ACCT 540-2 Syllabus
Empirical Accounting Research II
Section 21
Winter 2020

I. Overview

The objective of this course is to continue your introduction to archival research in financial accounting so that you can independently develop and conduct research utilizing empirical techniques and datasets. It builds upon the topics discussed and skills developed in ACCT 540-1. We will cover a variety of topics in financial accounting research in order to demonstrate the wide array of issues examined. Given the expansive nature of the empirical literature in accounting, it is important to realize that the topics examined are a small subset of those in the literature, and only a few of many papers within that topic will be covered. For each topic, we will discuss a representative sample of research papers, focusing on the motivation, contribution and empirical analyses. In addition to these class discussions, we will replicate an empirical study, prepare referee reports, and develop a research proposal.

The class will meet on Tuesdays, from 9:00 AM to 12:00 PM, in KGH 4418.

II. Course Materials

Packet of cases, readings, slides, sample problems, and sample exams

A web page devoted to this course is located on Canvas at:

https://northwestern.instructure.com

From this web page, you can: (1) e-mail me directly, (2) view a list of materials and discussion leaders by class session, (3) download the syllabus, the course calendar, and the articles to be discussed in class.

III. Evaluation

Your grade in this course will be based on classroom participation, referee reports, an empirical replication project, and a research proposal. It will be determined as follows:

Percent of Grade | Component
--- | ---
40% | Class participation (both as a discussion leader and participant)
30% | Referee reports
15% | Empirical replication project
15% | Research proposal and presentation
III.  Evaluation, Continued

Classroom participation is an important component of your course grade. The class will be conducted as a seminar, with one student assigned to lead the discussion for each reading. However, the class will only be successful if everyone comes prepared. To be prepared, you should be able to answer the following for each paper: (1) What is the research question being asked and why? (2) How does the research question relate to and contribute to the prior literature? (3) What specific hypotheses are being tested and what is the motivation for these hypotheses? (4) How are the research questions being tested empirically, and are the results consistent with the inferences drawn? (5) What would you have done differently if testing this research question? and (6) How can the study be improved and extended? It is important that you objectively and critically evaluate each paper with the goal of identifying the hallmarks of research that makes (and does not make) important contributions to the literature.

The second component of the course grade is referee reports. You will complete two referee reports over the course of the quarter, providing your assessment on a working paper that has been submitted for consideration at a top accounting journal. Additional information on and guidelines for the referee reports will be provided in class.

The third component of the course grade is an empirical replication project. The purpose is to gain experience accessing CRSP and Compustat, constructing a dataset, and estimating empirical models. The replication will also provide a means to identify many of the decisions necessary to conduct archival work, some of which often go unmentioned in published articles.

The final component of your course grade is a research proposal and presentation. You will need to identify and fully develop a proposal that includes a description of the research question, motivation, literature review, hypotheses, methodology and empirical models to be estimated. This proposal must not be one you have used in a previous class. To assist you in this proposal, you will submit a succinct (three sentence) research idea twice throughout the quarter. The goal is to not only get you used to generating research ideas, but to also be able to clearly and concisely describe the research question and how it contributes to the literature.

IV.  Application of the Honor Code to ACCT 540-2

The Kellogg Graduate School of Management Honor Code is enforced in ACCT 540-2. By accepting admission to the School, you have agreed to abide by the Honor Code. Violations of the Honor Code are subject to disciplinary actions. The culture of Kellogg is such that Honor Code issues seldom arise. To ensure that there are not any misunderstandings, below I define the manner in which the course requirements are to be completed. The discussion in this syllabus of the Honor Code, while intended to be as comprehensive as possible, may not cover all applications of the Honor Code to this course. If you believe something is unclear or has been omitted, please speak to me.

As discussed in Section III of this syllabus, you are required to complete referee reports and an empirical replication project. These deliverables must be original, individual work; you may not discuss the referee report or attending working paper with any other individual prior to submission. You may also not obtain and/or copy code for the empirical replication project.

V.  Other Matters

Any student requesting accommodations related to a disability or other condition is required to register with AccessibleNU (accessiblenu@northwestern.edu; 847-467-5530) and provide professors with an accommodation notification from AccessibleNU, preferably within the first two weeks of class. All information will remain confidential.

Students can find useful resources for safety and security, academic support, and mental and physical health and well-being on the NU help website and app.
VI.  Tentative Topic Outline

**Date**  
**Topic**

Jan. 7  
*Stock Prices and Accounting Information*  
Readings:  

Jan. 14  
*Research Idea 1 Due*  
*Variation in the Reaction to Accounting Information*  
Readings:  

Jan. 21  
*Referee Report 1 Due*  
*Determinants of Disclosure*  
Readings:  

Jan. 28*  
*Reactions to Disclosure*  
Readings:  

*The January 28 class may need to be rescheduled due to the Accounting Department’s Rookie Conference.*
VI. Tentative Topic Outline, Cont.

Feb. 4  Empirical Replication Project Part 1 Due
Other Disclosure Forums
Readings:

Feb. 11  Empirical Replication Project Part 2 Due
The Pricing of Accruals
Readings:

Feb. 18  Information Intermediaries: Analysts Part 1
Readings:

Feb. 25  Research Idea 2 Due
Information Intermediaries: Analysts Part 2
Readings:

Mar. 3  Referee Report 2 Due
Information Intermediaries: Media
Readings:
VI. Tentative Topic Outline, Cont.

Mar. 10  
Institutional Investors  
Readings:  

Mar. 17  
Research Proposal Due  
Research Proposal Presentations