

Session 1.02: FINANCIAL ACCOUNTING & REPORTING
DATE: FRIDAY, APRIL 1, 2022
TIME: 10:30 AM - 11:50 AM

*The Economic Consequence of Analysts' Cash Flow Forecasts on Firms'
Information Environment: Evidence from Bid-Ask Spread*

Abhijit Barua
Florida International University

Mengyu Ma
University of Central Arkansas

ABSTRACT: This study examines the effect of initiation of analysts' cash flow forecasts on firms' information environment. Extant literature finds mixed results regarding the usefulness of cash flow forecasts. Using average bid-ask spread as a proxy for information asymmetry, the ordinary least square results suggest that the presence of cash flow forecasts is positively associated with information transparency. Difference-in-differences analyses robustness test results indicate consistent findings. To the best of our knowledge, this is the first study to directly examine the association between cash flow forecasts and information asymmetry. This study shows an additional economic benefit of cash flow forecasts.

Session 1.02: FINANCIAL ACCOUNTING & REPORTING
DATE: FRIDAY, APRIL 1, 2022
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The Option to Stock Volume Ratio: Information Releases and the Variance Risk Premium

Thaddeus A. Neururer
University of Akron

George Papadakis
United States Securities and Exchange Commission

ABSTRACT: We test whether investor disagreements and private information impact the pricing of options before earnings announcements (EAs). We find higher EA variance risk premiums (VRPs) for firms with a greater option-to-stock trading ratio, our proxy for investor disagreement and private information. This relationship holds conditional to other factors suggested to predict VRPs and appears specific to the EA period. The association holds after accounting for firm-level unobserved heterogeneity and is stronger for smaller firms. Our results suggest the information asymmetries and disagreements that drive excess options trading generate profits to investors willing to sell variance protection around EAs.

Session 1.02: FINANCIAL ACCOUNTING & REPORTING
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How Firm Transparency Influences CEO Compensation

Shihui Fan
Kent State University

ABSTRACT: This paper examines the relationship between firm transparency and CEO compensation. Existing research has identified the consequences of improving CEO compensation transparency. However, our understanding of the impact of firm transparency on CEO compensation is incomplete because a firm's broader information environment includes more than accounting information. I use a composite proxy to capture information flows between the internal and external company, as reflected in the number of analysts following, the absolute value of abnormal accruals, bid-ask spread, and trading volume. Results suggest the benefits of improving firm transparency for both agents and principals. As transparency improves, more equity and total compensation increase CEO wealth. Meanwhile, greater firm transparency reduces excess compensation. I fail to find firm transparency affects bonus. Adding firm fixed effect, change analysis and using an alternative proxy confirm results robustness. Besides, firm transparency alleviates the pay-for-good luck asymmetry. My paper contributes to the literature on the determinants of CEO compensation and provides evidence about the impact of firms' information environment on management compensation.

Session 1.03: DIALOGUE 1
DATE: FRIDAY, APRIL 1, 2022
TIME: 10:30 AM - 11:50 AM

iXBRL Early Adoption, Audit Effort, and Audit Resource Allocation

Yiyang Zhang
Youngstown State University

Adi Masli
University of Kansas

Stephanie Walton
Louisiana State University

Mengmeng Wang
University of North Carolina-Greensboro

ABSTRACT: This study examines how inline XBRL (iXBRL) early adoption impacts auditor effort and audit resource allocation. While iXBRL can make financial reporting information accessible to a wide range of external stakeholders, the presentation format change should have no impact on auditor behavior. Audit firms note that presenting XBRL metadata on top of audited financial statements could lead to an expectation gap where external stakeholders believe that the inline tags have been audited despite no procedures being required. We find that iXBRL early adoption is associated with higher audit fees. Further, among non-adopting firms, engaging with an audit partner with an iXBRL client(s) is associated with a negative audit effort spillover effect. Non-adopting clients with a partner exposed to iXBRL clients are associated with a greater likelihood of a financial misstatement and filing financial reports late. We provide timely information on iXBRL adoption's unintended effect on audit outcomes.

