



Recap of the 14th Annual Conference on Financial Economics and Accounting, October 31, 2003 to November 1, 2003

CHENG-FEW LEE

Rutgers Business School, Department of Finance and Economics, Janice H. Levin Building, Rutgers University, 94 Rockefeller Road, Piscataway, NJ 08854-8054

The 14th Conference on Finance Economics and Accounting was held at Indiana University, Kelley School of Business on October 31, 2003 to November 1, 2003. The result was both exciting and outstanding. This conference has become one of the most prestigious academic conferences in finance and accounting nationally and internationally. See the attached program for the details of the two-day event.

The following is the fifteen-member executive committee (alphabetically), which coordinated the program:

Executive Committee Members

Walter G. Blacconiere, Indiana University
Lawrence Brown, Georgia State University
Martin Gruber, New York University
D. Erich Hirst, University of Texas at Austin
Bikki Jaggi, Rutgers University
Frank C. Jen, SUNY at Buffalo
Jayant R. Kale, Georgia State University
E. Han Kim, University of Michigan
Oliver Kim, University of Maryland
Cheng-few Lee (conference coordinator), Rutgers University
Joe Ogden, SUNY at Buffalo
Joshua Ronen, New York University
Ehud I. Ronn, University of Texas at Austin
Lemma W. Senbet, University of Maryland
Charles A. Trzcinka, Indiana University

Cheng-few Lee, coordinator, is a permanent member of this committee.

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Fourteenth Annual Conference on Financial Economics and Accounting

Indiana University
October 31, 2003 to November 1, 2003

Finance Program:
Charles Trzcinka

Accounting Program:
Walter Blacconiere

October 31, 2003

12:00 Noon–1:30 p.m. **Welcoming Lunch in the
Graduate Education and
Executive Center Dinning
Room**

2:00 p.m.–3:30 p.m.

Finance

● Session I: International Finance

Chairperson: Lemma Senbet, University of Maryland

1. *The Strategic Choice of Control Allocation and Ownership Distribution in Closely Held Corporations*

Kasper Nielson, University of Copenhagen
Morten Bennedson, Centre for Business and Economic Research
Mogens Fosgerau, Centre for Business and Economic Research

2. *The Cross-Section of International Cost of Capital*

David Ng, Cornell University
 Charles Lee, Cornell University
 Bhasharan Swaminathan, Cornell University

3. *To Steal or Not to Steal: Firm Attributes, Legal Environment and Valuation*

Art Durnev, University of Miami
 Han Kim, University of Michigan

Discussants:

1. Gordon Bodnar, John Hopkins University
2. Ludger Hentschel, University of Rochester
3. Andrey Ukhov, Indiana University

Accounting

● **Session I: Earnings Management**

Chairperson: Daniel Beneish, Indiana University

1. *A Temporal Analysis of Thresholds: Propensities and Valuation Consequences*

Lawrence D. Brown, Georgia State University
 Marcus L. Caylor, Georgia State University

2. *An Alternative Interpretation of the Discontinuity in Earnings Distributions*

William H. Beaver, Stanford University
 Maureen F. McNichols, Stanford University
 Karen K. Nelson, Rice University

3. *Earnings Quality, Insider Trading, and Cost of Capital*

David Aboody, University of California-Los Angeles
 John Hughes, University of California-Los Angeles
 Jing Liu, University of California-Los Angeles

Session Discussant:

Leslie Hodder, Indiana University

3:30 p.m.–3:45 p.m. Coffee Break sponsored by McGraw Hill

3:30 p.m.–5:30 p.m.

