

NATIONAL CHENGCHI UNIVERSITY
Department of Accounting
Reading List for Ph.D. Qualifying Exam- Financial Accounting
Fall 2010

Note: The Ph.D. Qualifying Exam questions may not be restricted to the papers in this list.

PART 2

1. Information perspectives (2)

Ball, R., and P. Brown. 1968. An Empirical Evaluation of Accounting Income Numbers. *JAR* 6: 159-178.

Beaver, W. H., R. A. Lambert and D. Morse. 1980. The information content of security prices, *JAE* 2, 3-28.

Ball, R., and L. Shivkumar. 2008. How much new information is there in Earnings? *JAR* 46 : 975–1016.

*Collins, Daniel W. and S.P. Kothari, 1989. An analysis of the intertemporal and cross-sectional determinants of earnings response coefficients, *JAE* 11, 143-181.

Review paper

Kothari, S. P. 2001. Capital market research in accounting. *JAE* 31: 105-231.

Ball, R., and L. Shivkumar. 2008. How much new information is there in Earnings? *JAR* 46 : 975–1016.

2. Measurement perspectives (3)

*Aboody, D. and B. Lev. 1998. The value-relevance of intangibles: the case of software capitalization. *JAR* (supplement): 161-191.

*Barth, M.E., and Clinch G. 2009. Scale effects in capital markets-based accounting research. *Journal of Business Finance and Accounting* 36: 253-288.

Review paper:

Barth, M. E., W. H. Beaver, and W. R. Landsman. 2001. The relevance of the value relevance literature for financial accounting standard setting: Another view. *JAR* 31: 77-104.

3. Ohlson Model (4)

Ohlson, J. A. 1995. Earning, book values, and dividends in security valuations. *CAR* 11, 661-687.

Myers, J. 1999. Implementing residual income valuation with linear information dynamics. *AR* 74, 1-28.

*Dechow, P. M. Hutton, and R.G. Sloan. 1999. An empirical assessment of the residual income valuation model. *JAR* 26, 1-34.

4. Conservatism in accounting (5)

*Basu, S., 1997, The conservatism principle and the asymmetric timeliness of earnings, *JAE* 24,3-37.

Givoly, D. and C. Hayn. 2000, The changing time-series properties of earnings, cash flows and accruals: Has financial reporting become more conservative? *JAE* 29, 287-320

Ahmed, A. S., B. K. Billings, R. M. Morton, and M. Stanford-Harris. 2002. The role of accounting conservatism in mitigating bondholder-shareholder conflicts over dividend policy and in reducing debt costs. *TAR* 77 (4): 867-890.

*Zhang, J. 2008. The contracting benefits of accounting conservatism to lenders and borrowers. *JAE* 45: 27-54.

Review paper:

Watts, R.L., 2003. Conservatism in accounting part I: Explanations and implications, *Accounting Horizons* (September), 207-221.

Watts, R.L., 2003. Conservatism in accounting part II: Evidence and Research Opportunities, *Accounting Horizons* (December), 287-301.

5. Accounting Information and Stock Efficiency (6)

*Sloan,R.1996. Do stock prices fully reflect information in accruals and cash flows about future earnings ? *TAR* 71,July 289-315

Bernard, V. and J. Thomas. 1989. Post-earnings-announcement drift: Delayed price response or risk premium? *JAR* 27,1-34.

*Livnat, J and Petrovits. 2009. Investor Sentiment, Post-Earnings Announcement Drift, and Accruals, NYU, Working paper.

Review paper:

Lee, C. M. C. 2001. Market efficiency and accounting research: a discussion of 'Capital market research in accounting'. *JAE* 31: 233-253.

6. Earnings Management

Accrual model (7)

*Jones, J. J., 1991. Earnings management during import relief investigations, *JAR* 193-228

Dechow, P., R. Sloan and A. Sweeney. 1995. Detecting earnings management, *TAR* 70, 193-225.