Session 1.03: DIALOGUE 1
DATE: FRIDAY, APRIL 1, 2022
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The Effects of Explicit Clarification of Auditor Responsibility for Error or Fraud on Lenders' Perceptions of Audit Quality and Loan Decisions

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Kayla Denise Booker
Rhodes College

ABSTRACT: We examine the impact of an explicit clarification of auditor's responsibility for error or fraud on commercial lenders' perceptions of auditors' extent of audit tests done, confidence that material fraud or errors will be detected, lending risk assessments, and loan decisions. In addition, we investigate whether audit firm type plays a role concerning the aforementioned variables. We analyze responses of 170 commercial lenders. Results indicate that explicit clarification improves perceptions of (1) the extent of audit tests done for fraud or error, (2) confidence that material fraud or errors will be detected, and (3) the probability that commercial lenders will lend. All results hold regardless of audit firm type (Big Four or National Non-Big Four). The findings have strong implications for policy making, practice, and research. Keywords: auditor report; whether due to error or fraud, commercial lenders; loan decisions.

Session 1.03: DIALOGUE 1
DATE: FRIDAY, APRIL 1, 2022
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To Tell or Not to Tell: A Theoretical Approach to Whistleblowing and its Study

Timothy J Fogarty
case western

ABSTRACT: This paper reviews the literature on whistleblowing from economic, psychological, sociological, and ethical perspectives. This paper also considers the methodological and theoretical dimensions of whistleblowing research, and it identifies many avenues for future research.

Session 1.03: DIALOGUE 1
DATE: FRIDAY, APRIL 1, 2022
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Was the Duhnke PCAOB Captured?

John D Keyser
Case Western Reserve University

ABSTRACT: In 2002, Congress established a new regulatory agency, the Public Company Accounting Oversight Board (PCAOB) to regulate the public accounting profession. The PCAOB was created with many features to mitigate the risk of regulatory capture. For example, rather than creating a new government agency, Congress established the PCAOB as a non-governmental nonprofit organization overseen by the Securities and Exchange Commission. Despite the statutory safeguards, the PCAOB may nevertheless be susceptible to regulatory capture, particularly through board appointments.

Session 1.03: DIALOGUE 1
DATE: FRIDAY, APRIL 1, 2022
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Economic Consequences of Tax Director Departure

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University of Central Arkansas

ABSTRACT: Tax directors are responsible for monitoring compliance during the tax filing process, recommending investment decisions to minimize tax costs, and actively pursuing opportunities to achieve tax benefits in the course of tax planning (Armstrong, Blouin, and Larcker, 2012). However, agency problems occur due to the lack of transparency in a company's tax reporting and the design of its compensation structure, which is linked to the tax rates of firms (Crocker and Slemrod, 2005; Hanlon and Heitzman, 2010). This study investigates economic consequences of tax director departure. In addition, we examine whether the market reactions to the departures of tax directors are associated with a specific individual characteristic (gender) and behavior (tax avoidance) of the director. Using a sample of 310 U.S. firms, we find weak and positive market reactions to the announcements of tax director departures. Our results further show lower cumulative abnormal returns for female tax directors than for male tax directors. However, the market does not react differently to the departures of tax directors who engage in tax avoidance. Our findings suggest that the market values tax director departures and their characteristic. We provide implications for practitioners in terms of the selection of tax directors and the engagement of tax avoidance.

Session 1.04: TEACHING, LEARNING AND CURRICULUM 2
DATE: FRIDAY, APRIL 1, 2022
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Expert Thinking: A Neuroaccounting EEG Experiment Measures Knowledge Development

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Youngstown State University

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Youngstown State University

ABSTRACT: In this study, we conducted an experiment to measure the biological basis of learning accounting. We used an EEG to identify how accounting expertise develops from early exposure to accounting concepts and continues to grow throughout a future accountant's education. The EEG can measure knowledge development in the brain by tracking electrical impulses of neurons in reaction to stimuli. When comparing the neural networks of novice accounting students (who took introductory accounting) to experienced accounting students (who took intermediate accounting), results revealed that the brain structures differed between the novices and experienced students. Experienced students could identify miscategorized items in a list of assets, liabilities, revenues, and expenses even though they were not instructed to recognize such discrepancies. The novice learners did not detect these discrepancies. This evidence supports the claim that knowledge can be biologically and directly measured. We share insights about accounting education, warning about the perils of shortcutting the biological processes involved in attaining accounting expertise.

Session 1.04: TEACHING, LEARNING AND CURRICULUM 2
DATE: FRIDAY, APRIL 1, 2022
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*Putting the “Flip” to the Test of Time: Students, Video and Pandemic-era
Performance*

Timothy J Fogarty
case western

ABSTRACT: This paper could be considered an empirical evaluation of a central premise of the "flipped classroom." Specifically, if lectures were recorded and students were expected to view them in lieu of traditional classroom lectures, would they actually view them? Using the semester after the forced pivot of higher education caused by the Covid-19 pandemic as a natural experiment, the results show that most students might have watched them, but time spent doing so was not connected to grades.

