

Lancaster University Management School
Michaelmas Term 2026-2027

AcF861: PhD Advanced Accounting Theory

Course Outline

This module is compulsory for 1st year students on the Accounting PhD programme at Lancaster University and is also available to PhD students from Manchester and Liverpool Universities. Other students may also attend at the discretion of the seminar coordinator.

Participants are expected to have had prior exposure to accounting, finance, economics and statistics to the level of the Lancaster MSc in Accounting and Financial Management or its equivalent.

1. Module objectives

This module focuses on the fundamental paradigms that emerge from accounting research literature, focusing on the role and mechanisms of corporate financial reporting. Key review articles are used to offer insights and critical evaluations of the latest findings in the field. The topics addressed in this course include:

1. Conceptual insights into causal inferences within accounting research.
2. The political economy of financial reporting
3. The economics of disclosure
4. Capital markets and accounting
5. AI and accounting research
6. The contracting role of accounting
7. ESG reporting

2. Learning Outcomes

Upon successful completion of the course, students (i) will be able to have a broader understanding of the recent accounting research and (ii) will have developed a working knowledge of making causal inferences in accounting research.

3. Teaching Arrangements and Assessment

The seminars will be led by **Dr. Mahmoud Gad** (m.gad1@lancaster.ac.uk), the module coordinator, and Dr. Zhan Gao (z.gao@lancaster.ac.uk). You are welcome to have personal consultation with seminar leaders.

The course will comprise 9 weekly sessions, each of two hours duration (from 14.00 to 16.00, unless otherwise indicated), plus a written exam in week 10.

Specifically, teaching arrangements are as follows:

Week	Date	Room	Topic	Seminar leader
Week 1	Friday 9 Oct	LICA_A05	Introduction	Dr. Mahmoud Gad
Week 2	Friday 16 Oct	LICA_A05	Hypotheses and evidence	Dr. Zhan Gao
Week 3	Friday 23 Oct	LICA_A05	Causal identification	Dr. Zhan Gao
Week 4	Friday 30 Oct	LICA_A05	The contracting role of accounting	Dr. Mahmoud Gad
Week 5	Friday 6 Nov	LICA_A05	Political economy of accounting	Dr. Mahmoud Gad
Week 6	Friday 13 Nov	LICA_A05	The economics of disclosure	Dr. Mahmoud Gad
Week 7	Friday 20 Nov	LICA_A05	Capital market and accounting	Dr. Zhan Gao

Week 8	Friday 27 Nov	LICA_A05	AI and accounting research	Dr. Zhan Gao
Week 9	Friday 4 Dec	LICA_A05	ESG reporting	Dr. Mahmoud Gad
Week 10	TBC		Written exam	

Assessment will take the form of an open-book exam (80%) and oral presentations (20%). The exam date will be announced in due course.

4. Structure of Sessions

Sessions will be conducted using a seminar format. Therefore, students are expected to have read beforehand the assigned reading and be ready to discuss their contents in the seminars. In general, the class discussions will be centred around one or two review paper(s) and two selected papers each session (*Primary reading*). Additional background reading will be given by seminar leaders (*Further reading*). Typical session will start with a brief introduction of the topic by the seminar leader, followed by a discussion of the review paper. Then a student will present an assigned paper, which is indicated by * in the reading list. Subject to the number of students registered for this course, the presentation may be followed by a discussion by another student. R

Assignment of presentation and discussion will be made in the first week.

At the beginning of each session, students will submit a copy of their Libby boxes for the selected paper (indicated by + in the reading list). See the appendix for information about the Libby Boxes Research Framework.

Note: The structure of sessions is subject to change. Changes, if any, will be communicated in class.

5. Detailed Summary of Sessions

Session 1: Introduction

Seminar leader: Dr. Mahmoud Gad

This introductory session will review the aims and objectives of the module and provide general guidance on how to read academic papers. The session will also provide an introduction to practical aspects of the module, including the notion of *Kinney Three Paragraphs/Libby boxes* and how this framework can be used to analyse a research paper (or your own research).

Reading:

*Kinney, W. R. 2019. The Kinney three paragraphs (and more) for accounting PhD students. *Accounting Horizons* 33 (4): 1–14.

