Une revue de l'Association canadienne des professeurs de comptabilité

CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 1 · Spring 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 1 · printemps 2020

Editor-in-Chief / Rédacteur en chef MICHAEL WELKER, Queen's University

Deputy Editor-in-Chief / Rédacteur en chef adjointJEFFREY PITTMAN, Memorial University of Newfoundland

Editors / Rédacteurs

MARGARET ABERNETHY, University of Melbourne THOMAS AHRENS, United Arab Emirates University JOSEPH V. CARCELLO, University of Tennessee PETER CLARKSON, University of Queensland JEFFREY COHEN, Boston College GUS DE FRANCO, Tulane University FABRIZIO FERRI, University of Miami YVES GENDRON, Université Laval JEFFREY HALES, University of Texas at Austin PAUL HRIBAR, University of Iowa KHIM KELLY, University of Central Florida KENNETH KLASSEN, University of Waterloo CLIVE LENNOX, University of Southern California HAI LU, University of Toronto SARAH MCVAY, University of Washington MIGUEL MINUTTI-MEZA, University of Miami PARTHA S. MOHANRAM, University of Toronto LINDA MYERS, University of Tennessee THOMAS OMER, University of Nebraska-Lincoln MARLENE PLUMLEE, University of Utah KRISTINA RENNEKAMP, Cornell University EDWARD RIEDL, Boston University FLORIN SABAC, University of Alberta JACOB THORNOCK, Brigham Young University





केन्द्रीय पुस्तकालय / Central Library
सिक्किम विश्वविद्यालय

CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 1 · Spring 2020

SUBSCRIBED

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 1 · printemps 2020

Contents / Sommaire

Articles

Articles	
How Busyness Influences SEC Compliance Activities: Evidence from the Filing Review Process and Comment Letters KATHERINE A. GUNNY and JUDITH M. HERMIS	7
Unexpected SEC Resource Constraints and Comment Letter Quality MATTHEW EGE, JENNIFER L. GLENN, and JOHN R. ROBINSON	33
Trader Participation in Disclosure: Implications of Interactions with Management W. BROOKE ELLIOTT, STEPHANIE M. GRANT, and JESSEN L. HOBSON, with Discussion by Scott Asay	68
What Drives Investor Response to CSR Performance Reports? ANDRES GUIRAL, DOOCHEOL MOON, HUN-TONG TAN, and YAO YU	101
Customer Concentration and Public Disclosure: Evidence from Management Earnings and Sales Forecasts STEVEN CRAWFORD, YING HUANG, NINGZHONG LI, and ZIYUN YANG	131
Greater Reliance on Major Customers and Auditor Going-Concern Opinions DAN DHALIWAL, PAUL N. MICHAS, VIC NAIKER, and DIVESH SHARMA	160
Auditor Independence and Fair Value Accounting: An Examination of Nonaudit Fees and Goodwill Impairments JOSEPH V. CARCELLO, TERRY L. NEAL, LAUREN C. REID, and JONATHAN E. SHIPMAN	s 189
Are Audit Firms' Compensation Policies Associated with Audit Quality? JÜRGEN ERNSTBERGER, CHRISTOPHER KOCH, EVA MARIA SCHREIBER, and GREG TROMPETER	218
Auditors, Specialists, and Professional Jurisdiction in Audits of Fair Values EMILY E. GRIFFITH	245
When Is the Averaging Effect Present in Auditor Judgments? TAMARA A. LAMBERT and MARIETTA PEYTCHEVA	277
Does an Audit Judgment Rule Increase or Decrease Auditors' Use of Innovative Audit Procedures? YOON JU KANG, M. DAVID PIERCEY, and ANDREW TROTMAN	297
Moving the Conceptual Framework Forward: Accounting for Uncertainty RICHARD BARKER and STEPHEN PENMAN, with Discussions by Thomas J. Linsmøier and Stephen Cooper	322
Peer Effects among Financial Analysts TRUC (PETER) THUC DO and HUAI ZHANG	
Directors' Informational Role in Corporate Voluntary Disclosure: An Analysis of Directors from Related Industries RUIHAO KE, MENG LI, and YUAN ZHANG	