Session 1.04: TEACHING, LEARNING AND CURRICULUM 2
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It Takes a Village: Networks of Support Underlying Publications in a Major Accounting Journal

Timothy J Fogarty
Case Western Reserve University

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Jadallah Azmi Jadallah
Saginaw Valley State University

ABSTRACT: The conventional wisdom in academic accounting endorses efforts by authors to solicit comments prior to submitting papers for publication at major journals. This leads to the belief that success is the result of the combined efforts of many. This paper turns attention to support networks beyond the authors' employing institutions. We suspect that some networks of support might be more valuable than others. Using the data of article acknowledgements from 2016 to 2021 in one of the discipline's most desired journals, this paper documents a persistent set of schools and individuals who could be viewed as the vital networks of support in academic accounting. The results show that support from high prestige institutions and select members of their faculty is differentially important to many. Results shows that the best support comes from the most successful individuals. Although the results show some journal-based variation in these assistance networks, the commonality of key facilitators is the better interpretation. This group reinforces in group members and may make research contributions from those outside this group less likely.

Session 2.03: AUDITING
DATE: FRIDAY, APRIL 1, 2022
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The Effect of Skills-Based Versus Nonskilled Community Service on Auditor Behavior

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University of Nevada-Reno

ABSTRACT: In an experiment with practicing auditors from a Big 4 firm, we replicate prior research demonstrating a moral licensing effect for nonskilled community service engagement, and we extend this research by documenting a moral consistency effect for skills-based community service engagement. Relative to a control group, auditors who committed to a nonskilled (skills-based) community service project became more (less) willing to acquiesce to a client's preferred accounting treatment. Our research suggests that skills-based community service may not only mitigate potential unintended consequences of employee community service but could even improve auditor decision making and audit quality. Further, skills-based volunteering could minimize dysfunctional audit behavior.

Session 2.03: AUDITING
DATE: FRIDAY, APRIL 1, 2022
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Text Analytics, Climate Change Risk Disclosures and Audit Fees

Lei Gao
University of Akron

ABSTRACT: In this paper, which leverages textual data analytics, we first conduct a longitudinal study of public companies' climate risk disclosure practices from 2005 to 2019. Results indicate that although the number of firms disclosing climate change risks increased over time, disclosure length and disclosure clarity did not improve consistently during the study period. It seems that firms temporarily adjusted their disclosure behaviors around 2010 to satisfy the SEC's 2010 guidance regarding climate change disclosures. From that point forward, however, companies' disclosure length and clarity (specificity and disclosure readability) declined. Climate change and disclosures about such structural changes in a client's environment can elevate both inherent risk and the risk of an incorrect audit opinion. Accordingly, the second part of the study empirically examines whether climate change risk disclosures are embedded into the auditors' risk model and associated audit prices. The results suggest that audit fees are significantly associated with disclosure clarity but not with disclosure length. In general, lower disclosure clarity is associated with higher audit fees.

Session 2.03: AUDITING
DATE: FRIDAY, APRIL 1, 2022
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*The Real Effect of Authoritative Regulatory Guidance and Attestation Standards:
Evidence from Financial Advisor Misconduct*

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Kent State University

Rachel Peng
University of Dayton

Russell Williamson
University of Louisville

ABSTRACT: Financial advisors serve as primary gatekeepers to the financial markets for non-professional investors and financial advisor misconduct in the broker-dealer industry has real and direct negative effects on investors. Yet given these effects, broker-dealers and auditors who tolerate financial advisor misconduct persist in the market. This study utilizes the PCAOBs the initial issuance of authoritative regulatory guidance and attestation standards for audits of broker-dealers to investigate how audit guidance is associated with financial advisor misconduct. We find that the issuance of authoritative regulatory guidance and attestation standards is associated with a reduction in financial advisor misconduct and that relationship is stronger for smaller broker-dealers, smaller auditors, and auditors who may have been ‘specializing’ in tolerating financial advisor misconduct. We also find that guidance and standards are associated with better internal control outcomes, increased auditor independence and higher financial advisor turnover for advisors who commit acts of misconduct. These results suggest PCAOB guidance and standards have had a positive impact in reducing the levels of financial advisor misconduct within the broker-dealer industry.

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Assume or Divide Responsibility? An Experimental Examination of Investors' Reactions to the Role and Disclosure of Component Auditors in an Audit

John D Keyser
Case Western Reserve University

Jason L. Smith
University of Nevada-Las Vegas

ABSTRACT: Audits of multinational corporations typically involve multiple auditors, the lead auditor and multiple component auditors. The lead auditor decides whether to assume responsibility for the work of the component auditor or to divide responsibility for the component audit. We investigate investor reaction to the lead auditor's decision.

