

Swiss Doctoral Program Network in Accounting Research (DAR)

September 6-8, 2021

University of Neuchatel – Institute of Financial Analysis

Current Issues in Financial Reporting

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Course Objectives

The purpose of these sessions is to facilitate your conception and execution of substantive individual research in global financial reporting. It provides exposure to current issues in global financial reporting as well as a vehicle for supplementing and integrating your knowledge of basic research tools and methods.

Program Overview

Monday 6 September

09:00-12:00: Comparative International Financial Reporting

13:30-16:30: Student Presentations

Tuesday 7 September

09:00-12:00: Regulation and Accounting

13:30-16:30: Student Presentations

Wednesday 8 September

09:00-12:00: Future of Financial Reporting?

13:30-16:30: Student Presentations

Location

University of Neuchatel, room R.107 (Rue A.-L. Breguet 2, 2000 Neuchâtel). The course will be held in a traditional, in-person setting. The safety protocol of the University of Neuchatel will be respected and communicated to participants in advance. Students are expected to take the necessary precautions, in particular COVID-19 vaccination.

Morning sessions

In the morning sessions, we will discuss papers that demonstrate how research can relate to standard setting issues. We also will discuss papers on TBD and TBD. Because these issues are also of concern to financial reporting standard setters, we will discuss whether and how the research we study informs standard setting debates.

These sessions will be interactive discussions of the papers, which I will lead. They are not intended to be lectures by me. Thus, students should come to the sessions prepared to discuss the papers. In particular, you should come prepared to answer the following questions in some detail. We will use these questions and the structure of the paper itself to organize our discussion of each paper.

1. What is the research question?
2. Why is the question important? That is, why do we care about the answer to the question?
3. What is the research design and how does it enable the study to provide an answer to the research question? You should be prepared to discuss an overview of the design elements, as well as the design of specific tests of predictions or hypotheses.
4. What are the findings?
5. What do the findings, taken together, mean for the literature and for policy?

Below is the list of papers we will discuss in each morning session, which are identified as “Main Papers.” The list below also includes additional papers, which are identified as “Background Papers,” that are provided for those students who want to read more on the particular topic. We will not discuss specifics of the Background Papers during the sessions.

Afternoon sessions

In the afternoon sessions, students will present their own research. The research you present can be your thesis proposal or another idea that is far enough along for input to be useful. That input will come from me and from the other course participants. Thus, each student is expected to come to the afternoon sessions prepared to present his or her research as well as to engage actively in constructive discussion relating to the research of the other students.

You will have approximately 25 minutes to present your research, which includes time for interactive discussion. Thus, you will need to manage the timing of your

presentation as it progresses. We will adhere strictly to the time limits, so plan accordingly. Once we know exactly how many students have enrolled in the sessions, we can be more precise and let you know which day and time you will present.

To provide background for your presentation, please submit the following by **28 August**, which will be distributed to the other participants to enable them to come to the sessions prepared to provide comments and suggestions on your research.

- a. Clearly and concisely provide the answers to the first three questions listed above, namely what is the question you are trying to answer, why is the question important, and how are you going to design the study to address it. Note that the research question should be written as a question, that is, it should end in a “?”. It is best if you answer each of these questions in a single paragraph. Many refer to this approach as the “Kinney 3-paragraph approach,” which consistently has proven effective at helping to develop research papers. This approach is systematic and integrated: each of the three elements above must be consistent with the other two and with the title of the paper. **Important:** Try to do this write-up in one page, and under no circumstance should you exceed two pages (12 point font, one inch margins!). The challenge is to be clear and concise.

For projects that propose analysis of data (e.g., empirical/archival, experimental, survey), a depiction of “Libby boxes” that relate the theoretical constructs to independent variables, dependent variables, and control variables is often an effective way to give an overview of the research design. For discussion of this approach, see the excerpt from Libby (1981) attached.

- b. A Synopsis of a maximum of 150 words that assumes the study’s results turn out as you expect. You will be asked to READ aloud your Synopsis to start your presentation. **Important:** Build your Synopsis from the Kinney 3 paragraphs, including one sentence that captures the main point of each paragraph.

Instructions for Presentation: Please arrive at the session with a thumb drive that contains the file for the Powerpoint slides that you will use in your presentation. An effective set of slides would include one slide for the Synopsis, one slide for each of the three Kinney paragraphs, and one slide for the research design overview, including the Libby boxes if you choose to use them. You can include additional slides, e.g., showing results if data have already been gathered, if you have other aspects of the research you believe it is important to present but be mindful of the time limit. As indicated above, all participants will have read the short write-up you provided in advance, so plan on more of a discussion than a presentation.

