THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS

PhD Course Syllabus

Course Code/Title: **ACCT6019** Capital Market Research in Accounting

Course Description: This course covers contemporary capital market research in the accounting discipline

Course Objectives:
1) Prepare you to critically evaluate empirical accounting research
2) Guide you to identify and assess good research topics
3)Teach you how to write good empirical accounting research papers

Pre-requisite: None

Assessment: 100% coursework; 0% examination

Remarks: All PhD courses are non-credit-bearing and will be assessed on a letter grade basis.

Course Learning Outcomes (CLOs)	Aligned PLOs*				
On completion of this course, students should be able to:	1	2	3	4	5
1. Acquire a detailed and critical knowledge on the development of accounting research in the capital markets, the role of information in the capital markets, and the role of incentives in corporate reporting	✓	✓			
2. Develop the ability to evaluate existing research and develop original research	✓	✓	✓		✓
3. Develop the skills to write a good research paper with appropriate research design	✓	✓	✓	✓	✓

***Programme Learning Outcomes (PLOs) for Research Postgraduate Programme:**

1. Demonstrate critical understanding, at an advanced level, of up-to-date knowledge and research methodology of a particular field
2. Implement effective academic and personal strategies for carrying out research projects independently and ethically
3. Contribute original knowledge in response to issues in their specialist area
4. Communicate research findings at a diverse range of levels and through a variety of media
5. Evaluate one's own research in relation to important and latest issues in the field

COURSE DETAILS *(subject to change at instructor's discretion)*

Year/Semester:	2026-27, First Semester
Time/Venue:	Wednesdays, 9:00 – 11:50 (TBA) Sep 2, 9, 16, 23; Oct 7, 21: Nov 4, 11, 18, 25: Dec 2
Instructor:	**Prof. NG, Jeffrey** Email: jeffngty@hku.hk Office: KK1314 (by appointment)

I. Teaching and Learning Activities

In-class and Out-of-class Activities *(e.g. lectures, class discussion, papers reading, proposal writing)*	Expected hours	% of student study effort
1. Papers reading	104	52
2. Class discussion	36	18
3. Proposal writing	48	24
4. Reviewer report writing	12	6
Total	200	100%

II. Assessment

Assessment Components *(e.g. assignments, proposal, presentation, examination)*	Weight	CLOs to be assessed				
		1	2	3		
1. Presentation	30%	✓	✓	✓		
2. Research proposal	50%	✓	✓	✓		
3. Reviewer report	20%	✓	✓	✓		
Total	100%					

Students will be assessed based on the following performance standards:

Course Grade	Performance Standard
A+, A, A-	Outstanding performance; demonstrates comprehensive understanding, critical thinking, and originality.
B+, B, B-	Good performance; shows solid understanding and application of key concepts, with some minor errors or omissions.
C+, C, C-	Satisfactory performance; basic understanding is evident, but with notable gaps or inconsistencies.
D+, D	Marginal performance; minimal understanding, with significant errors or misunderstandings.

F Failing performance; little or no understanding of key concepts.

III. Course Content and Tentative Schedule

Week 1 Writing a research paper

- PowerPoint slides will be provided.

Week 2 Disclosure and cost of capital

- Botosan, C.A. Disclosure Level and the Cost of Equity Capital. 1997. *The Accounting Review* 72, 323–349.
- Sengupta, P. 1998. Corporate Disclosure Quality and the Cost of Debt. *The Accounting Review* 73, 459–474.
- Ng, J. 2011. The effect of information quality on liquidity risk. *Journal of Accounting and Economics* 52, 126-143.

Background reading:

- Lambert, R.A., C. Leuz, R.E. Verrecchia. 2007. Accounting Information, Disclosure, and the Cost of Capital. *Journal of Accounting Research* 45, 385–420.
- Lambert, R.A., C. Leuz, R.E. Verrecchia. 2012. Information Asymmetry, Information Precision, and the Cost of Capital. *Review of Finance* 16, 1–29
- Dechow, P.G., W. Ge, and C. Schrand 2010. Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics* 50, 344-401.

