BUSN8100

Empirical Research in Financial Accounting

This is an advanced course which examines positive theories of financial reporting. Empirical research relating to the use of accounting in contracts, accounting discretion, and the relationship between accounting information and firm value is critically analysed. The course also examines the key theoretical perspectives essential to the understanding of empirical accounting research.

<table>
<thead>
<tr>
<th>Course URL</th>
<th><a href="http://programsandcourses.anu.edu.au/2017/course/BUSN8100">http://programsandcourses.anu.edu.au/2017/course/BUSN8100</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode of Delivery</td>
<td>On campus</td>
</tr>
<tr>
<td>Prerequisites</td>
<td>BUSN8007</td>
</tr>
<tr>
<td>Incompatible Courses</td>
<td>N/A</td>
</tr>
<tr>
<td>Course Convenor</td>
<td>Associate Professor Mark Wilson</td>
</tr>
<tr>
<td>Phone</td>
<td>+61 2 6125 3659</td>
</tr>
<tr>
<td>Office Location</td>
<td>PAP Moran Building, Room 2056</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:Mark.wilson@anu.edu.au">Mark.wilson@anu.edu.au</a></td>
</tr>
<tr>
<td>Office hours for student consultation</td>
<td>To be advised in Week 1</td>
</tr>
</tbody>
</table>
### Research Interests

Mark Wilson is an Associate Professor in the Research School of Accounting at the ANU. His research interests include accounting, economic and business history, earnings quality, the response of markets and securities analysts to financial reporting information and transaction cost economics.

He has published in leading journals, including Auditing: A Journal of Practice and Theory, the Journal of Business Finance and Accounting, Accounting and Business Research, Accounting and Finance, the Journal of Management Information Systems, the Journal of Business Ethics and Abacus. Dr Wilson’s PhD thesis was awarded the SJ Butlin Prize for the best Doctoral dissertation completed in Australia or New Zealand between 2006-08 in the area of Economic History. Mark is an active researcher and supervisor at the Doctoral and Hons. levels, and was a member of the AFAANZ 2013 and 2014 Technical Committees (Financial Accounting).

### Student Administration

<table>
<thead>
<tr>
<th>Room 2037 Hanna Neumann Building 21</th>
<th><a href="mailto:enquiries.rsa@anu.edu.au">enquiries.rsa@anu.edu.au</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>+61 2 6125 0025 or 6125 7968</td>
<td></td>
</tr>
<tr>
<td>Office Hours: Monday-Friday 9-5 pm</td>
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**SEMESTER 1**

**2017**
COURSE OVERVIEW

Learning Outcomes

This course is designed to provide students with an opportunity to further advance their research skill by taking undertaking directed studies in Commerce. At the end of this course, students should be able to:

1. understand and critically analyse contemporary theoretical and empirical research in financial accounting (LO 1)
2. demonstrate the ability to access, process and analyse data used in contemporary empirical accounting research (LO 2)

Requisites

This course is only available to students enrolled in a Doctoral degree within the College of Business and Economics. Enrolment must be approved by Convenor of the PhD program in which you are enrolled.

The prerequisite for this course is BUSN8007 Analysis of Financial Reporting or an equivalent subject taught within an Honours or Advanced Masters Degree. Students are assumed to have completed a course in quantitative methods or statistics and a course in corporate finance (or equivalent).

Assessment Summary

The proposed assessment components are:

<table>
<thead>
<tr>
<th>Item</th>
<th>Title</th>
<th>Value</th>
<th>Due Date</th>
<th>Linked Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Seminar Critiques and Presentations</td>
<td>40%</td>
<td>Various</td>
<td>LO 1</td>
</tr>
<tr>
<td>2</td>
<td>Practical Research Assignment</td>
<td>50%</td>
<td>Part 1 – 24 April  &lt;br&gt;Part 2 – 1 June</td>
<td>LO 1 and LO 2</td>
</tr>
<tr>
<td>3</td>
<td>Participation in Seminar Discussions</td>
<td>10%</td>
<td></td>
<td>LO 1</td>
</tr>
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</table>

Research-Led Teaching

This entirety of this course concerns contemporary research in accounting in fields within which the course convenor is an active researcher.

Feedback

Staff Feedback

Students will be given feedback in the following forms in this course:

- Verbal
- Email
- Written (via annotated copies of materials submitted for assessment and/or feedback)
**Student Feedback**

ANU is committed to the demonstration of educational excellence and regularly seeks feedback from students. One of the key formal ways students have to provide feedback is through Student Experience of Learning Support (SELS) surveys. The feedback given in these surveys is anonymous and provides the Colleges, University Education Committee and Academic Board with opportunities to recognise excellent teaching, and opportunities for improvement.