Examples for Kinney Three Paragraphs

Graham, J. R., S. Li, and J. Qiu. 2008. Corporate misreporting and bank loan contracting. *Journal of Financial Economics* 89 (1): 44–61

Critique the following paper:

Jeh-Hyun Cho, Iny Hwang, Jeong-Hoon Hyun, and Jae Yong Shin. 2020. Compensation consultant fees and CEO pay. *Journal of Management Accounting Research* 32 (1) 51-78.

Session 2: Research methodology I: from research question to research design

Seminar leader: Dr. Zhan Gao

This seminar introduces accounting research methodology in relation to the research question it intends to answer.

Before the seminar, students should answer the following questions succinctly and email them to Dr. Gao:

- How did you identify the research question in your research proposal?
 - Alternatively, how would you plan to identify the research question for your first-year paper?
- What makes this an interesting question rather than merely an unanswered question?
- Why should we care about the answer? Who might care, and why?
- What kind of evidence would allow you to answer it convincingly?
- What assumptions does that evidence require? What alternative explanations remain?

After discussing the primary reading (to be presented by one student), the rest of the class will present their research proposals, drawing on their answers from the pre-seminar questions. You are not expected to present the full proposal, but instead focus on the research question, its motivation and importance, and the link between the research question and the proposed evidence/research design. Limit your presentation to no more than 8 minutes, and prepare no more than 5 slides. Each proposal presentation will be followed by a short discussion with the audience.

Primary Reading:

* Breuer, M., Labro, E., Sapra, H., & Zakolyukina, A. A. (2024). Bridging theory and empirical research in accounting. *Journal of Accounting Research*, 62 (3): 1121–1139. (DOI: 10.1111/1475-679X.12545)

Note: For the presenter, focus on key ideas, arguments, and messages.

Evans III, J. H., M. Feng, V. B. Hoffman, D. V. Moser, and W. A. Van der Stede. 2015. Points to consider when self-assessing your empirical accounting research. *Contemporary Accounting Research* 32 (3):1162-1192.

Further reading:

De Vaus, D. (2001). *Research Design in Social Research*. SAGE.

Reichardt. (2021). *The Method of Multiple Hypotheses : A Guide for Professional and Academic Researchers*. Taylor & Francis.

Session 3: Research methodology II: Identification and inference

Seminar leader: Dr. Zhan Gao

This seminar discusses causal identification and statistical inference, which underpin empirical accounting research.

Before the seminar, students should answer the following questions succinctly and email them to Dr. Gao:

- Pick one empirical paper from your research area. What is the causal claim the authors seek to establish?
- What variation in the data allows the authors to distinguish the proposed causal effect from alternative explanations? What assumptions are required to identify the causal effect?
- Identify the most plausible alternative explanation for the main finding. Does the research design rule it out? If not, what additional evidence might help?
- Could the same research question be investigated using a different source of evidence or research design? What would that add?
- What does statistical significance tell us about the evidence? What does it not tell us? What would make you doubt the result or its interpretation?

Primary Reading:

* Armstrong, C., Kepler, J. D., Samuels, D., & Taylor, D. (2022). Causality redux: The evolution of empirical methods in accounting research and the growth of quasi-experiments. *Journal of Accounting and Economics*: 101521 (DOI: 10.1016/j.jacceco.2022.101521).

Note: Read Sections 3 and 5; optionally, Sct. 2.

For the presenter, focus on key ideas and arguments, rather than technical details. Explain the intuition behind the issues discussed in the paper: for example, the limitations of simple regression for causal inference, the strengths and limitations of quasi-experimental designs, the role of theory, etc.

Harvey, C. R. (2017). Presidential address: The scientific outlook in financial economics. *The Journal of Finance* 72(4): 1399–1440 (DOI: 10.1111/jofi.12530).

Note: Read Sections I, III and IX; optionally, Sct. IV.

Further Reading:

Breuer, M. and deHaan, A. (2024). Using and interpreting fixed effects models. *Journal of Accounting Research* 62 (4): 1183-1226 (DOI: 10.1111/1475-679X.12559).