Week 3 Information and market efficiency

- Akins, B.K., J. Ng, and R.S. Verdi. 2011. Investor competition over information and the pricing of information asymmetry. *The Accounting Review* 87, 35-58.
- Ng, J., T.O. Rusticus and R.S. Verdi, 2008. Implications of transaction costs for the post-earnings-announcement drift. *Journal of Accounting Research* 46, 661-696.
- Ng, J., I. Tuna, and R.S. Verdi. 2013. Management forecast credibility and underreaction to news. *Review of Accounting Studies*, 18, 956-986.

Week 4 Fair value accounting

- Goh B.W., D. Li, J. Ng, and K.O. Yong. 2015. Market pricing of banks' fair value assets reported under SFAS 157 since the 2008 financial crisis. *Journal of Accounting and Public Policy* 34, 129-145
- Chung, S.G., B.W. Goh, J. Ng, and K.O. Yong. 2017. Voluntary fair value disclosures beyond SFAS 157 three-level estimates. *Review of Accounting Studies* 22, 430-468
- Goh, C., C.Y. Lim, J. Ng, G. Pan, and K.O. Yong. 2021. Trust in fair value accounting: Evidence from the field. *Journal of International Accounting Research*, 20 (3), 21–42.

Week 5 Disclosure and supply chain

- J. Jiao, L. Myers, J. Ng, and N. Su. 2022. Customer referencing and capital market benefits: Evidence from the cost of equity. Working paper.

- Li, X., J. Ng, and W. Saffar. 2020. Financial reporting and trade credit: Evidence from mandatory IFRS adoption. *Contemporary Accounting Research* 38, 96-128.
- Li, X., J. Ng, and W. Saffar, 2022. The effect of accounting for expected credit losses on trade credit: Evidence from IFRS 9 adoption. Working paper.

Week 6 Disclosure decisions due to capital market conditions

- Huang, S., J. Ng, T. Ranasinghe, and M. Zhang. 2021. Do innovative firms communicate more? Evidence from the relation between patenting and management guidance. *The Accounting Review 96*, 273-297.
- Chen, Y., J. Ng, and X. Yang. 2021. Talk less, learn more: Strategic disclosure in response to managerial learning from the options market. *Journal of Accounting Research* 29, 1609-1649.
- Liu, J., J. Ng, D.Y. Tang, and R. Zhong. 2022. Withholding bad news in the face of credit default swap trading: Evidence from stock price crash risk, *Journal of Financial and Quantitative Analysis*, forthcoming.

Week 7 Earnings management

- Ng J., T. Ranasinghe, G. Shi, and H. Yang. 2019. Unemployment insurance benefits and income smoothing. *Journal of Accounting and Public Policy*, 38 (1), 15-30.
- Ng J., H. Wu, W. Zhai, and J. Zhao. 2021. The effect of shareholder activism on earnings management: Evidence from shareholder proposals. *Journal of Corporate Finance*, 69, 102014.
- Huang, S., J. Ng, and C.Y. Lim. 2019. Not clawing the hand that feeds you: The case of co-opted boards and clawbacks. *European Accounting Review*, 28 (1), 101-127.

Week 8 Tax avoidance and bank accounting

- Chow, T., S. Huang, K. Klassen, and J. Ng. 2022. The influence of corporate income taxes on investment location: Evidence from corporate headquarters relocations. *Management Science*, 68 (2), 1404–1425.
- Cheng, J., T. Chow, T. Lin, and J. Ng. 2022. The effect of accounting for income tax uncertainty on tax-deductible loss accruals for private insurers. *Journal of Risk and Insurance*, 89 (2), 505-544.
- Ng, J., and S. Roychowdhury. 2014. Do loan loss reserves behave like capital? Evidence from recent bank failures. *Review of Accounting Studies* 19, 1234-1279.

