

Contemporary Topics in Empirical Accounting Research – Fall 2025
City University of New York
Baruch College
Stan Ross Department of Accountancy

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Class time: Tuesdays 11:00am to 1:00am

Classroom: 12-224

Office Hours: By appointment

Course Objective:

This course provides an overview of contemporary empirical research topics in financial accounting. The objective of the course is to develop your ability to: (1) conduct research yourself; and (2) critically evaluate empirical financial accounting research. This course aims to get you started on identifying important and researchable topics in financial accounting, formulate testable hypotheses about those topics, and select valid and powerful research designs/empirical methods to test these hypotheses. Emphasis will be placed on learning how to identify topics for your own research (although this identification is ultimately each student's responsibility).

Course Format

This semester, we will hold **in person classes**. The course will be conducted using a seminar format. Students are therefore expected to take an active part in discussing and evaluating the readings assigned for each class session. In general, the class discussions will be centered around two to three papers in a particular area. The last three weeks of the course will be conducted using an independent studies format. For these three weeks, you are required to schedule one-on-one meetings with the instructor during our regular class time, to work on your own research idea and prepare the written research proposal.

Grading Policy: The course grade will be based on the following:

Written summaries	10%
Class participation (including paper presentations)	30%
Referee reports (5% x 2)	10%
Presentation of own research proposal	20%
Written research proposal	<u>30%</u>
Total	100%

Written summaries and class participation- **All** participant in the course will be responsible for reading and critically assessing the assigned papers for **each class** and fully participating in the class discussion. However, the responsibility for leading the discussion will rotate among us. Everyone should prepare a written summary (not more than two pages) that will be distributed to all other participants. To guide your preparation of the summary, you should consider (at a minimum) the following:

1. What is the research question and the theoretical/intuitive construct(s) used to motivate it? Why is the question interesting (or not)? Are there alternatives to the hypotheses being proposed? Is the question descriptive rather than predictive? How compelling is the logic or intuition used to develop the hypotheses?
2. What is the research design? Consider the sample selection and empirical tests.

3. How well is the research design tied to the research question? Do the authors actually test the hypotheses that are being put forward? To what extent is the design capable of distinguishing between alternative hypotheses?
4. What difficulties arise in drawing inferences from the empirical work?
5. What are the results? How are the results interpreted? Do you agree with the interpretation?
6. Are the results interesting? Is there a real contribution here?
7. What research questions are raised by the paper's results, and what unresolved research questions related to the paper could be investigated? How?
8. Summarize the paper's strengths and weaknesses and overall contribution to the accounting literature.

Paper presentations – Each class period, the presenter will lead the discussion of his/her assigned paper. In addition to discussing the paper's motivation, methodology, results, and conclusions, the presenter should also identify the **paper's contribution to the literature, its strengths and weaknesses and potential extensions for future research**. For full credit, presentations cannot be merely a summary of the assigned paper.

Referee reports – During the course of the semester, you are required to write two referee reports on a working paper relevant to the course. 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 proposal – You will be required to write and present a research proposal on an empirical financial accounting topic of your choosing. The written proposal should be 10-15 pages in length and should include an introduction, in which the research question is clearly stated and motivated, a literature review, a hypothesis development section, and a discussion of data sources and research design. In short, it should be a research paper without the results.

Proposal presentations will be tentatively scheduled for November 13th and 20th. Presentations should include PowerPoint slides. The written proposal will be **due on Monday, December 15th**, to enable you to incorporate any useful comments you may receive during your presentation.

Tentative Schedule Fall 2025 - May be subject to changes

Class 1 (August 26th): Introduction; How to come up with research ideas?

Class 2 (Sept 2nd): Who uses financial information and for what purposes?

- Roychowdhury, S., & Srinivasan, S. (2019). The Role of Gatekeepers in Capital Markets. *Journal of Accounting Research*, 57(2), 295-322
- Ormazabal, G. (2018). The role of stakeholders in corporate governance: A view from accounting research. *Foundations and Trends® in Accounting*, 11(4), 193-290.

Background reading:

Armstrong, C. S., Guay, W. R., & Weber, J. P. (2010). The role of information and financial reporting in corporate governance and debt contracting. *Journal of Accounting and Economics*, 50(2-3), 179-234.

