

**AMIS 6202 – Accounting Policy and Research**  
Fisher College of Business, The Ohio State University  
Spring 2024 (Term 1)

**Instructor**

Professor Tzachi Zach  
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**Communications**

**Email:** The most efficient means to contact me is through email: [zach.7@osu.edu](mailto:zach.7@osu.edu). Please write down “6202” 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, Friday: 08:00-09:30. The classes will be held in Gerlach 305. **If you feel sick, please stay home. If you have been in contact with a confirmed case, please stay home.**

**Course Objective**

This course is designed for students in the Masters of Accounting program (MACC). The 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 exercises to engage in analyses of big data through several projects. The goal of these projects 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 impact markets.
- Understanding the structure of academic research papers and how to best navigate through them
  - Thinking about how can auditors' work be informed by academic research?
- Sharpening data analytics skills:
  - Collecting and cleaning data
  - Working with multiple large data sets
  - Analyzing Data in Eventus and other tools of your choosing
  - Preparing data-based outputs: reports, tables, graphs
  - Understanding and interpreting research 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 group projects

### **Required Course Materials**

1. All relevant course material will be available on Carmen.
2. Access to a WRDS account.
3. Access to Kritik.

### **Course technology**

#### **Software**

- Navigating Carmen: for questions about specific functionality, see the [Canvas Student Guide](#).
- [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](https://go.osu.edu/office365help).
- I will provide you with a student code to use Tableau.
- Kritik (see below) for peer grading.
- Grammarly for spell and grammar check.

## 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.

## Grading

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

	<u>Date</u>	<u>% of Total Grade</u>
Topic Write-ups	Throughout the semester	35%
Projects 1	Throughout the semester	5%
Project 2	Last week of semester	15%
Class Participation	Throughout the semester	15%
Final Exam (Take Home)	T.B.D	<u>30%</u>
Total		100%

### 1. Topic write-ups assignments (35%)

Students are expected to hand in seven write-ups during the semester. The write-ups are due on the dates listed in the course schedule at 08:00am on the Kritik platform. These write-ups are meant to force you to think critically about the assigned 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 \$29 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.

## **2. Projects (20%)**

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

The details for all projects will be posted on Carmen. Project 2 is larger in scope, and therefore requires more planning, and a formal proposal to be approved by me before work starts.

### **Project 2:**

Students are required to conduct empirical analysis in one of three possible paths:

1. An event study of earnings announcements in an industry of their choosing.
2. An event study of their choosing.
3. Free-range data analysis of a database found online.

Groups are expected to submit a project proposal and present the proposal in class on **Friday, January 19**.

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, which you should have created over the winter break. The WRDS web site contains detailed explanations on how to use Eventus.

Each group will present its project in class for about 20 minutes during the last week of classes. In addition, a 2-page summary of the project (a maximum of 1,500 words) is due **on Friday, February 23**. 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](http://www.ssrn.com)) as resources for your searches.

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

For all projects, each group member is expected to communicate to me the contributions that the rest of the group members (excluding him/herself) have made to the project.

### **3. Participation (15%)**

I expect you to attend each class. 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.

### **4. Final Exam (30%)**

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 exam's due date will be during the exam period. We will coordinate with you on a convenient date.

## **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](http://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.
- **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](mailto:slds@osu.edu); 614-292-3307; [slds.osu.edu](http://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 6202 Course Schedule**  
**Spring 2024 (Term 1)**

<b>CLASS/DATE</b>	<b>Topic</b>	<b>Readings</b>	<b>Assignment</b>
Class 1 Monday January 8	Introductions		
Class 2 Wednesday January 10	Event studies	1	
Class 3 Friday January 12	Event studies - Enron	2,3	Writeup 1
Monday January 15	MLK Day No Class		
Class 4 Wednesday January 17	Market Efficiency	4	Writeup 2
Class 5 Friday January 19	Project proposals		Project 1 Eventus
Class 6 Monday January 22	Market Efficiency	5, 6, 7	Writeup 3
Class 7 Wednesday January 24	Market Efficiency & Behavioral Finance (PEAD)	8	
Class 8 Friday January 26	Market Efficiency & Behavioral Finance (Limited Attention)	9	Writeup 4
Class 9 Monday January 29	NCAA	10	
Class 10 Wednesday January 31	Incentives and earnings management	11, 12	
Class 11 Friday February 2	Earnings Management	13	Writeup 5



<b>CLASS/DATE</b>	<b>Topic</b>	<b>Readings</b>	<b>Assignment</b>
Class 12 Monday February 5	Questions on Project 2		
Class 13 Wednesday February 7	Event Studies – Election Edition	14	
Class 14 Friday February 9	Informed Trading	15	Writeup 6
Class 15 Monday February 12	Auditing	16, 17	
Class 16 Wednesday February 14	Auditing	18	Writeup 7
Class 17 Friday February 16	Projects Presentations		
Class 18 Monday February 19	Projects Presentations		
Class 19 Wednesday February 21	Projects Presentations		
Class 20 Friday February 23	Projects Presentations		Project 2 Event Study
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](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. Accounting Applications of Efficient Markets and Behavioral Finance**

#### **PEAD**

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).

#### **Limited Attention**

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.

### **4. Incentives and earnings management**

#### **General**

11. 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)
12. 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**).

#### **Individuals**

13. 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. Stock Market, Accounting, and Politics**

14. 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).
15. Gao, M., Huang, J., 2016, Capitalizing on Capitol Hill: Informed trading by hedge fund managers, *Journal of Financial Economics* 121, 521-545.

## 6. Auditing

16. Cunningham, L., Li, C., Stein, S., Wright, N., 2019, What's in a name? Initial evidence of US audit partner identification using differences-in-differences analysis. *The Accounting Review* 94(5), 139-163 (Skip: Red parts. 147-148, 152-155).
17. "The Hand of Leonardo" – Against the Rules podcast episode –  
<https://www.pushkin.fm/podcasts/against-the-rules/the-hand-of-leonardo>
18. Hoopes, J., Merkley, K., Pacelli, J., Schroeder, J., 2018, Audit personnel salaries and audit quality. *Review of Accounting Studies* 23, 1096-1136. (Skip: Sections 5.3, 5.4, 5.5).