Illiquidity and the Measurement of Stock Price Synchronicity JOACHIM GASSEN, HOLLIS A. SKAIFE, and DAVID VEENMAN	119
Does Other Comprehensive Income Volatility Influence Credit Risk and the Cost of Debt? MAY XIAOYAN BAO, MATTHEW T. BILLETT, DAVID B. SMITH, and EMRE UNLU	157
Auditing and the Development of the Modern State CLINTON FREE, VAUGHAN S. RADCLIFFE, CRAWFORD SPENCE, and MITCHELL J. STEIN	485
Real Incentive Effects of Soft Information PETER O. CHRISTENSEN, HANS FRIMOR, and FLORIN ŞABAC5	514
Uncertainty and Compensation Design in Strategic Interfirm Contracts RANJANI KRISHNAN and DEEPA MANI 5	542
Vertical Pay Dispersion, Peer Observability, and Misreporting in a Participative Budgeting Setting LAN GUO, THERESA LIBBY, XIAOTAO (KELVIN) LIU, and YU TIAN5	575
Interim Effective Tax Rate Estimates and Internal Control Quality SEAN T. MCGUIRE, STEVANIE S. NEUMAN, and SARAH C. RICE	603

Une revue de l'Association canadienne des professeurs de comptabilité

CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 2 · Summer 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 2 · été 2020

Editor-in-Chief / Rédacteur en chef ALAN WEBB, University of Waterloo

Deputy Editors-in-Chief / Rédacteurs en chef adjoints JEFFREY PITTMAN, Memorial University of Newfoundland PARTHA MOHANRAM, University of Toronto

Editors / Rédacteurs

FRANCOIS BROCHET, Boston University JOHN CAMPBELL, University of Georgia. CLARA XIAOLING CHEN, University of Illinois at Urbana-Champaign PETER CLARKSON, University of Queensland and Simon Fraser University **IEFFREY COHEN, Boston College** GUS DE FRANCO, Tulane University ALEXANDER EDWARDS, University of Toronto FABRIZIO FERRI, University of Miami YVES GENDRON, Université Laval PAUL HRIBAR, University of Iowa INGRID JEACLE, University of Edinburgh KHIM KELLY, University of Central Florida PHILLIP LAMOREAUX, Arizona State University CLIVE LENNOX, University of Southern California SCOTT LIAO, University of Toronto HAILU, University of Toronto SARAH McVAY, University of Washington MIGUEL MINUTTI-MEZA, University of Miami LINDA MYERS, University of Tennessee THOMAS OMER, University of Nebraska-Lincoln KRISTINA RENNEKAMP, Cornell University FLORIN SABAC, University of Alberta JACOB THORNOCK, Brigham Young University JENNIFER WU TUCKER, University of Florida



CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 2 · Summer 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 2 · été 2020

