, D. F. 2015. Corporate governance, incentives, and tax avoidance. *Journal of Accounting and Economics*, 60(1), 1-17.

Bonetti, P., Magnan, M.L. and Parbonetti, A., 2016. The Influence of Country-and Firm-level Governance on Financial Reporting Quality: Revisiting the Evidence. *Journal of Business Finance & Accounting*, 43(9-10), pp.1059-1094.

Gendron, Y., 2017. Beyond conventional boundaries: Corporate governance as inspiration for critical accounting research. *Critical Perspectives on Accounting*.

Wilbanks, R.M., Hermanson, D.R. and Sharma, V.D., 2017. Audit Committee Oversight of Fraud Risk: The Role of Social Ties, Professional Ties, and Governance Characteristics. *Accounting Horizons*.

Wong, T.J., 2016. Corporate Governance Research on Listed Firms in China: Institutions, Governance and Accountability. *Foundations and Trends® in Accounting*, 9(4), pp.259-326.

## Session 9

### Beyond financial markets: a look at accounting within organizations and in society

#### Required Readings

Baik, B., Evans, J.H., Kim, K. and Yanadori, Y., 2016. White collar incentives. *Accounting, Organizations and Society*, 53, pp.34-49.

Bedford, D.S., Malmi, T. and Sandelin, M., 2016. Management control effectiveness and strategy: An empirical analysis of packages and systems. *Accounting, Organizations and Society*, 51, pp.12-28.

Bol, J.C., Kramer, S. and Maas, V.S., 2016. How control system design affects performance evaluation compression: The role of information accuracy and outcome transparency. *Accounting, Organizations and Society*, 51, pp.64-73.

Luft, J., 2016. Cooperation and competition among employees: Experimental evidence on the role of management control systems. *Management Accounting Research*, 31, pp.75-85.

Sedatole, K.L., Swaney, A.M. and Woods, A., 2016. The implicit incentive effects of horizontal monitoring and team member dependence on individual performance. *Contemporary Accounting Research*. Online.

## Session 10

### **Beyond financial reporting: Why do firms provide social and environmental disclosure? Does it matter?**

#### **Required Readings**

Barth, M.E., Cahan, S.F., Chen, L. and Venter, E.R., 2017. The economic consequences associated with integrated report quality: capital market and real effects. *Accounting, Organizations and Society*, 62, pp.43-64.

Elliott, W.B., Grant, S.M. and Rennekamp, K.M., 2017. How Disclosure Features of Corporate Social Responsibility Reports Interact with Investor Numeracy to Influence Investor Judgments. *Contemporary Accounting Research*.

Griffin, P.A., Lont, D.H. and Sun, E.Y., 2017. The relevance to investors of greenhouse gas emission disclosures. *Contemporary Accounting Research*, 34(2), pp.1265-1297.

Khan, M., Serafeim, G. and Yoon, A., 2016. Corporate sustainability: First evidence on materiality. *The Accounting Review*, 91(6), pp.1697-1724.

## Session 11

### **Audit Research: Presentations by JMSB Faculty**

#### **Required Readings**

TBA

## Session 12

### **Financial Reporting Research: Presentations by JMSB Faculty**

#### **Required Readings**

TBA

## Session 13

### **Synthesis and Wrap-Up/ Presentations**