AMIS 3201H – Intermediate Honors Accounting II
Fisher College of Business, The Ohio State University
Autumn 2023

Instructor

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Communications

Email: The most efficient means to contact me is through email: zach.7@osu.edu. Please write down "3201H" in the subject line whenever you are emailing me.

Office hours: Monday & Wednesday 3:00 p.m. – 4:30 p.m.

You can book a 15-minute office hour session with me during these times at https://go.osu.edu/meet-with-zach

If you cannot make it at these times, then book a "Special Office Hour" at the same link.

Class Times

Monday, Wednesday: 11:10-12:30.

Friday – 09:35 – 10:55.

The classes on Monday and Wednesday will be held in Gerlach 208, unless they are labs, in which case they will be held on Zoom. The Friday sessions will be on Zoom (more on that below). If you feel sick, please stay home. If you have been in contact with a confirmed COVID-19 case, please stay home.

Course Objective

This course introduces students to empirical academic research in accounting and finance, and to important empirical methods commonly used in this literature. The concept of market efficiency, and its applicability to research and practice will permeate throughout the course. I encourage students to constantly think how this concept relates to everyday problems.

This course will enable students to develop their knowledge and appreciation of current debates that surround the accounting profession. Students will sharpen their critical thinking skills in the context of research papers, to form and defend opinions about contemporary regulatory and market issues. Furthermore, exposure to research papers enables students to zoom out and attempt to see the "big picture." As future accounting professionals, often you will tend to focus on smaller tasks, skipping the opportunity to pause and reflect on your role in "the market."

Finally, the course will provide students with opportunities to engage in analyses of big data using SAS through projects and assignments. The objective of this part of the course is to develop and improve skills related to data analytics, and to tie them to research topics covered in class.

Learning goals

- Understanding the role of information in capital markets.
- Understanding the role of the auditor in capital markets.
- Getting exposure to research techniques that assess how information impacts markets.
- Utilizing academic research to help answer fundamental questions at the heart of the accounting profession.
- Sharpening your skills as they relate to all aspects of the data analytics cycle:
    - Collecting data
    - Cleaning data and preparing it for analysis
    - Working with multiple large data sets
    - Formulating questions to be answered by data
    - Design appropriate tests
    - Analyzing data in SAS and Eventus
    - Reporting data efficiently and clearly
    - Think about alternative explanations for empirical results
- Practicing and improving writing skills
    - Commenting on other write-ups will also improve your feedback skills

The course will have a lot of reading material. Your learning will depend on:

- your reading,
- your preparedness and class participation,
- your active involvement in assignments and projects.

Required Course Materials

1. Most relevant course material will be available on Carmen/Canvas.
2. Little SAS Book – For reference
3. Access to a WRDS account.
4. Access to Kritik.

Course technology

Hardware

- Navigating Carmen: for questions about specific functionality, see the Canvas Student Guide.
- Friday labs will be conducted virtually and LIVE through the Zoom platform. Please make sure that you have equipment that is compatible with using Zoom with functioning camera, microphone and speakers (headphones).
- You will also need to have a functioning and high-speed internet connection to attend the Friday labs.

- When using Zoom, make sure you log into the session through the CarmenZoom site with your OSU credentials to be authenticated. Please post a current picture in your CarmenZoom profile.
- To authenticate yourself through BuckeyePass (see below), you will need a mobile device (smartphone or tablet) or landline.

Software

- Microsoft Office 365: All Ohio State students are now eligible for free Microsoft Office 365 ProPlus through Microsoft's Student Advantage program. Full instructions for downloading and installation can be found at go.osu.edu/office365help.
- Kritik (see below) for peer grading.
- SAS will be installed on your virtual machines on the cloud (see below). You could also install SAS on your machine, but I do not recommend it. SAS is very resource-intensive and your machines will not like you. SAS is also available in some machines in the computer lab.

Carmen access

You will need to use BuckeyePass multi-factor authentication to access your courses in Carmen. To ensure that you are able to connect to Carmen at all times, it is recommended that you take the following steps:

- Register multiple devices in case something happens to your primary device. Visit the BuckeyePass - Adding a Device help article for step-by-step instructions.
- Request passcodes to keep as a backup authentication option. When you see the Duo login screen on your computer, click **Enter a Passcode** and then click the **Text me new codes** button that appears. This will text you ten passcodes good for 365 days that can each be used once.
- Download the Duo Mobile application to all of your registered devices for the ability to generate one-time codes in the event that you lose cell, data, or Wi-Fi service.