Contents / Sommaire

Eulogy: Gerald A. (Jerry) Feltham, 1938-2019 DAN A. SIMUNIC	641
Articles	
The Influence of Firms' Emissions Management Strategy Disclosures on Investors' Valuation Judgments JOSEPH A. JOHNSON, JOCHEN THEIS, ADAM VITALIS, and DONALD YOUNG	647
The Influence of Corporate Social Responsibility Measures on Investors' Judgments when Integrated in a Financial Report versus Presented in a Separate Report ANTHONY C. BUCARO, KEVIN E. JACKSON, and JEREMY B. LILL	66
Improving Auditors' Consideration of Evidence Contradicting Management's Estimate Assumptions ASHLEY A. AUSTIN, JACQUELINE S. HAMMERSLEY, and MICHAEL A. RICCI	690
Can Audit Committee Expertise Increase External Auditors' Litigation Risk? The Moderating Effect of Audit Committee Independence JILLIAN ALDERMAN and S. JANE JOLLINEAU	71
Are Earnings Forecasts Informed by Proxy Statement Compensation Disclosures? STEPHANNIE A. LAROCQUE, MELISSA A. MARTIN, and BEVERLY R. WALTHER	
Bold Stock Recommendations: Informative or Worthless? DAN PALMON, BHARAT SARATH, and HUA C. XIN	
Short Sellers and Long-Run Management Forecasts XIA CHEN, QIANG CHENG, TING LUO, and HENG YUE	
Voluntary Disclosures When There Is an Option to Delay Disclosure RAHUL MENON	
Income Smoothing and the Usefulness of Earnings for Monitoring in Debt Contracting PETER DEMERJIAN, JOHN DONOVAN, and MELISSA F. LEWIS-WESTERN	
The Accrual Anomaly: Accrual Originations, Accrual Reversals, and Resolution of Uncertaint, TATIANA FEDYK, ZVI SINGER, and THEODORE SOUGIANNIS	
The Switch-Up: An Examination of Changes in Earnings Management after Receiving SEC Comment Letters <i>LAUREN M. CUNNINGHAM, BRET A. JOHNSON, E. SCOTT JOHNSON, and LING LEI LISIC</i>	
Why Are People Honest? Internal and External Motivations to Report Honestly PAMELA R. MURPHY, MICHAEL WYNES, TILL-ARNE HAHN, and PATRICIA G. DEVINE	94
Spillover Effects of Fraud Allegations and Investor Sentiment MASAKO DARROUGH, RONG HUANG, and SHA ZHAO	98
China's Anti-Corruption Campaign and Financial Reporting Quality OLE-KRISTIAN HOPE, HENG YUE, and QINLIN ZHONG	
When Is the Client King? Evidence from Affiliated-Analyst Recommendations in China's Split-Share Reform KAM C. CHAN, XUANYU JIANG, DONGHUI WU, NIANHANG XU, and HONG ZENG	
The Price of Being Foreign: Stock Market Penalties Associated with Accounting Irregularities for U.SListed Foreign Firms WEILI GE, DAWN MATSUMOTO, EMILY JING WANG, and JENNY LI ZHANG, with Discussion by Wayne Thomas	
Political Uncertainty and Cost Stickiness: Evidence from National Elections around the World WOO-JONG LEE, JEFFREY PITTMAN, and WALID SAFFAR	
Express Yourself: Why Managers' Disclosure Tone Varies Across Time and What Investors Learn from It JOHN L. CAMPBELL, HYE SEUNG "GRACE" LEE, HSIN-MIN LU, and LOGAN B. STEELE	
Measuring Real Activity Management DANIEL COHEN, SHAILENDRA PANDIT, CHARLES E. WASLEY, and TZACHI ZACH	
The Role of Narcissistic Hypocrisy in the Development of Accounting Estimates MATTHEW J. HAYES and PHILIP M. J. RECKERS	
The Benefit of Mean Auditors: The Influence of Social Interaction and the Dark Triad on Unjustified Auditor Trust JESSEN L. HOBSON, MATLHEW T. STERN, and AARON F. ZIMBELMAN	
Implications of the Joint Provision of CSR Assurance and Financial Audit for Auditors' Assessment of Going-Concern Risk LORENZO DAL MASO, GERALD J. LOBO, FRANCESCO MAZZI, and LUC PAUGAM	
On the "Realities" of Investor-Manager Interactivity: Baudrillard, Hyperreality, and Management Q&A Sessions MATTHEW BAMBER and SANTHOSH ABRAHAM	



Une revue de l'Association canadienne des professeurs de comptabilité

CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 3 · Fall 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 3 · automne 2020

Editor-in-Chief/Rédacteur en chef ALAN WEBB, University of Waterloo

Deputy Editors-in-Chief / Rédacteurs en chef adjoints

JEFFREY PITTMAN, Memorial University of Newfoundland PARTHA MOHANRAM, University of Toronto

Editors / Rédacteurs

FRANCOIS BROCHET, Boston University JOHN CAMPBELL, University of Georgia CLARA XIAOLING CHEN, University of Illinois at Urbana-Champaign PETER CLARKSON, University of Queensland and Simon Fraser University JEFFREY COHEN, Boston College GUS DE FRANCO, Tulane University ALEXANDER EDWARDS, University of Toronto FABRIZIO FERRI, University of Miami YVES GENDRON, Université Laval PAUL HRIBAR, University of Iowa INGRID JEACLE, University of Edinburgh KHIM KELLY, University of Central Florida PHILLIP LAMOREAUX, Arizona State University CLIVE LENNOX, University of Southern California SCOTT LIAO, University of Toronto HAI LU, University of Toronto SARAH McVAY, University of Washington MIGUEL MINUTTI-MEZA, University of Miami LINDA MYERS, University of Tennessee THOMAS OMER, University of Nebraska-Lincoln KRISTINA RENNEKAMP, Cornell University FLORIN SABAC, University of Alberta JACOB THORNOCK, Brigham Young University JENNIFER WU TUCKER, University of Florida



CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 3 · Fall 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 3 · automne 2020