Cascino, S., Clatworthy, M., Garcia Osma, B., Gassen, J., Imam, S., & Jeanjean, T. (2014). Who uses financial reports and for what purpose? Evidence from capital providers. *Accounting in Europe*, 11(2), 185-209

Watts, R. L., & Zuo, L. (2016). Understanding practice and institutions: A historical perspective. *Accounting Horizons*, 30(3), 409-423.

Other review studies:

Kothari, S. P., & Wasley, C. (2019). Commemorating the Fifty-Year Anniversary of Ball and Brown (1968): The Evolution of Capital Market Research over the Past Fifty Years. *Journal of Accounting Research*. Forthcoming

Roychowdhury, S., Shroff, N., & Verdi, R. S. (2019). The effects of financial reporting and disclosure on corporate investment: A review. *Journal of Accounting and Economics*, 68(2-3), 101246.

Leuz, C., & Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of Accounting Research*, 54(2), 525-622.

Class 3 (Sept 9th): Creditors – monitoring by creditors; creditors' use of financial information
Students present research ideas developed from their review of finance or law journals.

- Becher, D. A., Griffin, T. P., & Nini, G. (2022). Creditor control of corporate acquisitions. *The Review of Financial Studies*, 35(4), 1897-1932.
- Bongaerts, D., & Schlingemann, F. (2024). The real effects of ratings actions: Evidence from corporate asset sales. *Management Science*, 70(3), 1505-1528.

- Choy, S., Jiang, S., Liao, S., & Wang, E. (2024). Public environmental enforcement and private lender monitoring: Evidence from environmental covenants. *Journal of Accounting and Economics*, 77(2-3), 101621.

Background reading:

De Franco, G., Shohfi, T., Xu, D., & Zhu, Z. V. (2023). Fixed income conference calls. *Journal of Accounting and Economics*, 75(1), 101518.

Shan, C., Tang, D. Y., & Winton, A. (2019). Do banks still monitor when there is a market for credit protection?. *Journal of Accounting and Economics*, 68(2-3), 101241.

Gustafson, M. T., Ivanov, I. T., & Meisenzahl, R. R. (2021). Bank monitoring: Evidence from syndicated loans. *Journal of Financial Economics*, 139(2), 452-477.

Hung, M., Lin, Y., Wang, L. L., & Zhang, Z. (2025). The impact of bank financing on borrowers' voluntary disclosures and real investments. *Management Science*.

Class 4 (Sept 16th)- Trade partners (suppliers and customers) –trade partners' use of financial information

- Chen, G., Tian, X. S., & Yu, M. (2022). Redact to protect? Customers' incentive to protect information and suppliers' disclosure strategies. *Journal of Accounting and Economics*, 74(1), 101490.
- Bourveau, T., Kepler, J. D., She, G., & Wang, L. L. (2024). Firm boundaries and voluntary disclosure. *The Accounting Review*, 99(4), 111-141.

Background reading:

Darendeli, A., Fiechter, P., Hitz, J. M., & Lehmann, N. (2022). The role of corporate social responsibility (CSR) information in supply-chain contracting: Evidence from the expansion of CSR rating coverage. *Journal of Accounting and Economics*, 74(2-3), 101525.

Cho, Y. J., Kim, Y., & Zang, Y. (2020). Information Externalities and Voluntary Disclosure: Evidence from a Major Customer's Earnings Announcement. *The Accounting Review*, 95(6).

Cohen, D., Li, B., Li, N., & Lou, Y. (2021). Major government customers and loan contract terms. *Review of Accounting Studies*, 1-38.

No class on Sept 23rd -No classes scheduled at Baruch

Class 5 (Sept 30th)- Peer firms/competitors – peer firms' and competitors' use of a firm's financial information

Students turn in preliminary written research proposals

- Pawliczek, A., Skinner, A. N., & Zechman, S. L. (2022). Facilitating tacit collusion through voluntary disclosure: Evidence from common ownership. *Journal of Accounting Research*, 60(5), 1651-1693.
- Afrin, F., Kim, J., Roychowdhury, S., & Yost, B. P. (2025). Internalizing peer firm product market concerns: Supply chain relations and M&A activity. *Journal of Accounting Research*, 63(2), 599-647.