Leuz, C. (2022). Towards a design-based approach to accounting research. *Journal of Accounting and Economics* 74: 101550 (DOI: 10.1016/j.jacceco.2022.101550).

Note: This paper provides a different perspective from Armstrong et al. (2022).

Whited, R. L., Swanquist, Q. T., Shipman, J. E., and Moon Jr, J. R. (2022). Out of control: The (over) use of controls in accounting research. *The Accounting Review*, 97 (3): 395-413 (DOI: 10.2308/TAR-2019-0637).

Session 4: The contracting role of accounting information

Seminar leader: Dr. Mahmoud Gad

In this session, we will discuss the role of accounting information in debt contracting. Debt contracting is the process by which lenders and borrowers agree on the terms of a loan, such as the interest rate, repayment schedule, and covenants. Accounting information is used in debt contracting to reduce information asymmetry between lenders and borrowers. In the case of debt contracting, the lender typically has less information about the borrower's financial condition than the borrower does. Accounting information can help to level the playing field by providing the lender with more information about the borrower's financial health.

Primary 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. **(Particular attention should be given to section 5).**

Christensen, H.B., V.V. Nikolaev and R. Wittenberg-Moerman, 2016. Accounting information in financial contracting: the incomplete contract theory perspective, *Journal of Accounting Research* 54(2), 397-435.

*Costello, A. 2020. Credit Market Disruptions and Liquidity Spillover Effects in the Supply Chain. *Journal of Political Economy* 128, 3434-3468.

+Chodorow-Reich, G. and Antonio F. 2022. The loan covenant channel: How bank health transmits to the real economy. *Journal of Finance*, 77 (1), 85-128.

Further Reading:

Ball, R., X. Li and L. Shivakumar, 2015. Contractibility and transparency of financial statement information under IFRS: Evidence from debt contracts around IFRS adoption. *Journal of Accounting Research* 53(5): 915-963.

Shivakumar, L. 2013. The role of financial reporting in debt contracting and stewardship, *Accounting and Business Research*, 43(4), pp. 362–383.

Bharath, S.T., J. Sunder and S.V. Sunder, 2008. Accounting quality and debt contracting. *The Accounting Review* 83(1): 1-28.

Graham, J. R., S. Li, and J. Qiu. 2008. Corporate misreporting and bank loan contracting. *Journal of Financial Economics* 89 (1): 44–61

Chodorow-Reich, Gabriel, 2014, The employment effects of credit market disruptions: Firm-level evidence from the 2008–9 financial crisis, *The Quarterly Journal of Economics* 129, 1–59.

Darmouni, O. 2020. Informational Frictions and the Credit Crunch, *Journal of Finance*, 75 (4): 2055-2094.

Schwert, M. (2020). Does borrowing from banks cost more than borrowing from the market? *Journal of Finance*, 75(2):905–947

Session 5: Political economy of accounting

Seminar leader: Dr. Mahmoud Gad

This session examines the interaction between politics and accounting. We will discuss how political connections can give firms an unfair advantage in the financial markets, which can lead to corruption and misallocation of resources. Then we will discuss how political factors influence the development and enforcement of accounting standards, the ways in which accounting information is used to achieve political goals, and the ways in which accounting can be used to resist political power.

Primary Reading:

- Khwaha, A., and Mian, A. 2011. Rent Seeking and Corruption in Financial Markets. *Annu. Rev. Econ* 3, 579–600.
- Kothari, S.P., K. Ramanna, and D.J. Skinner, 2010, Implications for GAAP from an analysis of positive research in accounting, *Journal of Accounting and Economics* 50(2-3), 246-286. (**Particular attention should be given to section 4**).
- * Yue, H. Zhang, L. and Zhong, Q. 2022. The Politics of Bank Opacity. *Journal of Accounting and Economics*, 73(2-3), 101452.
- + Mehta, M.N., Srinivasan, S., and Zhao, W., 2020. The politics of M&A antitrust. *Journal of Accounting Research*, 58(1), 5–53.