Contents / Sommaire

Articles

When the Client Is a Former Auditor: Auditees' Expert Knowledge and Social Capital as Threats to Staff Auditors' Operational Independence LAURENCE DAOUST and BERTRAND MALSCH	. 133
When Are Audit Firms Sued for Financial Reporting Failures and What Are the Lawsuit Outcomes? <i>CLIVE LENNOX and BING LI</i>	. 137
The Settlement Norm in Audit Legal Disputes: Insights from Prominent Attorneys <i>ELDAR MAKSYMOV, JEFFREY PICKERD, D. JORDAN LOWE, MARK E. PEECHER, and ANDREW REFFETT,</i> with Discussion by Dain C. Donelson	. 140
Executives' Legal Records and the Deterrent Effect of Corporate Governance ROBERT H. DAVIDSON, AIYESHA DEY, and ABBIE SMITH	. 144
Accounting-Based Compensation and Debt Contracts ZHI LI, LINGLING WANG, and KAREN WRUCK	. 147
The Effects of Incentive Scheme and Task Difficulty on Employees' Altruistic Behavior Outside the Firm ANDREW H. NEWMAN, IVO D. TAFKOV, and FLORA HAILAN ZHOU	. 151
How Reliably Do Empirical Tests Identify Tax Avoidance? LISA DE SIMONE, JORDAN NICKERSON, JERI SEIDMAN, and BRIDGET STOMBERG	. 153
The Economic Effects of Special Purpose Entities on Corporate Tax Avoidance PAUL DEMERÉ, MICHAEL P. DONOHOE, and PETRO LISOWSKY	. 156
Intuition versus Analytical Thinking and Impairment Testing CHRISTOPHER J. WOLFE, BRANT E. CHRISTENSEN, and SCOTT D. VANDERVELDE	. 159
Building Trust in Crisis Management: A Study of Insolvency Practitioners and the Role of Accounting Information and Processes YVONNE JOYCE	. 162
Can Employee Stock Options Contribute to Less Risk-Taking? BRUCE K. BILLINGS, JAMES R. MOON JR., RICHARD M. MORTON, and DANA M. WALLACE	. 165
Measuring News in Management Range Forecasts TYLER K. JENSEN and MARLENE A. PLUMLEE	. 168
The Informational Effects of Tightening Oil and Gas Disclosure Rules MARC BADIA, MIGUEL DURO, BJORN N. JORGENSEN, and GAIZKA ORMAZABAL, with Discussion by Hans B. Christensen	. 172
The Role of Auditor Narcissism in Auditor-Client Negotiations: Evidence from China BRYAN K. CHURCH, NARISA TIANJING DAI, XI (JASON) KUANG, and XUEJIAO LIU	
Assessing Tax Risk: Practitioner Perspectives STEVANIE S. NEUMAN, THOMAS C. OMER, and ANDREW P. SCHMIDT	. 178
Investors' Misweighting of Firm-Level Information and the Market's Expectations of Earnings SAMI KESKEK, JAMES N. MYERS, and LINDA A. MYERS	. 182
Using Cultural Mindsets to Reduce Cross-National Auditor Judgment Differences AARON SAIEWITZ and ELAINE (YING) WANG	. 185
How Aggressive Tax Planning Facilitates the Diversion of Corporate Resources: Evidence from Path Analysis ANDREW M. BAUER, JUNXIONG FANG, JEFFREY PITTMAN, YINQI ZHANG, and YUPING ZHAO	. 188
Do Client Bankruptcies Preceded by Clean Audit Opinions Damage Auditor Reputation? NATHAN R. BERGLUND	. 191
Erratum	. 195



Une revue de l'Association canadienne des professeurs de comptabilité

CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 4 · Winter 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 4 · hiver 2020

Editor-in-Chief / Rédacteur en chef ALAN WEBB, University of Waterloo

Deputy Editors-in-Chief / Rédacteurs en chef adjoints JEFFREY PITTMAN, Memorial University of Newfoundland PARTHA MOHANRAM, University of Toronto

Editors / Rédacteurs FRANCOIS BROCHET, Boston University JOHN CAMPBELL, University of Georgia CLARA XIAOLING CHEN, University of Illinois at Urbana–Champaign PETER CLARKSON, University of Queensland and Simon Fraser University DANIEL COHEN, Texas A&M University JEFFREY COHEN, Boston College GUS DE FRANCO, Tulane University ALEXANDER EDWARDS, University of Toronto FABRIZIO FERRI, University of Miami YVES GENDRON, Université Laval PAUL HRIBAR, University of Iowa INGRID JEACLE, University of Edinburgh KHIM KELLY, University of Central Florida PHILLIP LAMOREAUX, Arizona State University CLIVE LENNOX, University of Southern California SCOTT LIAO, University of Toronto HAI LU, University of Toronto SARAH McVAY, University of Washington MIGUEL MINUTTI-MEZA, University of Miami LINDA MYERS, University of Tennessee THOMAS OMER, University of Nebraska–Lincoln KRISTINA RENNEKAMP, Cornell University FLORIN SABAC, University of Alberta JACOB THORNOCK, Brigham Young University JENNIFER WU TUCKER, University of Florida





