

Ph.D. IN ECONOMICS & FINANCE

Academic year 2025-2026

INTRODUCTION TO FINANCIAL ACCOUNTING RESEARCH

Instructors

Annalisa Prencipe
Professor, KPMG Endowed Chair in Accounting
Department of Accounting, Università Bocconi
Via Roentgen, 5th floor, room B2-01
e-mail: annalisa.prencipe@unibocconi.it

David Veenman
Professor of Financial Accounting
Amsterdam Business School, University of Amsterdam
Plantage Muidergracht 12, 1018 TV, Amsterdam
e-mail: d.veenman@uva.nl

Course objective

The aim of this introductory course is to provide students with an overview of some of the main empirical research streams in financial accounting and financial reporting. It covers seminal empirical papers on market-based research, fundamental analysis and valuation, financial reporting quality, conservatism and corporate disclosure.

The course is aimed also at preparing the field for subsequent accounting courses in the Ph.D. program.

The course is divided into two parts, the first led by Prof. Veenman (sessions 1-6) and the second by Prof. Prencipe (sessions 7-12).

Course Organization

The course will consist of lectures, in-class presentations (by students) and open discussion. The instructors will also present some co-authored papers or working papers to bring some practical research experience to class.

The course material includes:

- articles
- selected chapters from SCOTT W.R. and O'BRIEN P.C., *Financial Accounting Theory*, Pearson, 2020.
- in-class presentations

Required and suggested readings will be indicated on the syllabus.

Students are expected to carefully read the required papers assigned for each class and be ready to discuss them. The classroom environment will be highly participative. More details are provided below.

Students' presentations

Each student will be assigned a paper to be presented in class. All the students are expected to read the required readings and discuss them in class. Students will be graded on both in-class presentations and their contribution to class discussions.

During presentations, students are expected to address the following points:

1. Motivation of the study
2. Research questions
3. Theoretical background
4. Hypothesis development and possible alternative hypotheses
5. Research design
6. Major results and interpretation
7. Critical evaluation of the paper (to be related to the different parts listed above)
8. Subsequent extensions/follow-ups of the study (briefly)

Each presentation should last about 20-30 minutes, unless indicated differently by the instructor.

Tutorial sessions

Tutorial sessions are in-class sessions aimed at helping students to acquire confidence with the use of the main accounting databases. During tutorial sessions, students will work together with the Teaching Assistant (Adriano Salerno) to 'replicate' the empirical part of a study related the research streams discussed in class. Dates and further details will follow.

Final individual assignment

The final individual assignment will consist of a research proposal prepared individually by each student and related to any of the research streams addressed during the course.

The deadline for handing-in the final assignment will be communicated before the end of the course.

The research proposal will be evaluated based on the following dimensions:

- Clarity of positioning within the existing literature
- Originality and potential contribution to the current knowledge
- Relevance of the issue
- Suitability of the research method
- Clarity of exposition

Students will receive more detailed instructions on the structure of the research proposal in due time.

Grading

The final grade will be based on in-class presentations, class participation and final assignment, according to the following weights:

- 30% in-class presentations
- 20% in-class participation (including participation in tutorial sessions)
- 50% final assignment

Detailed outline

Papers to be assigned for presentation are marked with a *.

The list of reading is subject to change. The final list will be provided before the start of the course

1. Capital-markets based accounting research: foundations

Tuesday September 23, 14:45-16:15

Required readings:

- a) [*] Ball and Brown (1968): “An Empirical Evaluation of Accounting Income Numbers.” *Journal of Accounting Research* 6 (2): 159–78.
- b) [*] Beaver (1968): “The Information Content of Annual Earnings Announcements.” *Journal of Accounting Research* 6:67–92.

Additional suggested readings:

- Easton and Zmijewski (1989): “Cross-Sectional Variation in the Stock Market Response to Accounting Earnings Announcements.” *Journal of Accounting and Economics* 11 (2–3): 117–41.
- Kormendi and Lipe (1987): “Earnings Innovations, Earnings Persistence, and Stock Returns.” *The Journal of Business* 60 (3): 323–45.