Further reading:

- Fisman, R. 2001. Estimating the Value of Political Connections. *American Economic Review*, 91 (4): 1095-1102.
- Gad, M., Nikolaev, V. V., Tahoun, A., and van Lent, L. 2023. Firm-level political risk and credit markets. *Journal of Accounting and Economics*, Forthcoming.
- Bishof, J., D. Holger, and S. Sextroh. 2020. Why Do Politicians Intervene in Accounting Regulation? The Role of Ideology and Special Interest. *Journal of Accounting Research* 58(3), 589-642
- Ramanna, K., and S. Roychowdhury, 2010. Elections and Discretionary Accruals: Evidence from 2004. *Journal of Accounting Research* 48(2), 445-475
- Bertrand, M., Bombardini, M., Fisman, R. and Francesco Trebbi. 2020. Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence. *American Economic Review*, 110 (7): 2065-2102.
- Gipper, B., B. Lombardi, and D. Skinner. 2013. The Politics of Accounting Standard-Setting: A Review of Empirical Research. *Australian Journal of Management* 38: 523–551.
- Guedhami, O., J. A. Pittman, and W. Saffar, 2014. Auditor Choice in Politically Connected Firms. *Journal of Accounting Research* 52, 107–62.
- Allen, Abigail & Ramanna, Karthik & Roychowdhury, Sugata, 2018. Auditor Lobbying on Accounting Standards, *Journal of Law, Finance, and Accounting*, 3(2), 291-331.
- Piotroski, J., T.J. Wong, and T. Zhang. 2015. Political incentives to suppress negative financial information: evidence from Chinese listed firms. *Journal of Accounting Research* 53(2), 405– 459.
- Mian, Atif, Amir Sufi, and Francesco Trebbi, 2010, The political economy of the U.S. mortgage default crisis, *American Economic Review* 100, 67–98.
- Khwaja, A. and Mian, A. 2005. Do lenders favor politically connected firms? Rent provision in an emerging financial market. *Quarterly Journal of Economics*, 120(4): 1371-1411.

Session 6: Economics of disclosure

Seminar leader: Dr. Mahmoud Gad

This session will consider the information economics perspective to corporate disclosures generally and to financial reporting in particular.

Primary Reading:

- Leuz, C., and P. Wysocki. 2016. The Economics of Disclosure and Financial Reporting Regulation: Evidence and Suggestions for Future Research. *Journal of Accounting Research* 54 (2016): 525–622.
- +Jayaraman, S. and Wu, J. 2019. Is Silence Golden? Real Effects of Mandatory Disclosure, *The Review of Financial Studies*, 36 (6): 2225–2259.
- +Christensen, Hans, Eric Floyd, Lisa Liu, and Mark Maffett, 2017, The real effects of mandated information on social responsibility in financial reports: Evidence from mine-safety records, *Journal of Accounting and Economics* 64: 284-304.

Further Reading:

- Bushman, R.M. and A.J. Smith. 2003. Transparency, financial accounting information, and corporate governance? *Economic Policy Review*, 9: 65-87
- Bertomeu, J., and E. Cheynel, 2013. Toward a positive theory of disclosure regulation: In search of institutional foundations. *The Accounting Review* 88(3): 789-824.
- Core, J.E., 2001. A review of the empirical disclosure literature: discussion. *Journal of Accounting and Economics* 31(1-3): 441-456.
- Bertemeu, J., 2016. A theory of hard and soft information. *The Accounting Review* 91(1): 1-20.

Session 7: Accounting and capital markets

Seminar leader: Dr Zhan Gao

The seminar introduces the foundational concepts in empirical accounting literature, such as earnings quality, value relevance, as well as the broader role and usefulness of financial reporting in capital markets.

Primary Reading:

Dechow, P., Ge, W., and Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics* 50: 344–401 (DOI: 10.1016/j.jacceco.2010.09.001).

Note: Read Sections 2, 5, and 6. For Sct 2, focus on the framework to conceptualize reported earnings. For Sct 5 and 6, focus on the conceptual organization of the literature and economic arguments, rather than detailed discussion of individual studies.

* Barth, M. E., Li, K., and McClur, C. G. (2023). Evolution in value relevance of accounting information. *The Accounting Review* 98 (1): 1–28 (DOI: 10.2308/TAR-2019-0521).

Further Reading:

Ball, R. (2024) By what criteria do we evaluate accounting? Some thoughts on economic welfare and the archival literature. *Journal of Accounting Research* 62 (1): 7-54 (DOI: 10.1111/1475-679X.12507).