CONTEMPORARY ACCOUNTING RESEARCH

Volume 37 · Number 4 · Winter 2020

RECHERCHE COMPTABLE CONTEMPORAINE

Volume 37 · numéro 4 · hiver 2020

Contents / Sommaire

Articles

Articles	
The Role of Pension Business Benefits in Institutional Block Ownership and Corporate Governance JING HUANG, STEVEN R. MATSUNAGA, and Z. JAY WANG	1959
The Effects of the Tax Cuts and Jobs Act of 2017 on Defined Benefit Pension Contributions FABIO B. GAERTNER, DANIEL P. LYNCH, and MARY E. VERNON	1990
Individual Investors' Attention to Accounting Information: Evidence from Online Financial Communities ALINA LERMAN	2020
Do Shareholders Assess Managers' Use of Accruals to Manage Earnings as a Negative Signal of Trustworthiness Even When Its Outcome Serves Shareholders' Interests? MAX HEWITT, FRANK D. HODGE, and JAMIE H. PRATT	2058
Connections between the Market Pricing of Accruals Quality and Accounting-Based Anomalies KAI DU and XIN DANIEL JIANG	2087
Bank Monitoring and Financial Reporting Quality: The Case of Accounts Receivable–Based Loans RICHARD FRANKEL, BONG HWAN KIM, TAO MA, and XIUMIN MARTIN	2120
Debt Covenant Restriction, Financial Misreporting, and Auditor Monitoring JEFFREY PITTMAN and YUPING ZHAO	2145
The Forewarning Effect of Critical Audit Matter Disclosures Involving Measurement Uncertainty STEVEN J. KACHELMEIER, DAN RIMKUS, JAIME J. SCHMIDT, and KRISTEN VALENTINE	2186
A Note on a Framework for Valuation Ratios Based on Fundamentals CHENG LAI	2213
The Interplay of Core and Peripheral Actors in the Trajectory of an Accounting Innovation: Insights from Beyond Budgeting SEBASTIAN D. BECKER, MARTIN MESSNER, and UTZ SCHÄFFER	2224
Voluntary Disclosure and Informed Trading EVGENY PETROV	2257
Does Accounting Conservatism Discipline Qualitative Disclosure? Evidence From Tone Management in the MD&A CARLO D'AUGUSTA and MATTHEW D. DEANGELIS	
The Effects of Creative Culture on Real Earnings Management RYAN D. GUGGENMOS, with Discussion by Wim A. van der Stede	2319

Sikkim University

Does Public Country-by-Country Reporting Deter Tax Avoidance and Income Shifting? Evidence from the European Banking Industry <i>PREETIKA JOSHI, EDMUND OUTSLAY, and ANH PERSSON,</i> with Discussion by Terry Shevlin and Aruhn Venkat	2357
The Use and Characteristics of Foreign Component Auditors in U.S. Multinational Audits: Insights from Form AP Disclosures <i>JENNA J. BURKE, RANI HOITASH, and UDI HOITASH</i>	2398
Audit Regulation and Cost of Equity Capital: Evidence from the PCAOB's International Inspection Regime PHILLIP T. LAMOREAUX, LANDON M. MAULER, and NATHAN J. NEWTON	2438
Contracting and Reporting Conservatism around a Change in Fiduciary Duties <i>DANIEL BENS,</i> STERLING HUANG, LIANG TAN, and WAN WONGSUNWAI	2472
The Commitment to Income-Decreasing Accounting Choices as a Credible Signal to Reducing Information Asymmetry: The Case of Asset Revaluations <i>FÁBIO MORAES DA COSTA, CAROL LIU, GINA CAVALIER ROSA,</i> and SAMUEL L. TIRAS	2501
R&D Investments and Tax Incentives: The Role of Intra-Firm Cross-Border Collaboration <i>JING HUANG,</i> LINDA KRULL, and ROSEMARIE ZIEDONIS	2523
Revising Audit Plans to Address Fraud Risk: A Case of "Do as I Advise, Not as I Do"? TIM D. BAUER, SEAN M. HILLISON, MARK E. PEECHER, and BRADLEY POMEROY	2558
Endogeneity and the Dynamics of Voluntary Disclosure Quality: Is there Really an Effect on the Cost of Equity Capital? FLORIAN EUGSTER	2590
An Empirical Analysis of Analysts' Capital Expenditure Forecasts: Evidence from Corporate Investment Efficiency JIN KYUNG CHOI, REBECCA N. HANN, MUSA SUBASI, and YUE ZHENG	2615
Shareholder Empowerment and Board of Directors' Effectiveness <i>GEORGE DRYMIOTES and HAIJIN LIN,</i> with Discussion by Yonca Ertimur	2649