If none of these options will meet the needs of your situation, you can contact the IT Service Desk at 614-688-4357 (HELP) and IT support staff will work out a solution with you.

Class Sessions

Most class sessions will cover research papers on a variety of topics. All students will need to be prepared to ask and answer questions when called on.

Labs

In this course, you will gain basic proficiency in SAS, a leading professional software suite for data analysts. Several times during the semesters, mostly on Fridays, I will **lead Zoom sessions** to help you learn basic SAS programming.

The purpose of these sessions is to walk through the basics of programing syntax and logic in SAS, and to address any questions you have about the assignment that was due that day (see SAS assignments later on). To facilitate your learning, **you can use the Discussion Section on Carmen**, where you can post questions related to your programming. This is meant to be a

collaborative effort where you will be learning from me, your classmates, and other online resources.

Virtual Machines Space: You will do the actual programming work in SAS on Virtual Machines that we prepared for you. Please follow a separate set of instructions which I posted on Carmen to log into the Virtual Machines (VMS).

You should all have access to the 3201H Virtual Machine on Amazon Workspaces. Detailed instructions on how to log into these machines are available on Carmen in the "SAS Labs" folder. At your disposal, you will have a virtual machine that is essentially a full operating system inside your web browser. It functions just like a normal machine, with access to OneDrive and a network U: drive. You will be able to work with files there in the same way you would on your normal machine.

OneDrive: I find that sharing SAS-related datasets and programs will be easier using OneDrive. Therefore, I created a folder there *"AMIS 32101H – Share Folder"* to which you have read-only access. You will be able to use the files there for exercises and virtual lab sessions.

Wharton Research Data Services (WRDS): Following my earlier email, you should all have registered to WRDS and have access to a WRDS account. Through the WRDS platform, you will be able to access many different data sets related to stock prices, financial statements, executive compensation, and more.

Grading

The final grade in the course will be a function of several components as described in the table below:

Grade Component	**Date**	**% of Total Grade**
Topic Write-ups	Throughout the semester	30%
Project 1	September 11, 2023	5%
Project 2	Last week of semester	10%
SAS Exercises	Throughout the semester	15%
Class Participation	Throughout the semester	15%
Midterm Exam	October 11, 2023	12.5%
Final Exam	T.B.D	12.5%
Total		100%

1. Topic write-ups assignments (30%)

Students are expected to prepare ten write-ups during the semester. The write-ups are due on the dates listed in the course schedule **at 11:00am** to be submitted on the Kritik platform. These write-ups are meant to force you to think critically about the weekly readings and, as importantly, to improve your writing skills. These skills are critical for your future success in anything that you do. Furthermore, the writeups will challenge you to reach higher levels of learning through the **Kritik** peer evaluation system.

Kritik

This term, we will be using Kritik, a peer-to-peer learning and evaluation platform. It is an engaging and gamified web platform that helps you develop your critical thinking skills according to Bloom's Taxonomy. The cost to use this platform will be $24 per student for the semester.

Each Kritik activity has 3 unique stages:

Stage 1: Create → Follow the instructions, read the provided rubric and create a submission. This phase is due on the dates described in the class schedule.

Stage 2: Evaluate → Anonymously score your peers based on a rubric, and provide written comments. This phase is due within 48 hours of the submissions.

Stage 3: Feedback → Provide peer evaluators anonymous feedback on how motivational/critical their comments were. This phase is due within 24 hours of the end of the evaluation period.

Grading

When you participate in Kritik activities, you will receive 3 scores: Creation score (60%), Evaluation score (30%), and Feedback score (10%). Together, these will add up to 30% of your final course grade. To understand what these scores mean and exactly how they are calculated, please read the section **How Scoring Works** in Kritik's help center.

Registration/Support

An email invitation will be sent to your school email account that contains the link to register for a Kritik account and enroll in the course. **You MUST use your university email to sign up in order to access the course**. If you did not receive any email yet, please contact Kritik using the live chat button on their website.

How to get help: If you have any questions about Kritik, please use **the live chat** in the app. A human agent will respond promptly in a few minutes during business hours. You can also visit Kritik's help center which should address any questions you have about the platform.

Using Kritik as an assessment tool through peer-evaluation will provide you with unique insights and skills that are normally difficult to attain in a regular class:

- See what and how other students think, which will enhance your understanding.