Nichols, D. C., and Wahlen, J. M. (2023). The essential role of accounting information in the capital markets: Updating seminal research results with current evidence. *Accounting Horizons* 37 (2): 105-132 (DOI: 10.2308/HORIZONS-18-075).

Note: The paper replicates the three seminal accounting studies with contemporary data, and provides an accessible introduction to the original papers.

Sloan, R. (2025). Insights from 100 years of The Accounting Review: An external reporting perspective. *The Accounting Review* 100 (6): 405–417 (DOI: 10.2308/TAR-2025-0485).

Session 8: AI and accounting research

Seminar leader: Dr Zhan Gao

This session focuses on the applications and implications of generative AI in general, and textual analysis specifically, in accounting.

Primary Reading:

Cao, S. S., Chen, W. X., Ma, G., and Srinivasan, S. 2026. Generative AI in capital markets: Information production, dissemination, and processing. *Journal of Accounting Research* 64 (3): 1427-1450. (DOI: 10.1111/1475-679X.70061).

* Ciconte, W. A., Rozario, A. M., and Oktay Urcan, O. (2026). Using AI to identify exogenous shocks and conduct archival accounting research. *Review of Accounting Studies*, forthcoming (DOI: 10.1007/s11142-026-09967-y)

Blankespoor, E., Croom, J., Grant, S. M. (2026) Generative AI and investor processing of financial information. *Journal of Accounting and Economics*, forthcoming: 101908 (DOI: 10.1016/j.jacceco.2026.101908)

Further Reading:

de Kok, T. 2025. ChatGPT for Textual Analysis? How to use Generative LLMs in Accounting Research. *Management Science*, 71(9): pp. 7888-7906.

Kalyani, A., Bloom, N., M. Carvahlo, T. Hassan, J. Lerner, and A. Tahoun. 2025. The Diffusion of New Technologies. *The Quarterly Journal of Economics*, 1299–1365.

Session 9: ESG reporting

Seminar leader: Dr. Mahmoud Gad

ESG reporting is a crucial tool that allows companies to communicate their sustainability efforts across environmental, social, and governance metrics to a diverse audience, including investors and consumers. This form of reporting is becoming more important as there's a growing demand for transparent information about a company's ethical and sustainable practices.

On a related note, modern slavery remains a critical global issue, involving the exploitation of individuals who are forced to work against their will. In response to this, the UK's Modern Slavery Act of 2015 requires commercial organizations with an annual turnover of more than £36 million to annually disclose the steps they are taking to prevent modern slavery in their operations and supply chains.

In this lecture, we will discuss the development of ESG reporting, examine the various frameworks and standards that guide it, and transition into discussing the essential elements and challenges associated with reporting on modern slavery.

Primary Reading:

+ Houston, J.F. and Shan, H., 2022. Corporate ESG profiles and banking relationships. *The Review of Financial Studies*, 35(7), pp.3373-3417.

* Darendeli, A., Fiechter, P., Hitz, J.M. and 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), p.101525.

Further Reading

Rouen, E., Sachdeva, K. and Yoon, A., 2022. The evolution of ESG reports and the role of voluntary standards. *Available at SSRN 4227934*.

Christensen, H.B., Hail, L. & Leuz, C. Mandatory CSR and sustainability reporting: economic analysis and literature review. *Rev Account Stud* 26, 1176–1248 (2021).

Young, S., and Gad, M. (2022). Modern Slavery Reporting Practices in the UK: Evidence from Modern Slavery Statements and Annual Reports. Available at: <https://www.frc.org.uk/getattachment/77c053d9-fe30-42c6-8236-d9821c8a1e2b/FRC-Modern-Slavery-Reporting-Practices-in-the-UK-2022.pdf>

Sautner, Z., Van Lent, L., Vilkov, G. and Zhang, R., 2023. Firm-level climate change exposure. *The Journal of Finance*, 78(3), pp.1449-1498.