Course Requirements

Students are expected to attend all sessions and participate actively in the discussions. In the morning sessions, students are expected to have read the Main Papers in detail and contribute to the group's discussion about the papers, including answering the five questions listed above. In the afternoon sessions, students are expected to present their own research idea in accordance with the instructions above, including submitting the three-paragraph write-up and Synopsis by the deadline. They also are expected to have read the submissions of the other students and participate actively in the discussions, including providing constructive comments and suggestions to help the presenter improve the research.

Readings

COMPARATIVE INTERNATIONAL FINANCIAL REPORTING

Main Papers:

Barth, M.E., W.R. Landsman, and M.H. Lang. 2008. International Accounting Standards and Accounting Quality. *Journal of Accounting Research* 46: 467–498.

Barth, M.E., W.R. Landsman, M.H. Lang, and C. Williams. 2012. Are IFRS-based and US GAAP-based Accounting Amounts Comparable? *Journal of Accounting and Economics* 54: 68–93.

Background Papers:

De Franco, G., S.P. Kothari, and R.S. Verdi. 2011. The Benefits of Financial Statement Comparability. *Journal of Accounting Research* 49: 895–931.

Lang, M.H., J. Raedy, and W. Wilson. 2006. Earnings Management and Cross Listing: Are Reconciled Earnings Comparable to US Earnings? *Journal of Accounting and Economics* 42: 255–283.

Lang, M.H., J. Ready, and M. Yetman. 2003. How Representative Are Firms That Are Cross Listed in the United States? An Analysis of Accounting Quality. *Journal of Accounting Research* 41: 363–86.

Leuz, C., D.J. Nanda, and P. Wysocki. 2003. Earnings Management and Investor Protection: An International Comparison. *Journal of Financial Economics* 69: 505–27.

REGULATION AND ACCOUNTING

Main Papers:

Amel-Zadeh, A., M E. Barth, and W.R. Landsman. 2017. The Contribution of Bank Regulation and Fair Value Accounting to Procyclical Leverage. *Review of Accounting Studies* 22: 1423–1454.

Barth, M.E., W.R. Landsman, and D.J. Taylor. 2017. The JOBS Act and Information Uncertainty in IPO Firms. *The Accounting Review* 92(6): 25-47.

Background Papers:

Adrian, T., and H. Shin. 2010. Liquidity and Leverage. *Journal of Financial Intermediation* 19(3): 418–437.

Badertscher, B.A., J.J. Burks, and P.D. Easton. 2012. A Convenient Scapegoat: Fair Value Accounting by Commercial Banks During the Financial Crisis. *The Accounting Review* 87(1): 59–90.

Barth, M.E., and W.R. Landsman. 2010. How Did Financial Reporting Contribute to the Financial Crisis? *European Accounting Review* 19(3): 399–423.

Boone, A., I. Floros, and S. Johnson. 2016. Redacted Proprietary Information at the Initial Public Offering. *Journal of Financial Economics* 120(1): 102–123.

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: 121–13.

FUTURE OF FINANCIAL REPORTING?

Main Papers:

Barth, M.E., S. Cahan, L. Chen, and E.R. Venter. 2017. The Economic Consequences Associated with Integrated Report Quality: Capital Market and Real Effects. *Accounting, Organizations and Society* 62: 43–64.

Barth, M.E., K. Li, and C.G. McClure. 2021. Evolution in Value Relevance of Accounting Information. Working paper. SSRN.

Background Papers:

- Baboukardos, D., and G. Rimmel. 2016. Value Relevance of Accounting Information under an Integrated Reporting Approach: A Research Note. *Journal of Accounting and Public Policy* 35: 437–452.
- Collins, D.W., E.L. Maydew, and I.S. Weiss. 1997. Changes in the Value-Relevance of Earnings and Book Values over the Past Forty Years. *Journal of Accounting and Economics* 24: 39–67.
- Core, J.E., W.R. Guay, and A. Van Buskirk. 2003. Market Valuations in the New Economy: An Investigation of What has Changed. *Journal of Accounting and Economics* 34: 43–67.
- Zhou, S., R. Simnett, and W. Green. 2017. Does Integrated Reporting Matter to the Capital Market? *Abacus* 53: 94–132.