Finance

● **Session II: Asset Empirical Asset Pricing**

Chairperson: Robert Stambaugh, University of Pennsylvania

1. *Efficiency and the Bear: Short Sales and Markets around the World*

Arturo Bris, Yale University
William Goetzman, Yale University
Ning Zhu, University of California-Davis

2. *Asset Return Predictability and Bayesian Model Averaging*

Youngjun Tang, University of Texas at Austin

3. *Asymmetries in Stock Returns: Statistical Tests and Economic Evaluation*

Youngmiao Hong, Cornell University
Jun Tu, Washington University-St. Louis
Goufu Zhou, Washington University-St. Louis

4. *Corporate Bond Liquidity and its Effect on Yield Spreads*

Long Chen, Michigan State University
David Lesmond, Tulane University
Jason Wei, University of Toronto

Discussants:

1. Christian Lunblad, Indiana University
2. Doron Avramov, University of Maryland
3. Joseph Chen, Massachusetts Institute of Technology
4. Yakov Amihud, New York University

Accounting

● **Session II: Analysts Forecasts**

Chairperson: Larry Brown, Georgia State University

1. *Leaders and Followers among Security Analysts: Analysis of Impact and Accuracy*

Pervin K. Shroff, University of Minnesota
 Ramgopal Venkatatarman, University of Minnesota
 Baohua Xin, University of Minnesota

2. *Do Analysts' Forecasts Fully Reflect the Implications of Accounting Conservatism for Earnings?*

Jinhan Pae, Queen's University
 Danny Thornton, Queen's University

3. *When Accruals Meet Growth: Do Analysts' Forecast Fully Reflect the Future Earnings Implications of Accruals and Growth?*

Daphne W. Liu, London Business School

Session Discussant:

Bala Dharan, Rice University

6:30 p.m.–7:30 p.m. Cocktail Reception in Tudor Room of Indiana Memorial Union

7:30 p.m.–9:00 p.m. Dinner and Keynote Address by Robert Shiller

November 1, 2003

7:30 a.m.–8:30 a.m. Continental Breakfast in the Graduate Education and Executive Center Dining Room

8:30 a.m.–10:00 a.m.

Finance

● **Session III: Microstructure**

Chairperson: Robert Jennings, Indiana University

1. *The Impact of Legal and Political Institutions on Equity Trading Costs: A Cross Country Analysis*

Venkat Eleswarapu, Southern Methodist University
Kumar Venkataram, Southern Methodist University

2. *Informed Trading in Parallel Auction and Dealer Markets: An Analysis of the London Stock Exchange*

Pankaj Jain, University of Memphis
Chirsitine Jiang, University of Memphis
Nareerat Taechapiroontong, University of Memphis
Thomas McInish, University of Memphis

3. *Order Submission: The Choice between Limit and Market Orders*

Stephen Sapp, University of Western Ontario,
Ingrid Lo University of New Zealand

Discussants:

1. Venky Panchapagesan, Washington University-St. Louis
2. Hans Heidle, University of Notre Dame
3. Andrew Ellul, Indiana University

Accounting

● **Session III: Theory**

Chairperson: Carolyn Levine, Carnegie Mellon University

1. *Discretionary Disclosures Over Time*

Thomas F. Cosimano, University of Notre Dame
Bjorn N. Jorgensen, Columbia University

2. *Disclosure to a Credulous Audience: The Role of Limited Attention*

David Hirshleifer, Ohio State University
Sonya Seongyeon Lim, Ohio State University
Siew Hong Teoh, Ohio State University

3. *Diversification and the Accounting for New Projects On or Off the Balance Sheet*

K. Sivaramakrishnan, University of Houston
Lynda Thoman, Perdu University

Session Discussant:

Reed Smith, Indiana University-Indianapolis

10:00 a.m.–10:15 a.m. Coffee Break

10:15 a.m.–12:00 p.m.

Finance

• Session IV: Investments

Chairperson: Philip Dybvig, Washington University-St. Louis

1. *Evaluating Fixed Income Performance with Stochastic Discount Factors*

Wayne Ferson, Boston College
Darren Kisgen, University of Washington
Tyler Henry, University of Washington

2. *How much of the corporate-treasury spread is due to credit risk?*

Jing-zhi Huang, New York University
Ming Huang, Stanford University

3. *The Price Impact and Survival of Irrational Traders*

Leonid Kagan, MIT
Stephen Ross, MIT
Jiang Wang, MIT
Mark Westerfield, MIT

Discussants:

1. Heber Farnsworth, Washington University-St. Louis
2. Levent Guntay, Indiana University
3. Philip Dybvig, Washington University-St. Louis

