I. Objectives of Course

The objective of this course is to develop your ability to critically evaluate and conduct empirical research on a variety of contemporary financial reporting topics. Our discussions will highlight the following:

- An understanding of research designs commonly used in accounting and finance research.
- The necessary skills to design and conduct empirical research.
- Sources of Type I and Type II errors.
- Opportunities for future research in selected areas.

II. Conduct of Course

You will be expected to take an active part in discussing and evaluating the readings assigned for each class session. This may take the form of explaining to other members of the class what an author was attempting to do in a particular paper. At other times, it may involve comparing various types of research approaches. Finally, you may be asked to critique, either orally or in writing, a particular research approach or paper.

In general, each class discussion will be focused on three papers in an area with one or more papers as supplemental readings. It is expected that each of us will read critically and think deeply about the assigned papers before class and be prepared to discuss the readings in detail. For each assigned reading, a student will be assigned as the discussion leader. The other students are expected to ask questions and provide criticisms of the paper during the session. The discussion leader will also provide a summary/analysis memo (see below) for the assigned reading that will be distributed to each of the students prior to the start of class. The quality of these questions will factor into your class discussion and participation grade.
**Summary/Analysis Memo:**

1. What is the research question and why is it important?
   a. What is the motivation for the study?
   b. How does the question relate to prior research?
2. What are the hypotheses?
   a. What is the underlying theory?
   b. What assumptions are being made?
3. How is the question being addressed?
   a. What data sources are used over what time periods?
      i. What does the sample look like?
      ii. Are there sample selection biases?
   b. What empirical tests are performed?
      i. Are there any biases in the tests?
      ii. Are the tests low power?
4. What are the main empirical findings?
   a. Do they support the hypotheses?
   b. Are there alternative explanations for the results?
5. How could the study be improved and extended?
   a. What are the strengths and weaknesses of the study?
   b. What extensions could be performed?
   c. What incremental research questions follow from the study?

In addressing the questions listed above, you should critique and analyze the paper in terms of its external and internal validity. You should not merely accept what the paper does and finds, instead you should challenge assumptions made, methodology use and inferences drawn.

**III. Course Requirements & Grading**

Class discussion and participation 30%
Referee Report 20%
Replication 20%
Research Proposal 30%.

**Research Proposal:**

This proposal should be on some market-based or disclosure research topic and should be no more than 10 to 15 pages in length, double spaced. Section 1 of the proposal should identify the research question, explain why this question is important, and how it contributes to the extant literature. Section 2 should review the relevant literature and develop the hypotheses that will be tested in the paper. Section 3 should outline the research design that you will use to test your hypotheses and your data sources.

**Referee Report/Replication:**

More information regarding the referee report and the replication will be provided in class.
IV. Important Dates

October 14 (midnight) – Referee report due
November 25 (midnight) – Replication due
December 9 (midnight) – Research proposal due

Acknowledgments: I thank Richard Cazier and Teri Yohn for sharing their syllabi with me.

Academic Integrity
Academic dishonesty is prohibited and is considered a violation of the UTEP Handbook of Operating Procedures. It includes, but is not limited to, cheating, plagiarism, and collusion. Cheating may involve copying from or providing information to another student, possessing unauthorized materials during a test, or falsifying research data on laboratory reports. Plagiarism occurs when someone intentionally or knowingly represents the words or ideas of another as one’s own. Collusion involves collaborating with another person to commit any academically dishonest act. Any act of academic dishonesty attempted by a UTEP student is unacceptable and will not be tolerated. All suspected violations of academic integrity at The University of Texas at El Paso must be reported to the Office of Student Conduct and Conflict Resolution (OSCCR) for possible disciplinary action. To learn more, please visit HOOP: Student Conduct and Discipline.

Plagiarism Detecting Software
Some of your course work and assessments may submitted to SafeAssign, a plagiarism detecting software. SafeAssign is used to review assignment submissions for originality and will help you learn how to properly attribute sources rather than paraphrase.

COVID-19 Precaution Statement
If you have tested positive for COVID-19, you are encouraged to report your results to covidaction@utep.edu, so that the Dean of Students Office can provide you with support and help with communication with your professors. It is important to follow all instructions that you receive as part of the diagnosis, including isolation and staying at home until a negative test is produced.

If you experience COVID-19 symptoms, please follow the isolation protocol by staying at home and getting tested as soon as possible. If the test is negative but you are still seeking accommodations, please contact the Dean of Students Office for guidance in a timely manner. Your instructor will work with the Dean of Students Office to determine the extent of any such accommodations.

We strongly encourage you to think and act proactively in all matters related to COVID-19 and your academic endeavors. The Center for Disease Control and Prevention recommends that people in areas of substantial or high COVID-19 transmission wear face masks when indoors in groups of people. The best way that Miners can take care of miners is to get the vaccine. If you still need the vaccine, it is widely available in the El Paso area, and will be available at no charge on campus during the first week of classes. For more information about the current rates, testing, and vaccinations, please visit epstrong.org.
Supplemental readings will not be discussed in class, but are helpful for your understanding of the literature.

**Causal Inference, Threats to Validity, and Empirical Design** - Aug 23

Organizational meeting and discussion of research framework


Supplemental Reading:


**Overview of Market-Based Research in Accounting** – Aug 30


Supplemental Reading:

Earnings Management (Discretionary Accruals)—Background, Measurement and Design Issues

Day 1 – Sep 6


Supplemental readings:


Earnings Management: Day 2 – Sep 13


Supplemental Reading:


**Modeling Determinants of Misreporting/Fraud – Sep 20**


**The Role of Corporate Culture in Earnings Management– Sep 27**


**Supplemental reading:**


**Real Earnings Management – Oct 4**


Huang, Roychowdhury, and Sletten; Does Litigation Deter or Encourage Real Earnings Management? *The Accounting Review* 1 May 2020; 95 (3): 251–278.

*Supplemental reading:*


**Referee Report – Due Oct 14**

**Mispricing and Market Anomalies - Oct 18**


*Supplemental reading:*

**Conservatism and Accounting – Oct 25**


*Supplemental reading:*


**Voluntary Disclosure - Nov 1**


*Supplemental readings:*


Causes and Consequences of Earnings Quality – Nov 8


Supplemental reading:


Regulation and the Reporting Environment – Nov 15


Supplemental Reading:


Replication – Due Nov 25
Textual Analysis of Narrative Disclosure – Nov 29


Supplemental readings:


Research Proposal – Due Dec 9