Session 10: Final Examination

tbc

Appendix: Libby Boxes Research Framework

Students are expected to use the assigned paper to fill out the Libby boxes template. Students will identify the theoretical and empirical constructs for each of the boxes and provide the justification used by the authors of the assigned paper for each of the 5 links in the Libby boxes' diagram. For example, how do the authors justify their operationalisation of the conceptual explanatory variable (link 2)? In the next step, the students will provide their critical assessment for each of those links: Is the justification provided by the authors sensible? Are there alternative constructs that can be used? Are there any explicit or implicit research choices made by the authors, and do those choices weather criticism? For additional readings, please see:

Bloomfield, R. J. 2015. Rethinking managerial reporting. *Journal of Management Accounting Research*. 27 (1): 139-150.

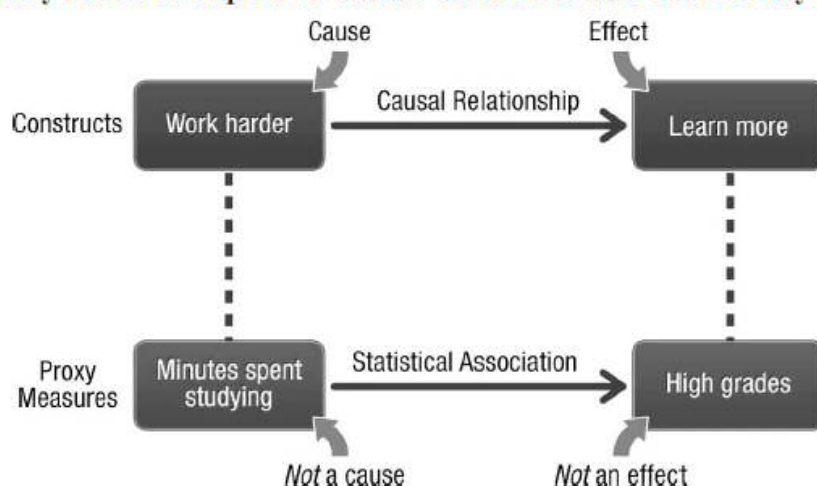
Kinney, W.R., Jr., and R. Libby. 2002. Discussion of the relation between auditors' fees for nonaudit services and earnings management. *The Accounting Review* 77 (supplement): 107-114.

Libby, R. 1981. Accounting and human information processing: Theory and applications. Englewood Cliffs, NJ: Prentice Hall, Inc.

Bloomfield (2015, p.142-144)

The most important lesson in managerial reporting is that we must distinguish between what counts and what gets counted. To an investor, increasing owners' wealth through business operations counts; net income is what gets counted. To a product manager, customer satisfaction counts; the score on a two-question survey is what gets counted. To a teacher, learning is what counts; exams scores are what get counted. The distinction between what counts and what gets counted is as old as Plato's "Allegory of the Cave," which argued that our perceptions show us merely the shadows of underlying reality. Social scientists have refined this distinction through the predictive validity framework, best known to many accounting faculty through its visual representation in "Libby Boxes" (Libby 1981).

FIGURE 1
Using Libby Boxes to Represent Causal Constructs and Their Proxy Measures

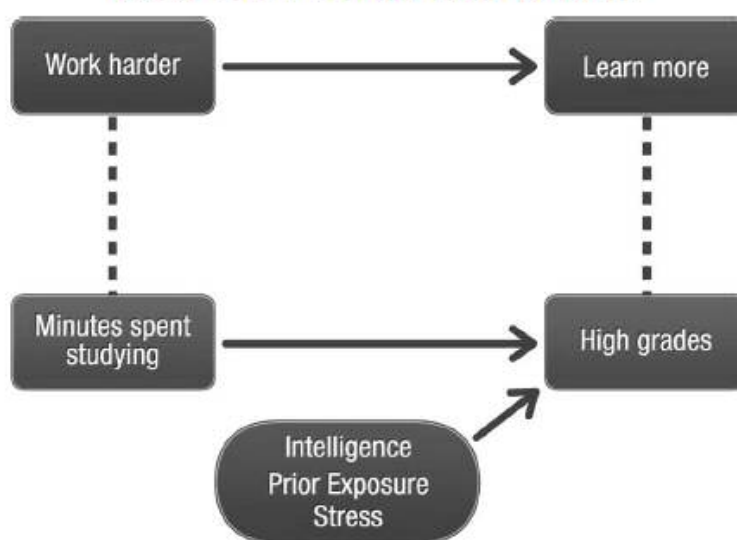


The top boxes indicate constructs that are causally related. The bottom boxes indicate proxy measures for each construct, which are merely statistically related. The dashed vertical lines indicate measurement error separating each construct from its related proxy measure.