2. Capital-markets based accounting research: applications

Tuesday September 23, 16:30-18:00

Required readings:

- a) [*] Teoh and Wong (1993): “Perceived Auditor Quality and the Earnings Response Coefficient.” *The Accounting Review* 68 (2): 346–66.
- b) Dechow (1994): “Accounting Earnings and Cash Flows as Measures of Firm Performance: The Role of Accounting Accruals.” *Journal of Accounting and Economics* 18 (1): 3–42.

Additional suggested readings:

- Leung and Veenman (2018): “Non-GAAP Earnings Disclosure in Loss Firms.” *Journal of Accounting Research* 56 (4): 1083–1137.
- Gipper, Leuz, and Maffett (2020): “Public Oversight and Reporting Credibility: Evidence from the PCAOB Audit Inspection Regime.” *The Review of Financial Studies* 33 (10): 4532–79.

3. Capital-markets based accounting research: market inefficiencies and mispricing

Thursday September 25, 14:45-16:15

Required readings:

- a) [*] Bernard and Thomas (1989): “Post-Earnings-Announcement Drift: Delayed Price Response or Risk Premium?” *Journal of Accounting Research* 27:1–36.

- b) Sloan (1996): “Do Stock Prices Fully Reflect Information in Accruals and Cash Flows About Future Earnings?” *The Accounting Review* 71 (3): 289–315.

Additional suggested readings:

- Chang, Hartzmark, Solomon, and Soltes (2017): “Being Surprised by the Unsurprising: Earnings Seasonality and Stock Returns.” *The Review of Financial Studies* 30 (1): 281–323.
- Veenman and Verwijmeren (2018): “Do Investors Fully Unravel Persistent Pessimism in Analysts’ Earnings Forecasts?” *The Accounting Review* 93(3): 349-377.

4. Fundamental analysis and valuation

Tuesday October 7, 8:30-10:00

Required readings:

- a) [*] Ou and Penman (1989): “Financial Statement Analysis and the Prediction of Stock Returns.” *Journal of Accounting and Economics* 11 (4): 295–329.
- b) Piotroski (2000): “Value Investing: The Use of Historical Financial Statement Information to Separate Winners from Losers.” *Journal of Accounting Research* 38:1–41.

Additional suggested readings:

- Bradshaw (2004): “How Do Analysts Use Their Earnings Forecasts in Generating Stock Recommendations?” *The Accounting Review* 79 (1): 25–50.
- Binz, Schipper, and Standridge (2025): “Estimating Profitability Decomposition Frameworks via Machine Learning: Implications for Earnings Forecasting and Financial Statement Analysis.” *Journal of Accounting and Economics*, forthcoming.

5. Accrual accounting

Tuesday October 7, 10:15-11:45

Required readings:

- a) [*] Bushman, Lerman, and Zhang (2016): “The Changing Landscape of Accrual Accounting.” *Journal of Accounting Research* 54 (1): 41–78.
- b) Ball and Nikolaev (2022): “On Earnings and Cash Flows as Predictors of Future Cash Flows.” *Journal of Accounting and Economics* 73 (1): 101430.

Additional suggested readings:

- Green, Louis, and Sani (2022): “Intangible Investments, Scaling, and the Trend in the Accrual-Cash Flow Association.” *Journal of Accounting Research* 60 (4): 1551–82.
- Kapons and Veenman (2025): “Seasonal Variation in Cash Flows and the Timing Role of Accruals.” *Working paper*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5042551.

6. Methods session: standard errors and fixed effects

Thursday October 9, 14:45-16:15

Required readings:

- a) Gow, Ormazabal, and Taylor (2010): “Correcting for Cross-Sectional and Time-Series Dependence in Accounting Research.” *The Accounting Review* 85 (2): 483.
- b) Breuer and deHaan (2024): “Using and Interpreting Fixed Effects Models.” *Journal of Accounting Research* 62 (4): 1183–1226.

Additional suggested readings:

- Gassen and Veenman (2024): “Estimation Precision and Robust Inference in Archival Research.” *Working paper*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4975569.

7.-8. – Earnings management and financial reporting quality

Tuesday October 28, 8:30-11:45

Required readings:

- a) Scott, W.R., and P.C. O’Brien. 2020. *Financial Accounting Theory* (Chapter 11).
- b) [*] Jones, J.J. 1991. Earnings Management During Import Relief Investigations. *Journal of Accounting Research* 29, 193-228 (up to section 5.1).
- c) [*] Roychowdhury, S. 2006. Earnings management through real activities manipulation. *Journal of Accounting and Economics* 42, 335-370.
- d) Minichilli, A., A. Prencipe, S. Radhakrishnan, and G. Siciliano. 2022. What’s in a name? Eponymous private firms and financial reporting quality. *Management Science*, 68(3), 2330-2348.