Session 2.04: TEACHING, LEARNING AND CURRICULUM 1
DATE: FRIDAY, APRIL 1, 2022
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Using AAERs in Financial Accounting Courses: A Case Study to Integrate Ethical and Technical Competencies

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Ohio University

ABSTRACT: This teaching case builds critical thinking and ethical decision-making skills in a financial accounting setting by requiring students to analyze a real-world fraud from the perspective of the individual(s) involved, sourced from the Security and Exchange Commission's list of Accounting and Auditing Enforcement Releases (AAERs). The case materials include an individual and group component that may be customized based on the instructor's needs. The individual component examines an AAER participant's choices in committing accounting improprieties using an ethical decision-making framework. The group component requires an analysis of the correct and incorrect accounting, the fraud triangle, and effects on stakeholders. By requiring students to step into the shoes of fraud participants, this assignment makes students aware of deliberate choices that lead to financial reporting fraud and equips students with an ethical decision-making framework should they encounter a financial reporting ethical dilemma in their career.

Session 2.04: TEACHING, LEARNING AND CURRICULUM 1
DATE: FRIDAY, APRIL 1, 2022
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How to Utilize CANVAS Discussion Tool in Synchronous Setting Help Student's Learning

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Istanbul University

Sultan Kuzu Yildirim
Istanbul University

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University of Wisconsin La Crosse

ABSTRACT: The study has a two-fold purpose. First, it documents an experience of post and reply-graded discussions in the synchronous online teaching environment of an upper-level undergraduate intermediate accounting course. Then, it examines some skills-set of the students attended to the course. The CANVAS Discussion Tool of the course management system is utilized for the experience that is planned to support the efficiency of teaching and learning in the college level accounting education. Three different short cases are provided in different periods of time then students first posted their responses without accessing others' posts, later they make comments on two peers' posts, and finally they provide their feedback about the processes of the study they are involved. Students' posts and feedback are statistically analyzed thru qualitative and quantitative research methods. The results are interesting, and they encourage to continue utilizing the CANVAS Discussion Tool for increasing the learning efficiency. The paper could argue that the experience would even be a component of face-to-face teaching environment of accounting education

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Digitizing International Financial Reports with iXBRL and the IFRS Taxonomy: The Case of the EU, U.S., and SAP SE

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United States Air Force Academy

ABSTRACT: This case enables students to investigate recent financial reporting mandates requiring EU and SEC IFRS filers to digitize financial reports using IFRS-based taxonomies and iXBRL. EU filers, since January 2021, are mandated by ESMA (European Securities and Markets Authority) to file IFRS-based iXBRL financial reports, complying with ESEF (European Single Electronic Format). SEC IFRS filers follow similar specifications. Moreover, ESMA and the SEC, during 2021, completed transitions to XBRL's enhanced format, iXBRL (inline XBRL), combining human-readable and machine-readable language into one document. Student learning objectives include analyzing ESMA's ESEF and SEC's IFRS-iXBRL digitization developments. Furthermore, students evaluate German multinational SAP SE's motivation for its IFRS-XBRL implementations. SAP SE, since 2005, files IFRS financials, and since 2009, creates IFRS-XBRL reports. Students also apply Corefiling's Yeti Taxonomy Viewer and SEC's EDGAR iXBRL Viewer to IFRS-based iXBRL mapping and analysis exercises. The case is for Accounting Information Systems, International Accounting, and Accounting Analytics courses. Keywords: XBRL, iXBRL, inline XBRL, ESMA, ESEF, IFRS, structured data, SAP SE

Session 3.01: ROUNDTABLES - TEACHING INNOVATION
DATE: FRIDAY, APRIL 1, 2022
TIME: 3:30 PM - 4:50 PM

Taming Accounting Complexities: Be a Savvy Reader

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Western Kentucky University

David A Ziebart
University of Kentucky

Xinlei Zhao
University of Toledo

ABSTRACT: Business events and transactions have become sophisticated and complex in today's modern economy. Such complexity has a significant impact on the reading ease of "the Generally Accepted Accounting Principles" (GAAP) texts. Our study finds that GAAP texts that govern complex transactions or business events are very difficult to read and understand. We offer some suggestions to accounting students and emerging accounting professionals that can help them build and enhance their GAAP-reading skills.