For more information on student surveys at ANU and reports on the feedback provided on ANU courses, go to:


**Policies**

ANU has educational policies, procedures and guidelines, which are designed to ensure that staff and students are aware of the University’s academic standards, and implement them. You can find the University’s education policies and an explanatory glossary at: [http://policies.anu.edu.au/](http://policies.anu.edu.au/)

Students are expected to have read the [Academic Misconduct Rule](http://anu.edu.au/academic-misconduct) before the commencement of their course.

Other key policies include:

- Copyright ([http://copyright.anu.edu.au/](http://copyright.anu.edu.au/))

**REQUIRED RESOURCES**

**Technology, Software, Equipment**

You will be required to use the statistical application package Stata in this course. This software is available in most Information Commons computing facilities, and can also be made available on all staff and PhD student computers in offices within the CBE domain.

**READING LISTS**

There is no prescribed textbook for this course, however students may wish to access one of the many introductory texts on the use of the Stata statistical package.

Copies of all scholarly articles studied in this course will be made available on Wattle. The weekly reading list will be provided in Week 1, and contains background reading, core papers (those discussed directly in class) and further reading.
**COURSE SCHEDULE**

<table>
<thead>
<tr>
<th>Week</th>
<th>Summary of Activities</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to Empirical Accounting Research and Review of Statistical Methods Used Therein</td>
<td>Stata Module I</td>
</tr>
<tr>
<td>2</td>
<td>Real Earnings Management</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Stata Lab</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stata Modules II, III and IV</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(possibly 1 paper from following topic)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Analyst Forecast Accuracy and Financial Reporting</td>
<td></td>
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<tr>
<td>5</td>
<td>Analyst Investment Recommendations</td>
<td></td>
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<tr>
<td>6</td>
<td>Accrual Anomaly and Related Topics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stata Module V</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Accruals Quality and its Relation to Stock Prices</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Accounting and Tax Differences and Earnings Quality</td>
<td>Practical Research Assignment Part 1 Due Monday 24 April 10am</td>
</tr>
<tr>
<td>9</td>
<td>Managers and Insiders</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Accounting and Debt Markets</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Accounting Quality and the Cost of Equity Capital</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Review and Presentation of Practical Research Assignments</td>
<td>Practical Research Assignment Part 2 Due Thursday 1 June 10am</td>
</tr>
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</table>

**Course Workload**

Students taking this course are expected to commit at least 12 hours a week (including non-teaching weeks) to completing the work. This will include attending classes, course reading, research, writing and assignment work.

**ASSESSMENT REQUIREMENTS**

The ANU is using Turnitin to enhance student citation and referencing techniques, and to assess assignment submissions as a component of the University’s approach to managing Academic Integrity. For additional information regarding Turnitin please visit the [ANU Online](https://www.anu.edu.au/) website.
Students may choose not to submit assessment items through Turnitin. In this instance you will be required to submit, alongside the assessment item itself, copies of all references included in the assessment item.

**Assessment Tasks**

**Assessment Task 1: Seminar Critiques and Presentations**

**Details of task:**

Each student will be required to lead the class discussion on an academic paper in at least three occasions (the required number of presentations will be finalised in Week 1 once enrolment numbers are confirmed). While you are not expected to present a complete ‘lecture’ on your topic, you should prepare a small number of PowerPoint slides highlighting key issues / tables / equations / diagrams relevant to your readings. For the papers that you are assigned as the discussion leader, you will also be required to submit a written critique of the paper, of approximately 4 pages (1.5 spaced) in length. The written submission is due by 12 noon on the day prior to the seminar (email submission is preferred). You will be assessed on your demonstrated understanding of the assigned article(s) and their relevance to key issues studied in this course. Your grade will also reflect the extent to which you have responded to feedback provided with respect to assessment submitted earlier in the course.

**Assessment Task 2: Practical Research Assignment**

**Details of task:**

The practical research assignment will require you conduct rudimentary empirical research on a sample of real firms. This assignment will be completed in two stages. In Part 1 candidates will be required to:

- identify a research topic relating to the relation between properties of analyst forecasts and financial reporting
- identify and analyse literature relevant to the topic, and prepare a spreadsheet table classifying relevant papers according to numerous criteria
- develop at least one testable hypothesis
- obtain, process and analyse archival data used to test the hypothesis (this will require candidates to merge data from different sources and to develop advanced skills in data manipulation)
- design appropriate empirical tests of the hypotheses, execute these tests and analyse results
- Write up finding in the form of a preliminary report, emphasising the motivation for the study, the essential logic behind the hypothesis, the properties of the sample and the initial test results

Candidates will be given extensive feedback on the Preliminary Report (i.e Part 1), which they are then required to implement in completing Part 2, which requires the candidate to write up their final results in the form of a scholarly journal article. The course convenor will be available to meet with students to discuss the progress of their assignment throughout the semester.