Additional suggested readings:

- Watts, R., and J. Zimmermann. 1978. Towards a Positive Theory of the Determination of Accounting Standards. *The Accounting Review* 53, 112-34.
- Healy, P.M. 1985. The effect of bonus schemes on accounting decisions. *Journal of Accounting and Economics* 7, 85-107.
- Dechow, P., and I. Dichev. 2002. The quality of accruals and earnings: the role of accrual estimation errors. *The Accounting Review* 77, 35-59 (Focus on Section II)
- Leuz, C., D. Nanda, and P. Wysocki. 2003. Earnings management and investor protection: an international comparison. *Journal of Accounting and Economics* 69, 505-527.
- Dechow, P., W. Ge, and C. Schrand C. 2010. Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics* 50, 344-401.
- Badertscher, B. A., Givoly, D., Katz, S. P., and J. Livnat. 2023. Earnings Quality: Evidence from the Field. *Contemporary Accounting Research*, 40(1), 7–47.

9.-10. – Accounting Conservatism

Tuesday November 4, 8:30-11:45

Required readings:

- a) Watts, R. 2003. Conservatism in accounting Part I: explanations and implications. *Accounting Horizons* 17, 207-221.
- b) [*] Basu, S. 1997. The conservatism principle and the asymmetric timeliness of earnings. *Journal of Accounting and Economics* 24, 3–37.

- c) [*] *Ball, R., and L. Shivakumar. 2005. Earnings quality in UK private firms: comparative loss recognition timeless. *Journal of Accounting and Economics* 39, 83-128.

Additional suggested readings:

- Watts, R. 2003. Conservatism in accounting Part II: evidence and research opportunities. *Accounting Horizons*, 17, 287-301.
- Cameran, M., A. Prencipe, and M. Trombetta. 2016. Mandatory Audit Firm Rotation and Audit Quality. *European Accounting Review* 1, 35-58.
Recipient of the 'Impact of Research Award', Bocconi University, 2020
- Badia, M., M. Duro, F. Penalva, and S. Ryan. 2021. Debiasing the measurement of conditional conservatism. *Journal of Accounting Research* 59, 1221-1259.

11.-12. – Empirical research on corporate disclosure

Tuesday November 11, 8:30-11:45

Required readings:

- a) Botosan, C. 1997. Disclosure Level and the Cost of Equity Capital. *The Accounting Review*, July, 323-50.
- b) [*] Li, F. 2010. The Information Content of Forward-Looking Statements in Corporate Filings — A Naïve Bayesian Machine Learning Approach. *Journal of Accounting Research*, 48, 1049–1102.
- c) [*] Tsang, A., Frost, T., and H. Cao. 2023. Environmental, Social and Governance (ESG) disclosure: A literature review. *The British Accounting Review* 55, 101149.
- d) Prencipe, A., Siciliano, G., Minichilli, A., D'Angelo, V. and O. Askheim. 2025. Eponymy, Reputation, and ESG Reporting in Private Family Firms, *Working Paper*.

Additional suggested readings:

- Botosan, C., and M. Plumlee. 2002. A re-examination of disclosure level and the expected cost of equity capital. *Journal of Accounting Research* (March), 21-40.
- Huang, X., S. Teoh, and Y. Zhang. 2014. Tone Management. *The Accounting Review* 89, 1083-1113.
- Christensen, H.B., Hail, L., Leuz, C. 2021. Mandatory CSR and sustainability reporting: economic analysis and literature review. *Review of Accounting Studies* 26, 1176-1248.
- Christensen, H.B., E. Floyd, L. Yao Liu, and M. Maffett. 2017. The real effects of mandated information on social responsibility in financial reports: Evidence from mine-safety records. *Journal of Accounting and Economics* 64, 284-304.
- Campbell, J.L., and M.E. Evans. 2024. Practice-Informed Accounting Research: The Role of Macroeconomic Events and Changes in Financial Reporting and Disclosure. *Foundations and Trends in Accounting* 18, 268–355.