Session 3.01: ROUNDTABLES - TEACHING INNOVATION
DATE: FRIDAY, APRIL 1, 2022
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Using You Tube Clips from Movies and TV Shows in Your Tax Class

Robert J. Walsh
University of Dallas

ABSTRACT: This "beginning" education paper discusses numerous You Tube clips from TV shows and movies that highlight various topics found in the introductory federal income tax class. This presentation will highlight some of the ways to reinforce various concepts in the course through a fun and engaging way. The only drawback the author has found so far is that today's undergraduates have never heard of many of these TV shows, so some time in class needs to be devoted to explaining the general premise and actors within the shows. These clips include: 1) the CPA's relations with the IRS and clients: a)Happy Gilmore movie b)Beverly Hillbillies 2) home office deduction: a) The Accountant movie 3) estate and gift planning: a) Shawshank Redemption movie 4) cash vs accrual basis taxpayers: a)All in the Family 5) documentation of revenue and expenses: a) M*A*S*H b)The Odd Couple 6) CPA firm structure and billable hours: a)The Firm movie

Session 3.03: FINANCIAL ACCOUNTING AND AUDITING
DATE: FRIDAY, APRIL 1, 2022
TIME: 3:30 PM - 4:50 PM

*The Effect of Accounting Standard Precision and Professional Judgment Guidance
on Auditors' Decision under Chinese Regulatory Environment*

Xia Zhang
Alabama A&M University

ABSTRACT: Chinese auditors are concerned with the audit liability associated with the professional judgment under the less precise accounting standards. Chinese Institute of Certified Public Accountants (CICPA) published the professional judgment guidelines in order to help auditors making better judgments. We experimentally investigate the joint effects of different accounting standards in different level of precision and the guidance on professional judgment on auditors' judgment and decision-making under different regulatory environment. The evidence suggests that auditors have a tendency to agree with management aggressive financial reporting under less precise standards. However, the professional judgment guidance could significantly constrain their decision. As expected, these findings are all more significant under weak regulatory regime. The results imply that the judgment guideline framework could reduce the possible negative effect of less precision accounting standards under weak regulatory regime. These results should be of interest to researchers, audit practitioners, national regulators and standard setters. Keywords: Accounting standard precision; Principle-based standards; Judgment guidance; Audit judgment; Financial regulatory environment

Session 3.03: FINANCIAL ACCOUNTING AND AUDITING
DATE: FRIDAY, APRIL 1, 2022
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Do Investors Perceive the Link Between Equity Method Earnings and Future Earnings? The Role of Supplemental Disclosures

Curtis Farnsel
University of Dayton

ABSTRACT: Equity method investments are commonly a material component of a firm's corporate structure, yet these investments are presented to financial statement users through opaque financial reporting. This study demonstrates that the link between equity method earnings and future earnings is stronger than the link between consolidated earnings and future earnings, consistent with the synergistic and diversification benefits of equity method investments. Next, this study demonstrates a limitation in the opaque reporting of equity method investments by revealing that the market fails to fully incorporate into prices the link between equity method earnings and future earnings. Further, this study contributes to the active debate among practitioners and regulators about the usefulness of supplemental disclosure requirements related to equity method investments. Results indicate that supplemental equity method investment disclosures aid the market in impounding the persistence of equity method earnings into share price.

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Is Firms' Social Media Engagement Informative about Firm Performance?

Atul Singh
Ball State University

ABSTRACT: In this paper, I examine whether the intensity of followers' engagement with firms on social media is incrementally informative about firms' performance measured as sales growth, unexpected sales growth, and stock returns. I define engagement as the collective response – likes, retweets, and replies – of followers to firms' tweets. I use approximately 289 million engagement actions (likes, retweets, and replies) of firms' followers collected from the Primary Twitter sites of 2,195 publicly-traded US firms between 2006 and 2017 for the empirical analysis. Results suggest that for tweeting firms, relative to firms without Twitter presence, quarterly changes in engagement volume incrementally explain sales growth and unexpected sales growth. I also find that monthly changes in engagement volume represent value-relevant information that gets impounded into stock prices contemporaneously. Furthermore, followers' engagement volume is a forward-looking indicator of stock prices: monthly changes in engagement volume vary directly with the following month's stock returns.