- Critique other students' work, which again will force you to think more critically about the subject matter.
- Practice and develop skills of evaluating other people's work, which you will be doing a lot during your career.

Kritik is a web-based application. **If you require special accommodations** to navigate the software on a web browser, please let me know as soon as possible and we can work together to ensure that you are able to complete all the writeups' requirement in time.

2. SAS Assignments (15%):

Through SAS assignments we will progressively create a series of programs that will execute an event study, similar to the one in MacKinlay (1997). In the process, you will gain proficiency in the language, and most importantly, in understanding how to work with large data sets.

In preparation for each Lab session, you will need to write a program in a group of two. These groups will be different each week, to allow for more diverse collaboration. In addition, you are encouraged to ask questions in our discussion space on Carmen, and to explore the resources available online. There are multiple user forums in which you can find answers to almost anything.

3. Projects (15%):

There will be two projects throughout the semester. The groups for these projects are pre-selected.

Project 2 is larger in scope, and therefore requires more planning, and a formal proposal to be approved by me before work starts. In Project 2, students are required to conduct empirical analysis in one of two possible paths:

1. An event study of their choosing.
2. Free-range data analysis of a database found online.

Groups are expected to submit a project proposal and present the proposal in class on **Wednesday, October 4, 2023**.

The actual data analysis of event studies can be conducted on a platform called **Eventus** which is available at the Wharton Research and Data Services (WRDS) web site (http://wrds.wharton.upenn.edu), using your own personal accounts created earlier in the year. The WRDS web site contains detailed explanations on how to use Eventus. Or, alternatively, you could use SAS programs that we develop throughout the semester.

Each group will present its project in class for about 20 minutes during the last two weeks of classes. In addition, a 2-page summary of the project (a maximum of 1,500 words) is due **on Wednesday, December 6, 2023**. The summary should also include references to relevant studies that do similar things to the exercise your group did. You can use **Google Scholar** and the **Social Science Research Network** (www.ssrn.com) as resources for your searches.

Grading will be based on the research summary and on class presentations.

4. Participation (15%):

You are expected to read the papers assigned to each class, as outlined in the course schedule. You should be prepared to be called on and participate in class discussion of issues described in the papers. Your participation is extremely important to your and your classmates' learning.

5. Midterm & Final Exams (25%):

The final exam will cover all the material we discuss in class. It will be a take-home exam. You will have 24 hours to respond. **The Midterm is scheduled for March 8. The date for the final is TBD.**

Academic integrity policy

Ohio State's academic integrity policy

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the university's *Code of Student Conduct*, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the university's *Code of Student Conduct* and this syllabus may constitute "Academic Misconduct."

The Ohio State University's *Code of Student Conduct* (Section 3335-23-04) defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the university or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the university's *Code of Student Conduct* is never considered an excuse for academic misconduct, so I recommend that you review the *Code of Student Conduct* and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated by university rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the university's *Code of Student Conduct* (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the university.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Other sources of information on academic misconduct (integrity) to which you can refer include:

- The Committee on Academic Misconduct web pages (COAM Home)
- *Ten Suggestions for Preserving Academic Integrity (Ten Suggestions)*

- *Eight Cardinal Rules of Academic Integrity* (www.northwestern.edu/uacc/8cards.htm)

Specific policies for this course

- **Exams**: You must complete the final exam yourself, without any external help or communication.
- **Written assignments**: Your written assignments, including discussion posts, should be your own original work or a collaborative work with your assigned group mates. You are encouraged to ask a trusted person to proofread your assignments before you turn them in—but no one else should revise or rewrite your work.
- **Use of AI Apps:** Unless I specifically mention otherwise (and in writing), the use of any AI-generated content in any deliverables in this course will be considered academic misconduct and will be acted on as such. You need to complete the assignments using your own brain and your own thinking…which will lead to more of your own learning!
- **Reusing past work**: In general, you are prohibited in university courses from turning in work from a past class to your current class, even if you modify it. If you want to build on past research or revisit a topic you've explored in previous courses, please discuss the situation with me.
- **Falsifying research or results**: All research you will conduct in this course is intended to be a learning experience; you should never feel tempted to make your results or your library research look more successful than it was.
- **Collaboration and informal peer-review**: The course includes many opportunities for formal collaboration with your classmates. While study groups and peer-review of major written projects is encouraged, remember that comparing answers on an exam or an assignment is not permitted. If you're unsure about a particular situation, please feel free just to ask ahead of time.
- **Group projects**: This course includes group projects, which can be stressful for students when it comes to dividing work, taking credit, and receiving grades and feedback. I have attempted to make the guidelines for group work as clear as possible for each activity and assignment, but please let me know if you have any questions.

