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| **Doctoral Programme** **Course Unit Outline 2021/22** |
| **Unit code:**  | **BMAN 80842** |
| **Title:** | **Market Based Accounting Research** |
| **Credit value:** | 15 |
| **Semester:** | 2 |
| **Course Coordinator** **contact details:** | Professor Edward Lee, AMBS 4.035, 54564, edward.lee@manchester.ac.uk , office hours: TBA |
| **Other staff involved contact details:** | N/A |
| **Pre-requisites****Co-requisites****Dependent course units****Restrictions** | N/A |
| **Course unit overview** |
| This course is designed to strengthen the research skill set quantitative accounting PhD students in two ways. First, it enhance their awareness and understanding of an essential and fundamental strand of accounting literature. Second, it improves their critical thinking and evaluation of empirical accounting research. Market based accounting research examines the relationship between accounting information and capital markets. This literature has evolved through 50 years of distinguished history and development to form the foundation of quantitative accounting research today, and its theories and evidence continues to inform and contribute to important debates and decisions among academics, practitioners, and policy makers. |
| **Aims** |
| The purpose of this course is to provide PhD students with broad overview and critical assessment of the market-based accounting research (MBAR) literature. |
| **Objectives (Learning outcomes)** |
| * Demonstrate knowledge of the key concepts, literatures, methodologies, and inferences associated with capital markets research in accounting.
* Formulate and evaluate research questions and designs, by synthesising the relevant intuitions, literatures, and methodologies.
* Understand the strengths and weaknesses of empirical evidence acquired from the large sample quantitative analyses of accounting and financial market data.
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| **Syllabus content** |
| Core topics includes an overview of MBAR, security valuation, market information efficiency, contracting, disclosure regulations, financial reporting quality, and financial analysts. Additional topics more directly related to the PhD thesis of students will also be incorporated through the presentation and discussion of selected research papers. |
| **Methods of delivery** |
| **Lectures** | 2 hours per week, 10 weeks in total |
| **Seminar/Tutorial/Workshop/Lab Hours** | N/A |
| **Independent Study** | 130 hours |
| **Total Study Hours** | 150 hours |
| **Reading List** |
| * **Session 1: Introduction**
* Main reading:
	+ Ball, R., Brown, P. 2014. Ball and Brown (1968): A retrospective. *The Accounting Review* 89, 1–26.
	+ Collins, D., Maydew, E., Weiss, I. 1997. Changes in the value relevance of earnings and book values over the past forty years. *Journal of Accounting and Economics* 24, 39–67.
* Further reading:
	+ Kothari, S. P. 2001. Capital markets research in accounting. *Journal of Accounting and Economics* 31, 105–231.
	+ Kothari, S. P., Wasley, C. 2019. Commemorating the fifty-year anniversary of Ball and Brown (1968): The evolution of capital market research over past fifty years. *Journal of Accounting Research* 57, 1117-1159
* **Session 2: Fundamental analysis and security valuation**
* Main reading:
	+ Frankel, R. Lee. 1998. Accounting valuation, market expectation, and cross-sectional stock returns. *Journal of Accounting and Economics* 25, 283–319.
	+ Mohanram, P., Saiy, S., Vyas, D. 2018. Fundamental analysis of banks: The use of financial statement information to screen winners from losers. *Review of Accounting Studies* 23, 200-233.
* Further reading:
	+ Barth, M, Beaver, W., Landsman, W. 2001. The relevance of the value relevance literature for financial accounting standard setting: Another view. *Journal of Accounting and Economics* 31, 77–104.
* **Session 3: Market information efficiency**
* Main reading:
	+ Fama, E., French, K. 1996. Multifactor explanations of asset pricing anomalies. *Journal of Finance* 51, 55-84.
	+ Hung, M., Li, X., Wang, S. 2015. Post-earnings announcement drift in global markets: Evidence from an information shock. *Review of Financial Studies* 28, 1242-1283.
* Further reading:
	+ Richardson, S., Tuna, I., Wysocki, P. 2010. Accounting anomalies and fundamental analysis: A review of recent research advances. *Journal of Accounting and Economics* 50, 410–454.