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DATE: FRIDAY, APRIL 1, 2022
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Technology Diffusion and Corporate Twitter Adoption Patterns

Atul Singh
Ball State University

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George Washington University

Robert Savickas
George Washington University

Amin Hosseini
George Washington University

ABSTRACT: We explore the factors that motivate firms to adopt and use Twitter, the most widely used social media platform. Firms can potentially benefit from social media to gain greater visibility, reduce litigation risk, or improve investor and customer relations. We hypothesize that the factors that influence technology diffusion, firm visibility, litigation risk, and product market characteristics are among the major reasons for Twitter adoptions. A comprehensive analysis of the economic determinants of Twitter adoptions is rare, in part, because of significant hurdles involved in data collection. We apply survival analysis models to a sample of all publicly-listed US firms between 2006 and 2017, comprising 202,799 firm-quarters and 18.62 million tweets. We find that, in contrast with typical technological diffusion, firms were reluctant to follow the early adoption leaders initially but joined the predecessors in later years. We also find that more visible firms - characterized by firms with large size, frequent press coverage, greater analyst following, high institutional ownership, and many shareholders, are more likely to adopt and use Twitter. We interpret this evidence as suggesting that firms actively followed by the press and investors have a greater need to control the information environment through social media. Litigation risk and firm age are also influential determinants of Twitter adoption. Perhaps not surprisingly, we also find that consumer-oriented B2C companies are significantly more likely and quicker to adopt Twitter than B2B firms.

Session 3.04: HISTORY, GENDER ISSUES & PUBLIC INTEREST
DATE: FRIDAY, APRIL 1, 2022
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*Battleground: Accounting and Reporting Issues of the Baltimore & Ohio Railroad
During the American Civil War*

Jan Heier
Faulkner University

Gary John Previts
Case Western Reserve University

Robert Russ
Northern Kentucky University

ABSTRACT: At the beginning of the Civil War, the Baltimore & Ohio Railroad was in an unenviable geographic position with half the railroad right of way in Northern territory and half in the South. In 1861, Confederate forces destroyed much of the central section of the main line and confiscated or destroyed all rail assets in the battleground area. The accounting and reporting issues relating to cost of the repairs and the operational implications of the accounting process are identified and explained in this unique analysis of original source materials. The strategy and 'going concern' assumptions of the railroad are identified as a key factors in achieving its success during the war.

Session 3.04: HISTORY, GENDER ISSUES & PUBLIC INTEREST
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Amplifying the Female Advantage: The Impact of Female Representation in Top Management on Employee's Work Experiences

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Creighton University

Yiding Wang
University of Oklahoma

Regina Taylor
Creighton University

Darryl Rice
Miami University

ABSTRACT: Although women's representation in senior leadership positions has made modest progress during the past few years, female executives are still the exception. As of 2021, women represent 6% of CEOs in the S&P 500 and 17% of top management team positions globally. Despite the dearth of women in senior leadership positions, past researchers have investigated the impact of the few women in these positions on firm outcomes and found that women favorably impact a firm's bottom-line. Predominantly, this stream of research has focused on business performance and other macro-level outcomes while much less research has examined the impact of female representation in top management on improving the organization at a micro-level. Our research investigates the impact of female representation in top management on improving the workplace experiences of employees. Drawing on upper echelon theory, we argue that female representation in top management integrates a more feminine management style in top management that is more likely to improve the workplace via implementing a greater work-life balance and a positive organizational culture. Using a proprietary dataset of employee ratings from over 5,000 firm-year observations, we find employees' ratings of work-life balance and organizational culture are significantly higher in organizations when women are members of the top management team. Additionally, we find our results are strengthened in younger firms and firms with a more centralized operating structure. Our research has important implications for today's

workplace. For example, female representation in top management is especially critical during this time as the pandemic has increased the work-life balance challenge for many employees. Specifically, women have disproportionately taken on caretaking roles while at the same time doing their full-time jobs since the pandemic started. As a result, women are leaving the paid workforce which will have implications for women's advancement in organizations for years to come. As our findings suggests, female representation in top management impacts work-life balance and as such, could play a meaningful role in creating policies that help women navigate their increased responsibilities at home due to the pandemic as well as keep them on a forward trajectory in the workforce. The impact of female representation in top management on the careers of women and the workforce generally may be profound.

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This Cannot be the Future: COVID-19 Exposes Inequities in the Workplace for Women

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Chenchen Huang
Carlow University

Maria Paulina Kassawat
Youngstown State University

Dave M Law
Youngstown State University

ABSTRACT: This study explores the impact of COVID-19 on the well-being of accountants with implications for the future. Researchers assessed the psychological well-being of accountants along three different axes with a focus on gender. They measured satisfaction with life, positive and negative emotions, and the need for Recovery after work twice, before the pandemic in 2013 and during the pandemic in May 2020. Researchers found, within the accounting profession, women were more likely to experience mental distress than men. Further analysis indicated that child-care responsibilities contributed to women's worsening well-being during COVID-19. This study shares the dark side of the virtual work-from-home environment that became the work norm during the pandemic, now prolonged due to the emergence of new variants, or adopted for financial reasons as companies calculated economic benefits of this model.