Disability Services

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue

Safety and health requirements

All teaching staff and students are required to comply with and stay up to date on all University safety and health guidance.

AMIS 3201H Course Schedule
Autumn 2023

CLASS/DATE	Topic	Readings	Assignment
Class 1 Wednesday August 23	Introductions		
Friday August 25	No Lab		
Class 2 Monday August 28	Event studies	1	
Class 3 Wednesday August 30	Event studies – Arthur Andersen & Enron	2,3	Writeup 1
Lab 0 Friday September 1	Kritik Overview		
Monday September 4	LABOR DAY No class		
Lab 1 Wednesday September 6	Introduction to WRDS and SAS		SAS Assignment 1
Friday September 8			
Class 4 Monday September 11	Market Efficiency	4	Project 1 (Eventus)
Class 5 Wednesday September 13	Market Efficiency	5,6,7	Writeup 2
Lab 2 Friday September 15	Stock returns data		SAS Assignment 2
Class 6 Monday September 18	Market Anomalies - PEAD	8	
Class 7 Wednesday September 20	Market Anomalies - PEAD (Limited Attention)	9	Writeup 3
Lab 3 Friday September 22	Financial Statement Data I		SAS Assignment 3A

CLASS/DATE	Topic	Readings	Assignment
Class 8 Monday September 25	Limited Attention (NCAA Tournament)	10	
Class 9 Wednesday September 27	Accrual Anomaly I	11	Writeup 4
Friday September 29			
Class 10 Monday October 2	Accrual Anomaly II	12	Writeup 5
Class 11 Wednesday October 4	Project proposals		
Lab 4 Friday October 6	Financial Statement Data II		SAS Assignment 3B
Class 12 Monday October 9	Incentives and earnings management (General)	13, 14	
Class 13 Wednesday October 11	Midterm Exam		
Friday October 13	FALL BREAK		
Class 14 Monday October 16	Incentives and earnings management	15	Writeup 6
Lab 5 Wednesday October 18	Analysts Forecasts Data		SAS Assignment 4
Friday October 20			
Class 15 Monday October 23	Options backdating	16, 17	
Class 16 Wednesday October 25	Options backdating	18	Writeup 7
Friday October 27			

CLASS/DATE	Topic	Readings	Assignment
Lab 6 Monday October 30	Computing Abnormal Returns		SAS Assignment 5
Class 17 Wednesday November 1	Event Studies – Election Edition	19	Writeup 8
Lab 7 Friday November 3	Combining Data - I		SAS Assignment 6
Class 18 Monday November 6	Informed Trading	20, 21	
Class 19 Wednesday November 8	Politics, M&As, and anti-trust	22	Writeup 9
Lab 8 Friday November 10	VETERAN'S DAY		
Lab 8 Monday November 13	Combining Data - II		SAS Assignment 7
Class 20 Wednesday November 15	Politics and financial analysts	23	Writeup 10
Friday November 17			
Monday November 20	No class – work on your projects		
Wednesday November 22	THANKSGIVING		
Friday November 24	THANKSGIVING		
Class 21 Monday November 27	Projects Presentations		
Class 22 Wednesday November 29	Projects Presentations		
Lab 9 Friday December 1	Event Study Completion		SAS Assignment 8

CLASS/DATE	Topic	Readings	Assignment
Class 23 Monday December 4	Projects Presentations		
Class 24 Wednesday December 6	Projects Presentations		**Project 2**
T.B.D.	Final Exam due		

1. Event Studies

1. MacKinlay, C., 1997, Event Studies in Economics and Finance, Journal of Economics Literature 35(1), 13-39.

   Required readings: Unhighlighted sections

   Optional Readings: Yellow Highlights
   In section 7 – just know the concept of power. The details and the equations are not too important.

   Section 9 – just know the purpose of cross-sectional analyses. Understand the goals of equation (26).