Background reading:

Bernard, D., Blackburne, T., & Thornock, J. (2020). Information flows among rivals and corporate investment. *Journal of Financial Economics*, 136(3), 760-779

Bertomeu, J., Evans III, J. H., Feng, M., & Tseng, A. (2021). Tacit collusion and voluntary disclosure: Theory and evidence from the US automotive industry. *Management science*, 67(3), 1851-1875.

Cho, H., & Muslu, V. (2021). How do firms change investments based on MD&A disclosures of peer firms?. *The Accounting Review*, 96(2), 177-204.

Class 6 (Oct 7th): Regulators –monitoring by regulators

- Pandey, V., Shen, X., & Wu, J. S. (2025). Partisan regulatory actions: Evidence from the SEC. *Journal of Accounting and Economics*, 101777.
- Armstrong, D. M., Glaeser, S., & Hoopes, J. L. (2025). Measuring firm exposure to government agencies. *Journal of Accounting and Economics*, 79(1), 101703.
- Raghunandan, A., & Ruchti, T. G. (2024). The impact of information frictions within regulators: evidence from workplace safety violations. *Journal of Accounting Research*, 62(3), 1067-1120.

Background reading:

Mahoney, P. (2021). The Economics of Securities Regulation: A Survey. *Foundations and Trends in Finance*, forthcoming

Kalmenovitz, J. (2023). Regulatory intensity and firm-specific exposure. *The Review of Financial Studies*, 36(8), 3311-3347.

Chy, M., Khurana, I. K., & Kyung, H. (2025). Spillover Effects of the SEC's Regulatory Oversight on Private Debt Contracting: Evidence from Cross-listed Foreign Firms. *Journal of Accounting Research*, 63(2), 769-806.

Kubic, M. (2021). Examining the Examiners: SEC Error Detection Rates and Human Capital Allocation. *The Accounting Review*, 96(3), 313-341.

Hutton, A., Shu, S., & Zheng, X. (2021). Regulatory transparency and the alignment of private and public enforcement: Evidence from the public disclosure of SEC comment letters. *Journal of Financial Economics*.

Holzman, E. R., Marshall, N. T., & Schmidt, B. A. (2023). When are firms on the hot seat? An analysis of SEC investigation preferences. *Journal of Accounting and Economics*, Forthcoming

No class on Oct 14th -Classes at Baruch follow a Monday schedule

Class 7 (Oct 21st): Market for corporate control - Monitoring by the market for corporate control; the use of financial information in the market for corporate control

- Mao, C. X., Qin, Y., Tian, X., & Zhang, C. (2025). Does access to patent information help technological acquisitions? Evidence from patent library openings. *Journal of Accounting Research*, 63(2), 903-950.
- Bao, D., Su, L. N., Zhao, C. X., & Zhou, G. (2025). Takeover Threats and Mandatory Disclosure Avoidance: Evidence from Contract Redactions. *Management Science*, Forthcoming.

Background reading:

Ortiz, M., Peter, C. D., Urzúa I, F., & Volpin, P. F. (2023). Mandatory financial disclosure and M&A activity. *The Review of Financial Studies*, 36(12), 4788-4823.

Liu, Y., & Wu, X. (2023). How does shareholder governance affect the cost of borrowing? Evidence from the passage of anti-takeover provisions. *Journal of Accounting and Economics*, 75(2-3), 101569.

Darrough, M., Huang, R., & Zur, E. (2018). Acquirer internal control weaknesses in the market for corporate control. *Contemporary Accounting Research*, 35(1), 211-244.

Choi, A., Kim, J. B., Lee, J. J., & Park, J. C. (2023). Market for corporate control and demand for auditing: evidence from international M&A laws. *Review of Accounting Studies*, 1-45.

Jansen, M. (2020). Resolving information asymmetry through contractual risk sharing: The case of private firm acquisitions. *Journal of Accounting Research*, 58(5), 1203-1248.

Class 8 (Oct 28th): Topic - TBD

Guest speaker –

Class 9 (Nov 4th): Topic - TBD

Guest speaker –

Class 10 and 11 (Nov 11th and Nov 18th): Students present own research ideas

Classes 12 to 14 (Nov 25th, Dec 2nd and Dec 9th): Independent studies – weekly one-on-one meetings with the instructor to further work on own research project and prepare written research proposal.