Session 3.04: HISTORY, GENDER ISSUES & PUBLIC INTEREST
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Corporate Social Irresponsibility, Adaptation, and Equity Value

Curtis Farnsel
University of Dayton

ABSTRACT: This study investigates the impact of corporate social responsibility (CSR) shortcomings on firm valuation. Firm value is expected to be a function of current earnings to the extent current earnings reflect cash flows that are expected to recur in future periods (“recursion value”). However, to the extent a firm may be forced to modify its future operating processes, firm value is expected to be a function of the net assets in place that can be used to generate an alternate stream of cash flows (“adaptation value”). My results show a partial shift from recursion value to adaptation value in the presence of weak CSR. These results are consistent with institutional theory, which suggests that firms with poor CSR performance face pressure from ethical oriented stakeholders to adapt their current operations. By demonstrating the link between weak CSR and adaptation value, this study supports recent practitioner guidance on CSR failures as a threat to business continuity.

Session 4.03: MANAGEMENT ACCOUNTING & NONPROFIT
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

Fraud in the Nonprofit Sector

Michelle Hutchens
University of Illinois

Amy G. Sheneman
The Ohio State University

ABSTRACT: This study examines the effects of fraud in nonprofit organizations and in the communities they serve. Using a comprehensive dataset of over 240,000 nonprofit tax returns from 2009 to 2014, we find donors decrease charitable giving following a disclosed fraud with an average decrease in donations of 5 percent in the year following a fraud event. Given the important role nonprofit organizations play in the communities they serve, we evaluate the spillover effects of fraud to geographic peer nonprofit organizations. We find an increase in donations to geographic peers, consistent with donors reallocating charitable donations away from nonprofit organizations that disclose fraud and toward other nonprofit organizations in the same community. We also examine the nonprofit responses to fraud and find that, on average, nonprofit organizations increase their spending on charitable programs following the revelation of a fraud, suggesting that management focuses on restoring trust with stakeholders by providing additional charitable services to the community. Collectively, our evidence suggests that the consequences of fraud extend beyond the affected nonprofit organizations and may have positive spillover effects for the local community.

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ASC 842 and the Asset Investment Decisions of EBITDA-Focused Firms

Mona Khaled Almatouq
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ABSTRACT: This study examines the effect of ASC 842 on the leasing and long-term asset purchase decisions of firms that use EBITDA in executive incentive plans. ASC 842 requires firms to capitalize operating leases, leading to higher leverage and asset base. While the impact on net income over the course of the lease is comparable for operating and finance leases, the impact on EBITDA is materially different. Amortization and interest expenses resulting from finance leases are excluded from EBITDA while operating lease expenses are reported in EBITDA. Consequently, I hypothesize and find that EBITDA-focused firms increase their finance lease liabilities after the issuance of ASC 842 relative to non-EBITDA-focused firms. The increase is lower for EBITDA-focused firms that also apply earnings, balance sheet-based, or stock price targets in their managerial incentive plans. Prior studies document that EBITDA-focused firms are overleveraged and overinvest in capital. Because ASC 842 increases firms' leverage further, I expect and find that EBITDA-focused firms decrease their purchases of long-term assets relative to non-EBITDA-focused firms. The reduction is greater for highly leveraged firms, and smaller for firms with significant cash reserves. Finally, while the profitability of non-EBITDA-focused firms increases following the issuance of ASC 842, I do not find an increase in the profitability of EBITDA-focused firms. Overall, the study documents an unintended consequence of ASC 842 and highlights the adverse effects of the use of EBITDA as a performance metric.

Session 4.03: MANAGEMENT ACCOUNTING & NONPROFIT
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

Managerial Ability, Political Risk, and Political Spending Disclosure

Huilan Zhang
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Jing Wang
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ABSTRACT: This study uses a sample of 1,699 firm-year observations of S&P 500 companies between 2014 to 2019 to investigate whether managerial ability and political risk affect firms' political spending disclosure. Our results show that firms with high ability managers generally disclose more political spending information. The relation between managerial ability and political spending disclosure is robust to additional tests addressing endogeneity concerns. Moreover, we find that firms facing high political risk voluntarily disclose more political spending information. Our cross-sectional analysis suggests that the positive association between political risk and political spending disclosure is more pronounced in the subsample of firms in the bottom quartile of managerial ability. Further analysis reports that the positive impact of managerial ability on political spending disclosure is weaker when CEOs get older and is more pronounced for firms headquartered in Democratic states. Our results remain robust to alternative measures of managerial ability and political risk.

