The objective of this seminar is to develop your ability to critically evaluate and conduct experimental research in financial accounting. The readings for the seminar will cover topics related to financial accounting. This seminar will focus on a Judgment and Decision Making (JDM) based approach to experimental research. Unlike experiments in the experimental economics paradigm that draw on theories from economics, JDM research draws mostly on theories from psychology. Although the theory for the papers we will look at comes from psychology, the motivation for the papers, particularly in financial accounting, usually comes from empirical-archival work. To conduct impactful financial accounting experiments, it is important to know the empirical-archival literature. We will focus mostly on papers published in the last three years or so (including working papers). The background readings may contain older papers. For those of you taking this seminar for credit, successful completion will be based on satisfactorily completing the following components.

**Course Evaluation Components**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class presentations and discussion</td>
<td>50%</td>
</tr>
<tr>
<td>Research proposal and presentation</td>
<td>50%</td>
</tr>
</tbody>
</table>

**Overall Structure of the Seminar**

We meet for a total of eight sessions over four days. Six of these sessions will be spent discussing papers and two sessions will be devoted to student presentations. Each of the six sessions will be approximately 3 hours long and the two student presentation sessions will be approximately 2 hours long. For the paper-discussion sessions, read the first two papers in the reading list for each session carefully. The majority of the class time will be devoted to these two papers. However, the background readings are also important and, in many cases, integral to understanding the first two papers better. At the very least, you should be familiar with the content of the other readings.

**Class Presentation, Class Participation**

For each of the two main papers, one student will be assigned to lead the discussion as an advocate and one student will take on the role of a critic. Students will be assigned these roles multiple times over the seminar regardless of whether or not they are taking the course for credit. An advocate will spend around 10 minutes presenting the paper without being interrupted. An advocate is expected not just to summarize the paper, but make a strong case for why the paper should be published (if it is a working paper) and how it adds to our knowledge (if it is already published). A critic should prepare a 15-minute presentation critiquing the paper (there is no such thing as a perfect paper) but unlike the advocate, the critic can be interrupted (in fact, I
would be disappointed if the critic is not interrupted). Specifics of advocate and critic assignments will be announced in advance of the first session.

Making students take on the role of an advocate and a critic is a practice I borrow from my PhD training (more specifically, Lisa Koonce’s seminar at UT Austin) and one that I find very useful whenever I read a paper. The best advice on “how to read a paper” comes from a blog posting by Rob Bloomfield. I cannot paraphrase / improve on what he says, so his advice is reproduced in full below (again, notice the similarity to the advocate and the critic theme).

“There is an old Jewish saying: According to Rabbi Bunim of P’shiskha, everyone should have two pockets, each containing a slip of paper. On one should be written: I am but dust and ashes, and on the other: For my sake was the world created. From time to time we must reach into one pocket, or the other. The secret of living comes from knowing when to reach into each.

Several times I have shared this saying with doctoral students, advising them on how to read research papers. One secret of reading research is to read every paper twice. Read first with humility: the authors have spent untold hours studying an issue and crafting their arguments, and you must be humble enough (you are but dust and ashes) to devote your efforts to learning from them. But read again with the pride: you have been trained to evaluate and improve upon the work, and you must be proud enough to provide constructive criticism and point out directions for future work (for your sake was the world created).”

Follow this advice. Students are expected to read the papers carefully before class, and engage in meaningful discussion in class.

**Research Proposal**

You will present a proposal that examines an accounting issue using an experiment. Because our seminar is for only four days, I expect that you will present a proposal that you have been thinking about for some time. It would be helpful to me if I could get a draft of your proposal ahead of the seminar. I do not expect these to be polished proposals. Also, do not feel constrained to restrict yourself to financial accounting topics. Managerial accounting / auditing ideas are welcome as long as they use an experiment (either JDM / experimental econ.) to test the research question. Your proposal should not be more than 3 pages long, but it should address the following questions:

1. What is the problem / question that you seek to address?
2. Why is this question important / interesting?
3. How do you plan on addressing your research question?
4. What do you expect to find and why?
Session I: New Media (July 23, 2018)


Session II: Language (July 23, 2018)


Session III: Earnings Management (July 24, 2018)


Session IV: Earnings Guidance (July 24, 2018)


Session V: Format Effects (July 25, 2018)


Session VI: Policy Interventions (July 25, 2018)