*Kothari, S., A. Leone, and C. Wasley. 2005. Performance matched discretionary accrual measures. *JAE* 39, 163-197.

Distribution Model (8)

*Burgstahler, D. and I. Dichev, 1997. Earnings management to avoid earnings decreases and losses. *JAE* 24, 99-126 °

Jacob, J. and B. N. Jorgensen. 2007. Earnings management and accounting income aggregation. *JAE* 43, 369-390.

Dichev, I. and Skinner. 2002. Large-sample evidence on the debt covenant hypothesis. *JAE* 40, 1091~1123

*Daniel, N. D., D. Denis, and L. Naveen. 2008. Do firms manage earnings to meet dividend thresholds. *JAE* 45, 2-26.

Real transaction model

*Roychowdhury, S. 2006. Earnings management through real activities manipulation. *JAE* 42, 335-370.

Review paper:

Healy, P. and J. Wahlen. 1999. A review of the earnings management literature and its implications for standard setting. *Accounting Horizon* 13(4): 365-383.

7. Expectation Management / Meeting expectation (9)

*Matsumoto, D. 2002. Management's incentives to avoid negative earnings surprises. *The Accounting Review* 77, 483-514.

*Kasznik, R., and M. McNichols. 2002. Does meeting expectations matter? Evidence from analyst forecast revisions and share prices. *JAR* 40, 727-759.

*Bartov, E., D. Givoly, and C. Hayn. 2002. The rewards to meeting or beating earnings expectations. *JAE* 33(2): 173-204.

8. Disclosure (10 ~ 11)

*Leuz, C., and R. Verrecchia. 2000. The economic consequences of increase disclosure. *JAE* 38, 91-124.

Francis, J. D. Nanda, and P. Olsson. 2008. Voluntary disclosure, earnings quality, and cost of capital. *Journal of Accounting Research* 46, 53-78.

*Bushee, B., D. Matsumoto, and G. Miller. 2003. Open vs. closed conference call: The determinants and effects of broadening access to disclosure, *JAE*, 149-180.

Ajinkya, B., S. Bhojraj, and P. Sengupta. 2005. The association between outside directors, institutional investors and the properties of management earnings forecasts. *JAR* 43, 343-376.

*John, M. F., R. Kasznik, and K. K. Nelson. 2002. The impact of securities litigation reform on the disclosure of forward-looking information by high technology firms. *JAR* 32, 38-60.

*Bergman, N. K. and S. Roychowdhury. 2008. Investor Sentiment and Corporate Disclosure. *JAR*, Vol. 46, 1057-1083

Review paper:

Healy, P. M., and K. G. Palepu. 2001. Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. *JAE* 31, 405-440.

9. Corporate Governance (12 ~ 13)

*Fan, J. and T. J. Wong, 2005. Do external auditors perform a corporate governance pole in emerging markets? Evidence from East Asia. *JAR* 43, 35-72.

Karamanou, I. and N. Vafeas, 2005. The association between corporate boards, audit committees, and management earnings forecasts: an empirical analysis. *JAR* 43 (3):453-485

*Klein, A. 2002. Audit committee, board of director characteristics, and earnings management. *JAE* 33: 375~400

*DeFond, Mark; Rebecca Hann; and Xuesong Hu. 2005. Does the market value financial expertise on audit committees of boards of directors? *JAR* 43: 153-193.

*Lang, M.H., L. Karl, and V. Miller, and P. Darius. 2003. ADRs, analysts, and accuracy: does cross listing in the United States improve a firm's information environment and increase market value? *JAR*, 317-346.

Haw, I. M., B. B. Hu, L. S. Hwang, and W. Wu. 2004. Ultimate ownership, income management, and legal and extra-legal institutions. *JAR* 42, 423-426.

Review paper:

Bushman, R. M., and A. Smith. Financial accounting information and corporate governance. *JAE* 32, 237-333.

10. Analyst (14 ~ 15)

Womack, K. 1996, Do brokerage analyst' recommendations have investment value? *Journal of Finance* 51: 137-167.