Background reading for bank accounting research:

- Beatty, A. and S. Liao. 2014. Financial accounting in the banking industry: A review of the empirical literature. *Journal of Accounting and Economics*, 58, 339-383.
- Bushman, R. 2014. Thoughts on financial accounting and the banking industry. *Journal of Accounting and Economics*, 58, 384-395.
- Acharya, V.V. and S.G. Ryan. 2016. Banks’ financial reporting and financial system stability. *Journal of Accounting Research*, 54, 277-340.

Week 9 Bank accounting

- Ng, J., B. Akins, and Y. Dou. 2017. Corruption in bank lending: The role of timely loan loss recognition. *Journal of Accounting and Economics* 63, 454-478.
- Ng, J., W. Saffar, and J.J. Zhang. 2020. Policy uncertainty and loan loss provisions in the banking industry. *Review of Accounting Studies*, 25, 726-777.

- Li, X., J. Ng, and W. Saffar. 2022. Accounting-driven bank monitoring and firms' debt structure: Evidence from IFRS 9 adoption. *Management Science*, forthcoming.

Week 10 Discussion of research ideas for research proposal

Each student will have to discuss his/her research ideas with me during a 30-min session. Based on the discussion, one of the ideas should then be used to write your research proposal.

Week 11 Presentation of research proposal

Each student is required to present the idea he/she plans to use in his/her research proposal.

Week 12/13 Submission of research proposal and reviewer report

Research proposal

The proposal should not be longer than 20 pages, including references but excluding title page. The main text should be typed in Times New Roman font size 12 with double-line spacing. The reference page(s) should be typed in Times New Roman font size 12 with single-line spacing. The proposal should follow the outline below.

1. Title page: Title of research and your name. A short abstract (not more than 200 words).

2. Motivation

Why is this topic interesting? What new can we learn? Why is it important to accounting?

3. Detailed description

a. Objective

What are you trying to achieve? How will you achieve it?

b. Literature Survey

A structured literature survey. Only relevant papers count.

c. Theoretical Considerations and Research Hypotheses

What is the conceptual model? How would you translate the model predictions into hypotheses? What are your hypotheses? Are they testable? What do you expect to observe?

d. Empirical Specifications

What is the model setup? What econometric problems do you expect (heteroscedasticity, endogeneity, biases)? How are you going to address them?

e. Data and Variables

What are the main variables? Define them. How will you construct them?

What data will you use? List the data sources. Where are you going to get them? Does HKU have them?

4. Citations and References

You just need to use consistent formatting. There is no specific journal style to follow.

Reviewer report

You will be assigned a research paper to review. You should review the paper in terms of its motivation, contribution, as well as research design and methodology. You can also comment on expositional issues. The reviewer report should be no longer than 8 pages, typed in Times New Roman font size 12 with double-line spacing.

IV. Required/Recommended Readings

Please see the previous section. I will email you the papers (and related materials) about one week before each class.

V. Course Policy

The University Regulations on academic dishonesty will be strictly enforced! Academic dishonesty is behaviour in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

a. Plagiarism - The representation of someone else's ideas as if they are their own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else's ideas is still using someone else's ideas, and must be acknowledged. Please check the University Statement on plagiarism on the web: http://www.hku.hk/plagiarism/

b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort.

c. Cheating on In-Class Exams - The covert gathering of information from other students, the use of unauthorized notes, unauthorized aids, etc.

d. Unauthorized Advance Access to an Exam - The representation of materials prepared at leisure, as a result of unauthorized advance access (however obtained), as if it were prepared under the rigors of the exam setting. This misrepresentation is dishonest in itself even if there are not compounding factors, such as unauthorized uses of books or notes.

You are expected to do your own work whenever you are supposed to. Incident(s) of academic dishonesty will NOT be tolerated. Cheating or plagiarism of any kind would result in an automatic FAIL grade for the course plus strict enforcement of all Faculty and/or University regulations regarding such behaviour.