   Skip: Red Highlights
   Section 4D (page 19)
   Section 5B (page 20-21) – just know equation (7) and what it means
   Section 6 (page 27-28)
   Section 8 (page 32)
   Sections 10C & 10D (page 35-36)

2. Chaney, P., Philipich, K., 2002, Shredded Reputation: The Cost of Audit Failure, Journal of Accounting Research 40(4), 1221-1245. (**Only read sections:** 1, 2, 3 (introduction), 4.2, 5.1, 5.2, 6).
3. Nelson, K., Price, R., Rountree, B., 2008, The Market Reaction to Arthur Andersen's Role in the Enron Scandal: Loss of Reputation or Confounding Effects?, Journal of Accounting and Economics 46, 279-293. (**Skip:** 3.1.3, 3.2, 4)

2. The Efficient Markets Hypothesis

4. Ball, R., 1995, The Theory of Stock Market Efficiency: Accomplishments and Limitations, Journal of Applied Corporate Finance 8, 4-17. (**Skip red parts**)
5. "Mind Over Money" – NOVA TV program - https://www.youtube.com/watch?v=tW_SNz1zNEM
6. "Trust Fall" – Invisibilia podcast episode - https://www.npr.org/2020/06/02/868001948/trust-fall
7. An Activist Short Seller Gets His Day in Court – A New York Times Article - https://www.nytimes.com/2022/10/22/business/dealbook/nathan-anderson-nikola-trial.html

3. Market Anomalies

8. Bernard, V., Thomas, J., 1990, Evidence that Stock Prices Do Not Fully Reflect the Implications of Current Earnings for Future Earnings, Journal of Accounting & Economics 13, 305-340. (**Skip:** 2.2, 3.2, parts of section 4, 5)**.**
9. Hirshleifer, D., Lim, S., Teoh S., 2009, Driven to Distraction: Extraneous Events and Underreaction to Earnings News, Journal of Finance 64(5), 2289-2325. (**Skip**: IV A2., A3., B, Section VI).
10. Drake, M. S., Gee, K. H., & Thornock, J. R. (2016). March Market Madness: The Impact of Value-Irrelevant Events on the Market Pricing of Earnings News. Contemporary Accounting Research, 33(1), 172-203.
11. Sloan, R., 1996, Do Stock Prices Fully Reflect Information in Accruals and Cash Flows About Future Earnings?, The Accounting Review 71, 289-315. (Skip: Red sections, 308-314).
12. Bradshaw, M., Richardson, S., Sloan, R., 2001, Do Analysts and Auditors Use Information in Accruals, Journal of Accounting Research 39 (1), 45-74. (Skip: Red sections, 50-53, 54-61)

4. Incentives and Earnings Management

13. Dechow, P., and D., Skinner, 2000, Earnings Management: Reconciling the Views of Accounting Academics, Practitioners, and Regulators, Accounting Horizon 14(2), 235-250. (**Only read:** 235-242)
14. Graham, J., Harvey, C., and S., Rajgopal, 2005, The economic implications of corporate financial reporting, Journal of Accounting & Economics 40, 3-73. **(Skip sections 5 & 6, pages 44-65)**.
15. Jiang, J., Petroni, K., Wang, I., 2010, CFOs and CEOs: Who Have the Most Influence on Earnings Management?, Journal of Financial Economics 96, 513-526. (**Skip**: Section 3.3).

5. Options Backdating

16. Yermack, D., 1997, Good timing: CEO stock option awards and company news announcements, Journal of Finance 52(2), 449-476. **(Read only until p. 462)**
17. Lie, E., 2005, On the timing of CEO stock option awards, Management Science 51(5), 802-812.
18. Heron, R., and E. Lie, 2007, Does backdating explain the stock price pattern around executive stock option grants?, Journal of Financial Economics 83, 271-295.

6. Stock Market, Accounting, and Politics

19. Wagner, A., Zeckhauser, R., Ziegler, A., 2018, Company Stock Price Reactions to the 2016 Election Shock: Trump, Taxes and Trade, Journal of Financial Economics 130, 428-451. (Skip: sections 5 and 6).
20. Gao, M., Huang, J., 2016, Capitalizing on Capitol Hill: Informed trading by hedge fund managers, Journal of Financial Economics 121, 521-545.
21. NYT Op-Ed, December 22, 2019, Make Laws, Not Money.
22. Mehta, M., Srinivasan, S., and Wanli Zhao, 2019, The Politics of M&A Antitrust, Journal of Accounting Research, Forthcomimg.
23. Christensen, D., Mikahil, M., Walther, B., Wellman, L., 2017, From K Street to Wall Street: Political Connections and Stock Recommendations, The Accounting Review 92(3), 87-112.