



Ph.D. in Economics and Management

Course in "Voluntary Disclosure and Capital Markets"

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Last Update: April 13, 2015

Course Objectives

The objectives of this course are to:

1. Develop an awareness of current academic research in financial accounting and related areas.
2. Sharpen your skills in critical analysis.
3. Enhance your abilities to conduct an empirical study

Course Requirements

There are three graded components:

1. Participation in class discussion and papers' presentations (40%)
2. Preparation of a referee report (30%)
3. A pragmatic analysis of a published article and a plan for further extending the research. (30%)

1. Participation in class discussions and presentation

The course will be conducted as a seminar/workshop. We will discuss 2/3 related papers in a typical class. Active participation in the discussion is essential. To be prepared for the discussion of each session's assigned papers, think about the following questions for each reading:

1. What is the theoretical basis for the research question?

2. What are the research question/s and motivations?
3. What is the institutional framework? Why is there an issue and what are the context and motivation/s?
4. What are the links to related prior literature and how does the paper expand on what has been done?
5. What is the research design? Was the design effective to answer the question?
6. What are the data sources and availability?
7. What are the major conclusions and limitations?
8. Are there any potential problems in model formulation or empirical inference? How can these problems be addressed?
9. What is the relevance/significance of the research? To whom? When?
10. What are the significant deficiencies, if any? What is their significance?
11. What are the important, unanswered research questions which are capable of adequate resolution, i.e., what are the subsequent research questions that would be interesting, significant and reasonably doable?

2. Referee report

You will be required to write a journal-style referee report together with a letter to the editor. We will distribute the paper to be reviewed during the last session. You have one week to complete this task.

3. Pragmatic analysis of an article

You will be required to carry out a pragmatic analysis of a published article and a plan for further extending the research. Assigned on May 27th - Due by June 10th before class time. Further details about this assignment will be given in due course.

Course Outline

<h3><u>Session 1 – Tuesday, Apr 14 (3h)</u></h3>
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- Introduction to the course
- Research in executive compensation

Required Readings:

- ✓ Core, J. E., Guay, W. R., & Larcker, D. F. (2003). Executive equity compensation and incentives: A survey. *Economic policy review*, 9 (1): 27-50.
- ✓ Wei, C., & Yermack, D. (2011). Investor reactions to CEOs' inside debt incentives. *Review of Financial Studies*, 24 (11): 3813-3840.

Other Readings:

- ✓ Murphy, K. J. (1999). Executive compensation. *Handbook of labor economics*, 3, 2485-2563.

- ✓ Lambert, R. A. (2001). Contracting theory and accounting. *Journal of accounting and economics*, 32(1), 3-87.

Session 2 – Tuesday, Apr 21 (3h)

- The determinants of executive compensation

Required Readings:

- ✓ Carter, M. E., Lynch, L. J., & Tuna, I. (2007). The role of accounting in the design of CEO equity compensation. *The Accounting Review*, 82(2), 327-357.
- ✓ Ozkan, N., Singer, Z., & You, H. (2012). Mandatory IFRS adoption and the contractual usefulness of accounting information in executive compensation. *Journal of Accounting Research*, 50 (4), 1077-1107.

Lecture on April 28 is cancelled

Session 3 – Tuesday, May 5 (3h)

- The economic consequences of executive compensation

Required Readings:

- ✓ Hanlon, M., Rajgopal, S., & Shevlin, T. (2003). Are executive stock options associated with future earnings? *Journal of Accounting and Economics*, 36(1), 3-43.
- ✓ Bergstresser, D., & Philippon, T. (2006). CEO incentives and earnings management. *Journal of Financial Economics*, 80(3), 511-529.

Session 4 – Tuesday, May 12 (4h)

- Corporate governance and board composition

Required Readings:

- ✓ Peasnell, K. V., Pope, P. F., & Young, S. (2005). Board monitoring and earnings management: do outside directors influence abnormal accruals? *Journal of Business Finance & Accounting*, 32 (7-8), 1311-1346.
- ✓ Ahmed, A. S., & Duellman, S. (2007). Accounting conservatism and board of director characteristics: An empirical analysis. *Journal of Accounting and Economics*, 43(2), 411-437

Other Readings:

- ✓ Adams, R. B., & Ferreira, D. (2006). A theory of friendly boards. *The Journal of Finance*, 62 (1), 7.

Session 5 – Tuesday, May 19 (4h)

- Corporate governance and board composition

Required Readings:

- ✓ Coles, J. L., Daniel, N. D., & Naveen, L. (2008). Boards: Does one size fit all? *Journal of Financial Economics*, 87(2), 329-356.
- ✓ Minton, B. A., Taillard, J. P., & Williamson, R. (2014). Financial Expertise of the Board, Risk Taking, and Performance: Evidence from Bank Holding Companies. *Journal of Financial and Quantitative Analysis*, 49 (02), 351-380.

Session 6 – Wednesday, May 27 (3h)

- CSR and stakeholder theory

Required Readings:

- ✓ Mitchell, R. K., Agle, B. R. & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts. *Academy of Management Review*, 22(4): 853-86.
- ✓ Agle, B. R., Mitchel, R. K. and Sonnenfeld, J. A. (1999). What matters to CEO? An investigation of stakeholder attributes and salience, corporate performance, and CEO values. *Academy of Management Journal*, 42(5), 507-525.

Lecture on June 2 is cancelled

Session 7 – Wednesday, June 10 (3h)

- CSR and stakeholder theory

Required Readings:

- ✓ Porter, M. E. and Kramer, M. R. (2011). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, January, 62–77.
- ✓ Michelin G, Boesso G, Kumar K. (2013). Examining the link between strategic corporate social responsibility and company performance: an analysis of the best corporate citizens. *Corporate Social Responsibility and Environmental Management*, 20, 81-94.

Session 8 – Tuesday, June 16 (3h)

- Conducting an Empirical Study in Accounting Research

Required Readings:

- ✓ Material distributed in class

Session 9 – Tuesday, June 23 (4h)

- Conducting an Empirical Study in Accounting Research

Required Readings:

- ✓ Material distributed in class