Accounting

• Session IV: Corporate Governance, Incentives and Managerial Behavior

Chairperson:
K.R. Subramanyam, University of Southern California

1. *Accounting Choice, Corporate Governance, and Firm Performance*

Robert M. Bowen, University of Washington
 Shiva Rajgopal, University of Washington
 Mohan Venkatachalam, Duke University

2. *Structure of Option Repricings: Determinants and Consequences*

Fabrizio Ferri, New York University

3. *The Influence of Equity-based Compensation on CEO's Incentive to Report Strings of Consecutive Earnings Increases*

Bin Ke, Pennsylvania State University

Session Discussant:

Wayne Guay, University of Pennsylvania

12:00–1:30 p.m.

**Lunch and Distinguished
 Speaker: Joshua Ronen, New
 York University in the dining
 room of the Graduate
 Education and Executive
 Center**

2:00 p.m.–3:30 p.m.

Finance

• **Session V: Applied Corporate Finance**

Chairperson: Michael Weisbach, University of Illinois

1. *Prospect Theory and the long-run performance of IPO stocks*

Tongshu Ma, University of Utah
 Yiyu Shen, University of Texas at Dallas

2. *Price Informativeness and Investment Sensitivity to Stock Price*

Italy Goldstein, Duke University
 Qi Chen, Duke University
 Wei Jiang, Columbia University

3. *Understanding the Recovery Rates on Defaulted Securities*

Viral Acharya, London Business School
Sreedhar Bharath, University of Michigan
Anand Srinivasan, University of Georgia

Discussants:

1. Alan Poteshman, University of Illinois
2. Robert Neal, Indianan University
3. Amy Dittmar, University of Michigan

Accounting

• Session V: Capital Markets

Chairperson:
John Hand, University of North Carolina

1. *Dividend Taxes and Implied Cost of Capital*

Dan S. Dhaliwal, University of Arizona
Linda Krull, University of Texas-Austin
Oliver Li, University of Notre Dame
William Moser, University of Arizona

2. *The Sarbanes-Oxley Act of 2002 and Market Liquidity*

Pankaj K. Jain, University of Memphis
Jang-Chul Kim, University of Memphis
Zabihollah Rezaee, University of Memphis

3. *Revenue Investment, Accounting Conservatism, and the Valuation of Loss Making Firms*

John McCallig, University College Dublin

Session Discussant:

Joe Piotroski, University of Chicago

3:30 p.m.–3:45 p.m. Coffee Break

3:45 p.m.–5:30 p.m.

Finance

• Session VI: Dynamics in Corporate Finance

Chairperson: John Kose, New York University

1. *Informational Efficiency and Liquidity Premium as the Determinants of Capital Structure*

Chun Chang, University of Minnesota
Xiaoyun Yu, Indiana University

2. *Valuation Waves and Merger Activity: The Empirical Evidence*

Mathew Rhodes-Krop, Columbia University
David Robinson, Columbia University
S. Viswanathan, Duke University

3. *Do Firms Rebalance Their Capital Structure?*

Michael Roberts, Duke University
Mark Leary, Duke University

4. *Discretionary Contracts and Bank-Firm Relationships*

Anjolein Schmeits, Washington University-St. Louis

Discussants:

1. Sugato Bhattacharya, University of Michigan
2. Jayanathi Sunder, Northwestern University
3. Thomas Noe, Tulane University
4. Dirk Hackbarth, Indiana University

Accounting

• Session VI: Management Forecasts and Voluntary Disclosures

Chairperson:
Steve Baginski, Georgia State University

1. *Why Do Managers Fail to Meet Their Own Forecasts?*

Shuping Chen, University of Washington

2. *The Governance Effect of Institutional Investors and Outsider Directors on the Properties of Management Earnings Forecasts*

Bipin Ajinkya, University of Florida
Sanjeev Bhojraj, Cornell University
Partha Sengupta, University of Maryland

3. *Do Firms Strategically Emphasize Performance Metrics in Their Earnings Press Releases*

Robert M. Bowen, University of Washington
Angela K. Davis, Washington University
Dawn A. Matsumoto, University of Washington

Session Discussant:

Carol Marquardt, New York University