The original color version of Figure 1 is available for download, see Appendix A.

Figure 1 shows how Libby Boxes can be used to represent what counts and what gets counted. The top boxes are the underlying constructs that theory posits have a cause-and-effect relationship: hard work causes more learning. This is what counts. The bottom boxes are the proxy measures for each construct. We measure hard work by time spent studying, and we measure the amount learned by exam score. This is what gets counted. Because other factors are likely to affect both learning and exam scores, Figure 2 includes a fifth box to capture variables that we have omitted from our simple model, even though they may influence what gets counted as an effect (grades). Omitted variables might influence the amount actually learned (e.g., more intelligent people learn more), or might simply influence measurement error (e.g., stress biases test scores downward, so grades are lower even though learning is unchanged).

FIGURE 2
Libby Boxes with Omitted Variables



As in Figure 1, the top boxes indicate constructs that are causally related. The bottom boxes indicate proxy measures for each construct, which are merely statistically related. The oval at the bottom indicates omitted variables that can affect the proxy measure for the effect, either by altering the construct of the effect through a cause other than the one hypothesized, or by altering the measurement error between that construct and its proxy.

The original color version of Figure 2 is available for download, see Appendix A.

The Libby Box framework, a staple of doctoral education in accounting, is an exceptionally useful tool for anyone who wishes to understand managerial reporting: The causal links between constructs reflect a strategy, as defined by Kaplan and Norton (1996): “a hypothesis of cause-and-effect relationships.” As discussed above, this strategy is most likely taken from courses outside of managerial reporting, such as marketing, economics, finance, or operations. In the Balanced Scorecard, objectives are constructs, while measures are operational rules for constructing observable proxy measures that attempt to capture those constructs. Proxy measures almost always suffer from measurement error, such as bias or noise. Note, also, that while constructs have a causal relationship, the measures usually have only a statistical relationship. The measure of time spent studying (numbers in a log book) do not cause higher exam scores, unless the reporting system decrees otherwise (for example, by awarding exam points based on the log book). Libby Boxes might seem more appropriate for doctoral students than aspiring practitioners. But my recent E.M.B.A. students, who average about 15 years of work experience, routinely tell me that this is one of the most important lessons they have learned in their program. Why? One reason is that they have first-hand experience with the problems that arise when people think that what gets counted is what counts (a bias that Choi, Hecht, and Tayler [2012, 2013] call “surrogation”). Many have been paid or denied bonuses on the basis of a measure that bears little relation to what it purports to capture. Some have mistakenly launched or canceled projects based on reported margins that grossly misstate the true performance, or

invested in firms that report high income even though they are truly declining in value. All are grateful for a clear way to explain these problems to their colleagues. A second reason executives find Libby Boxes so valuable is that conducting research is part of their job. They hypothesize causal relationships, manipulate actions, and measure results to find out whether their strategy is working, and adjust their behavior accordingly. Academic researchers have the privilege to opt out of projects that do not promise good data and clean research designs, while managers are often forced to take action even when results are muddy. A clear understanding of constructs and proxies is even more valuable when a good research sensibility must substitute for rigorous methods

Name: _____

Explanatory variables

Explained variables

Conceptual



Link 1



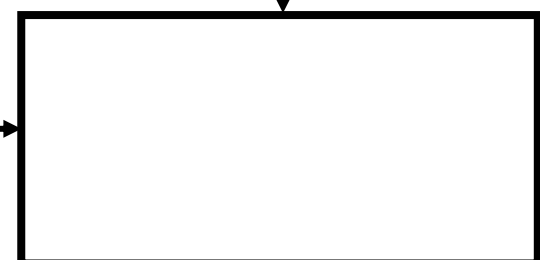
Link 2

Link 3

Operational



Link 4



Link 5



Controls/moderators