The assignment overall is worth 50% of the total assessment for the course. Parts 1 and 2 will be weighted 30%/20% or 20%/30%, whichever combination yields the highest total mark for the assignment. For example, if the candidate’s percentage grade for Part 2 exceeds that for Part 1, then Part 2 will be weighted as 30% of the total assessment for the course and Part 1 will be weighted at 20% of the total assessment.
Assessment Task 3: Participation in Seminar Discussions

Details of task:

You will be awarded a grade reflecting the frequency and quality of your contributions to seminar discussions. This mark is independent of that awarded under Assessment Task 1. Failure to attend classes will affect your participation grade.

Assignment submission

Both parts of the Practical Research Assignment are to be submitted using Turnitin through the course Wattle site. Further details will be provided in the assignment specifications. Submitted assignments must include the cover sheet provided on Wattle. Please keep a copy of the assignment for your records.

Weekly Seminar Critiques and supporting PowerPoint slides should be emailed to the course convenor by 12pm on the day prior to presenting the critique.

Extensions and penalties

Extensions and late submission of assessment pieces are covered by the Student Assessment (Coursework) Policy and Procedure.

The Course Convener may grant extensions for assessment pieces that are not examinations or take-home examinations. If you need an extension, you must request it in writing on or before the due date. If you have documented and appropriate medical evidence that demonstrates you were not able to request an extension on or before the due date, you may be able to request it after the due date.

No submission of Assessment Task 1 without an extension after the due date will be permitted. If this assessment task is not submitted by the due date, a mark of 0 will be awarded.

Late submission of Assessment Task 2 without an extension is penalised at the rate of 5% of the possible marks available per working day or part thereof. Late submission of this assessment task is not accepted after 10 working days after the due date, or on or after the date specified in the course outline for the return of the assessment item.

Returning assignments

Assignments may be returned to students via email (seminar critiques) or in hard copy form during class.

RESUBMISSION OF ASSIGNMENTS

There is no provision for the resubmission of assignments.

REFERENCING REQUIREMENTS

Referencing is to be effected using the Harvard (Author-Date) system, details of which are available at: http://www.anu.edu.au/students/learning-development/academic-integrity

It is of crucial importance that all written work submitted clearly distinguishes the candidates own work / words from those of other authors. If you have any queries regarding the appropriate method of referencing the content of any of your assessment items please ask the convenor.
EXAMINATIONS

There is no final examination in this course.

Scaling

Your final mark for the course will be based on the raw marks allocated for each of your assessment items. However, your final mark may not be the same number as produced by that formula, as marks may be scaled. Any scaling applied will preserve the rank order of raw marks (i.e. if your raw mark exceeds that of another student, then your scaled mark will exceed the scaled mark of that student), and may be either up or down.

Privacy Notice

The ANU has made a number of third party, online, databases available for students to use. Use of each online database is conditional on student end users first agreeing to the database licensor’s terms of service and/or privacy policy. Students should read these carefully.

In some cases student end users will be required to register an account with the database licensor and submit personal information, including their: first name; last name; ANU email address; and other information.

In cases where student end users are asked to submit ‘content’ to a database, such as an assignment or short answers, the database licensor may only use the student’s ‘content’ in accordance with the terms of service – including any (copyright) licence the student grants to the database licensor.

Any personal information or content a student submits may be stored by the licensor, potentially offshore, and will be used to process the database service in accordance with the licensors terms of service and/or privacy policy.

If any student chooses not to agree to the database licensor’s terms of service or privacy policy, the student will not be able to access and use the database. In these circumstances students should contact their lecturer to enquire about alternative arrangements that are available.

COMMUNICATION

Email

If necessary, the lecturers and tutors for this course will contact students on their official ANU student email address. Information about your enrolment and fees from the Registrar and Student Services' office will also be sent to this email address.

Announcements

Students are expected to check the Wattle site for announcements about this course, e.g. changes to timetables or notifications of cancellations. Notifications of emergency cancellations of lectures or tutorials will be posted on the door of the relevant room.

SUPPORT FOR STUDENTS

The University offers a number of support services for students. Information on these is available online from http://students.anu.edu.au/studentlife/