Gleason C. A., and C. M. Lee. 2003. Analyst forecast revisions and market price discovery. *TAR* 78; 193-225.

*Barron, O. E., O. Kim, s. c. Lim., and D. E. Stevens, 1998. Using Analysts' Forecasts to Measure Properties of Analysts' Information Environment. *TAR* 73, 421-33.

*Barron, O., D. Byard, C. Kile, and E. Riedl. 2002. High-technology intangibles and analysts' forecasts. *JAR* 40, 289-312.

McNichols, M., and P.C. O'Brien, 1997. Self-selection and analyst coverage. *JAE, Supplement*, 167-199.

O'Abrien and Bushan. 1997. Analyst following. *JAR*, 167-199.

*Kumar A. 2010. Self-selection and the forecasting abilities of female equity analysts. *JAR*, Forthcoming.

Review paper:

*Ramnath, S., S. Rock and P. Shane. 2008. The financial analyst forecasting literature: A taxonomy with suggestions for further research. *International Journal of Forecasting* 24, 1-28.

10. Compensation (16)

*Sloan, 1993. Accounting earnings and top executive compensation. *JAE*, 55-100.
Core, and Guay, 1999. The use equity of grants to manage optimal equity incentive levels. *JAE* 28: 151-184.

Core, Guay, and Verrecchia, 2003. Price versus non-price performance measures in optimal CEO compensation contracts. *TAR* 78: 957-981.

Bushman, Indejiian, and Smith. 1996. CEO compensation: The role of individual performance evaluation. *JAE* 21: 161-193.

*McAnally, M. R., A. Srivastave, and C. D. Weaver. 2008. Executive stock options, missed earnings targets, and earnings management. *TAR* 83, 185-216.

Review paper:

Bushman, R. M., and A. Smith. Financial accounting information and corporate governance. *JAE* 32, 237-333.

12. Book-tax income difference (*temporary*) (17)

*Lev, B. and D. Nissim. 2004. Taxable Income, Future Earnings, and Equity Values. *TAR* 79. 1039-1074.

*Hanlon, M., E. Maydew, and T. Shevlin. 2008. An unintended consequence of booktax conformity: A loss of earnings informativeness. *JAE* 46: 294-311

13. Other topics (*temporary*) (18)

Other potential topics we may discuss include: *IFRS*, *China issues*, and so on.

13.1. China

Fan, J., T. J. Wong, and T. Zhang. 2007. Politically connected CEOs, corporate governance, and post-IPO Performance of China's newly partially privatized firms. *Journal of Financial Economics*, 84: 330-357.

Wong, T. J., Q. Wang, and L. Xia. 2008. State ownership, the institutional environment, and auditor choice: Evidence from China. *Journal of Accounting and Economics*, 46:112-134.

Wong, T. J., and J. Ming. Propping through related party transactions. *Review of Accounting Studies*, forthcoming. Working Papers

Fan, J, Wong, T. J. Wong, and T. Zhang. Organizational structure as a decentralization device: Evidence from corporate pyramids. Working paper.

Wong, T. J., M. Hung and T. Zhang. Political relations and overseas stock exchange listing: Evidence from Chinese state-owned enterprises. Working paper.

Wong, T. J., J. Piotroski, and T. Zhang. The financial reporting practice of statecontrolled firms: Evidence from China. Working paper.

Fan, J., T. J. Wong, and T. Zhang. Founder succession and accounting properties. *CAR Conference*, January 2009.

Lee, C., G Jiang, and H. Yue. 2010. Tunneling through Inter-corporate Loans: the China Experience. ” (with Guohua Jiang and Heng Yue). *Journal of Financial Economics*, forthcoming.

14. IFRS

Armstrong, C. S., M. E. Barth, and E. J. Riedl. 2010. Market reaction to the adoption of IFRS in Europe. *TAR* 85(1):31-61

Li, S. 2010. Does mandatory adoption of international financial reporting standards in the European Union reduce the cost of equity capital? *TAR* 85(2):607-636