* **Session 4: Contracting effect**
* Main reading:
	+ Ball, R., Robin, A., Sadka, G. 2008. Is financial reporting shaped by equity markets or by debt markets? An international study of timeliness and conservatism. *Review of Accounting Studies* 13, 168–205.
	+ Basu, S. 1997. The conservatism principle and the asymmetric timeliness of earnings. *Journal of Accounting and Economics* 24, 3–37.
* Further reading:
	+ Armstrong, C., Guay, W., Weber, J. 2010. The role of information and financial reporting in corporate governance and debt contracting. *Journal of Accounting and Economics* 50, 179–234.
* **Session 5: Disclosure regulation**
* Main reading:
	+ Barth, M., Landsman, W., Lang, M. 2008. International accounting standards and accounting quality. *Journal of Accounting Research* 46, 467–498.
	+ Chen, K., Yuan, H. 2004. Earnings management and capital resource allocation: Evidence from China’s accounting-based regulation of rights issues. *The Accounting Review* 79, 645–665
* Further reading:
	+ Leuz, C., Wysocki, P. 2016. The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of Accounting Research* 54, 525–622.
* **Session 6: Financial information intermediation**
* Main reading:
	+ Dhaliwal, D., Radhakrishnan, S., Tsang, A., Yang, Y. 2012. Nonfinancial disclosure and analyst forecast accuracy: International evidence on corporate social responsibility disclosure. *The Accounting Review* 87, 723-759.
	+ Lang, M., Lundholm, R. 1996. Corporate disclosure policy and analyst behaviour. *The Accounting Review* 71, 467–492.
* Further reading:
	+ Beyer, A., Cohen, D., Lys, T., Walther, B. 2010. The financial reporting environment: Review of recent literature. *Journal of Accounting and Economics* 50, 296–343.
* **Session 7: Financial reporting quality**
* Main reading:
	+ Dechow, P., Ge, W., Larson, C., Sloan, R. 2011. Predicting material accounting statements. *Contemporary Accounting Research* 28, 17–82.
	+ Tucker, J., Zarowin, P. 2006. Does income smoothing improve earnings informativeness? *The Accounting Review* 81, 251–270.
* Further reading:
	+ Dechow, P., Ge, W., Schrand, C. 2010. Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics* 50, 344–401.
* **Session 8: Accounting research and journal publication**
* Further reading:
	+ Barth, M. 2018. Accounting in 2036: A learned profession: Part I: The role of research. *The Accounting Review* 93, 383-385.
	+ Dechow, P., Sloan, R., and Zeng, J. 2020. Is it a home run? Measuring relative citation rates in Accounting research.
	+ Oler, D., Oler, M., Skousen, C., Talakai, J. 2016. Has concentration in the top accounting journals changed over time? *Accounting Horizons* 30, 63–78.
	+ Schrand, C. 2019. Impediments to relevant research: The journal review and publication process. *Accounting Horizons*, 33, 11-16.
* **Session 9: Student presentations**
* **Session 10: Student presentations**
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| **Assessment** |

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| **Mode of Assessment** | **Length required** | **Weighting within unit** |
| 1. Research paper presentation | 30-minute presentation of a selected research paper, with the student playing conference presenter’s role.  | 50% |
| 2. Discussant presentation | 15-minute presentation to discuss a selected research paper, with the student playing conference discussant’s role. | 25% |
| 3. Q&A participation | In class participation in discussions throughout the course. | 25% |
| Resits | Students will review an academic research paper allocated to them, playing the role of an academic journal referee, and submit a detailed referee review report that provides a constructive and critical evaluation of the paper. The report will be between 3 to 5 pages long before reference list (Times New Roman size 12 font, 1.5 line spacing, and 2.54 cm margin on all 4 sides).  |  |

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| **Feedback methods** |
| Feedback to students:In class discussions, email exchanges, and overall feedback sheet (containing presentation, participation, and coursework components) Feedback from students:In addition to the course unit evaluation questionnaire, students are encouraged to give feedback through emails and conversations at any time, and using the online questionnaire near the end of the semester. |