Session 4.04: DIALOGUE 2
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

The Regulatory Philosophy of James R. Doty: PCAOB Chairman 2011-2018

John D Keyser
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ABSTRACT: James R. Doty was the chairman of the Public Company Accounting Oversight Board from February 2011 to January 2018. Extant research investigates the outcomes of the PCAOB's regulatory philosophy without examining what that philosophy is. This manuscript examines the merit regulation foundation of the PCAOB's enabling legislation and contrasts it with Doty's disclosure philosophy of regulation. It also explores the impact of Doty's regulatory philosophy on the direction of the PCAOB during his tenure. Under Doty, the PCAOB's approach shifted towards a more disclosure based regulatory approach and away from a merit based regulatory approach. The paper is based on extensive documentary evidence as well as interviews with James Doty.

Session 4.04: DIALOGUE 2
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

Does High Managerial Ability Help Borrower Avoid Debt Covenants Violation?

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ABSTRACT: This study examines the impact of managerial ability on debt covenants design at the initiation of debt contracts and whether higher managerial ability reduces the likelihood of debt covenants violations. Analyses suggest that borrowers with superior managerial ability are less likely to have financial covenants and negative covenants. In addition, although those managers are positively related to lower costs of debt, statistics do not show a strong relationship between managerial ability and the possibility of debt covenants violations. This study implies that the efficiency of managers is also a determinant factor in debt covenants.

Session 4.04: DIALOGUE 2
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

Group Identity and Voluntary Effort

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ABSTRACT: This study investigates how group-based incentive contracts affect the development of employees' group identity. We argue that employees develop a stronger group identity when working together on a group task under a group budget-based contract than under a group piece-rate contract. We further argue a carryover benefit of this established group identity into a group's next task. Specifically, the existing group identity can carry over to a subsequent group task that is no longer governed by a group-based incentive contract, and, more importantly, the success of the task largely depends on group members' voluntary efforts. This carryover effect, however, may diminish when employees have to work under an overly-detailed contract in that subsequent task. Simply put, an overly-detailed contract can harm group identity that is necessary for facilitating the employees' voluntary efforts. A more general contract, in contrast, can maintain the existing group identity and motivate employees to contribute their efforts voluntarily.

Session 4.04: DIALOGUE 2
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

*Retail Investors' Accessibility to the Internet and Firm-Specific Information Flows:
Evidence from Google's Withdrawal in China*

Wentao Ren
Nanjing University

ABSTRACT: Internet search is an important channel for retail investors to gather and process information. This paper investigates whether limiting retail investors' accessibility to the Internet could affect the incorporation of firm-specific information in prices, measured as the stock price synchronicity. Using Google withdrawing search services from China as an exogenous shock, I employ the matching-based difference-in-differences design and find an increase in synchronicity after Google's withdrawal, equivalent to a 4.6% growth in R2. Further analysis shows that synchronicity measure arguably captures firm-specific information rather than noise, at least, in this setting. In addition, the improved synchronicity is concentrated in subsamples where corporate disclosures are verbose and few, firms are geographically inaccessible, and the controlling shareholder's ownership is moderate. The results are not driven by alternative explanations and are robust to alternative samples, alternative variable constructions, and the inclusion of more control variables.

Session 4.04: DIALOGUE 2
DATE: SATURDAY, APRIL 2, 2022
TIME: 8:00 AM - 9:20 AM

A Review of the Research in Critical Thinking for Online Courses

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ABSTRACT: Online education within schools and colleges of business and management has grown dramatically over the past 20 years. As the number of students and platform offering has grown, both praise and criticism of online education has also increased. One of the criticisms of online education is that students miss the interaction with their faculty/teachers and other students in the course. This problem could manifest itself in an ability only to “rote-memorize” facts and be unable to apply these facts to new and unfamiliar situations, or to express the application of these facts to other situations. The ability to debate, including considering alternative facts and scenarios, could be limited, thereby making higher-order thinking more difficult to attain. Another possible problem: If the facts or assumptions change, could students answer the new question successfully? This paper discusses some of the criticisms of online education as it relates to business courses that should be asking students to pursue higher-order levels of thinking. It begins by discussing general online courses and then concentrates on business courses in specific. The paper also offers some solutions as cited by authors and researchers. The paper concludes by considering new ways of communication which could also assist students in obtaining a deeper understanding of the subject matter.