

**Baruch College – CUNY**  
**ACCT 70600**  
**Introduction to Empirical Research in Financial Accounting**  
**Spring 2021**

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Class time: Tuesday 1:00pm-4:00pm  
Location: Zoom Synchronous <https://baruch.zoom.us/j/82891348547>

**Course Objective:** This course has three main objectives:

1. To provide junior Ph.D. students of what the expectations are in the accounting Ph.D. program, what accounting research entails, and an idea of how to prepare for a successful academic career.
2. To provide a broad framework to understand and appreciate scholarly accounting research, and to provide an overview for various paradigms and topics in accounting research.
3. To familiarize you with the department faculty and their research interests.

We will also try to learn how to identify topics for your own research, although this identification is ultimately your responsibility. You should take this responsibility seriously and spend time and effort on this activity throughout your program and career. There are various ways to identify research topics; the approach that is most common is to read papers and identify questions that the authors do not address that interest you. Talk about your ideas with faculty, fellow students, skim recent issues of the top journals, sign up for SSRN subscriptions, etc.

Accounting as an empirical research discipline essentially began in the late 1960s, notably with Ball and Brown (1968) and Beaver (1968). The volume and variety of empirical research has exploded in recent years, due to factors such as the standardization of empirical research methods, the timely and widespread distribution of working papers through SSRN, and the training of successive generations of accounting researchers. There is no way to cover the volume and variety of this research in a single course. We will cover the general topics and discuss specific papers to give you a sense for this research. I have also included in this course outline lists of papers on topics I do not plan to cover in the course to give you a sense for this research. As students, you have to dive into this expanding body of research. An ability to read papers and a sense for the literature as a whole comes with time, effort, and thought.

**Course Requirements:**

Class participation - All participants in the course are required to read and think about the main papers **in bold** assigned for the session and to contribute actively to class

discussion. Reading list will be provided in a separate file. Skimming or reading review or other significant background papers (*in italics*) is also desirable. I have aimed for 3-4 main papers for each session, although sometimes there are more. I have also aimed for a mix of older/classic and recent papers. The early portion of the course include more classic papers and the later part of the course more recent papers.

Each participant will be responsible for reading the assigned papers for each class, but the responsibility for leading the discussion will rotate among us. For each paper that you are *not* presenting, you should prepare and turn in a one-page summary of the paper. The person in charge of leading a particular paper's discussion should prepare a summary that is somewhat longer and more detailed (maximum of two pages) that will be distributed to all participants. To guide your preparation, you should consider (at a minimum) the following:

#### Presentations

The presenter will lead the discussion of his/her assigned paper. After briefly discussing the paper's motivation, methodology, main results, and conclusions, your presentation should focus on identifying the paper's contribution to the literature, its strengths and weaknesses and potential extensions for future research. **Presentations CANNOT be an uncritical summary of the paper.**

I am attaching a document titled "Analyzing Empirical Research" prepared by Dr. Michael Shields at Michigan State University. I encourage you to adopt this framework in your discussion.

#### Referee report

During the course of the semester, I will assign you a working paper for you to write a referee report. The referee report should evaluate the significance of the paper's contribution to the literature, the testability of the hypotheses, the validity of the research design, and the power of the empirical methods. It should include a clear recommendation to the editor to accept, allow revise and resubmit, or reject the paper. Reports should follow the suggested referee guidelines provided by *The Accounting Review*. The report will be due two weeks after the paper is distributed.

#### Research proposals

During the term, you are required to submit three (3) research ideas. The write-ups should follow one of the two approaches suggested in Kinney (1986, note 18, which is excerpted below). In addition to that, you should explain what the impetus behind your idea is (including references to academic papers, practitioner articles, business press, etc.). The write-ups can be short and sweet (e.g., two or three pages, double spaced). Although I don't expect a comprehensive literature review, I would like you to review at least a few closely-related papers. Also, I would like you to at least do a quick Google Scholar search to make sure that what you are proposing has not already been done. More importantly, my assessment will heavily depend on how well and clearly you motivate your idea (and the ensuing hypothesis).

- a. **At least one of the research ideas must be motivated either by a non-academic source such as business press articles, regulatory decisions, activities of professional bodies, practitioner articles, etc, or by theories or methods that are from other disciplines.**
- b. **Please take 5 minutes to present your idea at the beginning of the class.**

Excerpts from Kinney (1986, note 18):

“In planning research or evaluating the research of others, a useful practice is to give early attention to the purpose of the research through preparation of a three-short-paragraph abstract, synopsis, or working model of the research. The first paragraph answers the question “What is the problem?” The second asks, “Why is it an important problem?” and the third, “How will it be solved?” Alternatively, the questions might be: “What are you (or the researcher) trying to find out?”, “Why?”, and “How will it be done?”

The course grade will be based on the following:

Class participation as non-discussion leader:	25%
Performance as discussion leader:	25%
Referee report	20%
Three written research proposals	<u>30%</u>
	100%

**The comprehensive exam:** You will have to take and pass the accounting comprehensive exam. A portion of that exam will relate to material covered in this course. Here is one suggested route to preparing for the comprehensive exam:

1. Take notes on each paper as you read it.
2. Take notes on each paper as it is discussed in class.
3. Synthesize 1 and 2 into a coherent set of notes after class or at the end of the term. Don't wait for the comprehensive exam to do this, as you will forget significant points the longer you wait.

These notes will form an efficient basis for your studying for the comprehensive exam when the time comes.

COURSE OUTLINE  
Empirical Research in Financial Accounting

Class 1: February 2

Introduction to Accounting Research

Class 2: February 9

Accounting Earnings and Security Returns

Class 3: February 16

Earnings Accruals and Earnings Management (*Ying*)

Class 4: February 23

Accounting Properties: Conservatism, Comparability, Fair Value Accounting. (*Seil*)

Class 5: March 2

Market Efficiency and Anomalies

Class 6: March 9→March 11(Th)

International Securities Regulation (*Donal, Amanda*)

Class 7: March 16

Contracting/Agency Theory I: Compensation and Career Concerns (*Masako*)

Class 8: March 23

Contracting/Agency Theory II: Debt Contracting and Banking (*Mingcherng*)

**Class 9: April 6→April 7(Wed)**

Accounting, the Political Process, and Enforcement (*Heemin*)

Class 10: April 13

New Tech in Accounting (*Brandon*)

Class 11: April 20

Corporate Disclosures (*Jihwon*)

Class 12: April 27

Disclosure and Economic Consequences (*Yue*)

**Class 13: May 4→May 8(Fri)**

Macro Role/Effects of Accounting (*Heedong*)

Class 14: May 11

Information Dissemination, Social Interaction (*Huihao*)