UNIVERSITY OF HAWAIʻI AT MĀNOA
SHIDLER
COLLEGE OF BUSINESS
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ACC616: Accounting Theory and Development

Fall 2025

CRN: 73212

This syllabus contains the most updated guidelines as of August 21, 2025 and is *subject to change*.

Instructor:	Abhishek (Abhi) Ramchandani	**Class Time:**	M 6-8:45 PM
E-mail:	abhi@hawaii.edu	**Classroom:**	BUSAD D101
Office:	BUSAD C402A	**Office Hours:**	MR 1-3 PM

Course description

In this class, we will go beyond the mechanics of accounting by studying the *why* behind the mechanics of accounting. In a sense, we will be studying the philosophy of accounting, which we will call "accounting theory." To provide a flavor, here is a preview of some topics we will study:

1. Why do firms voluntarily disclose material information (e.g., information about impending lawsuits)? What are the consequences of nondisclosure on share price? Should the SEC mandate disclosure to improve stakeholder value?

2. Why is accounting "conservative?" What are the consequences of conservatism on the informativeness of accounting reports?

3. What are some determinants of CEO compensation? Are younger CEOs paid less or more? How does earnings management influence compensation contracts?

As you might have intuited, the answers to these questions are not commonly included in typical textbooks. To that end, we will delve into accounting research. Accounting researchers have posited interesting solutions to the questions above. From a methodological perspective (as opposed to the "topical" perspective above), we will learn the basics of game theory, experimental design, and statistical theory. These methods may sound weighty but not to worry—we will only cover these methods "enough" that you can read and broadly understand the academic literature in accounting! While we will delve into academic literature quite a bit, I will integrate plenty of applications into class—you can expect to get a nice mix of theory and practical takeaways from this course.

Prerequisites ACC323 with a minimum grade of C minus or instructor consent.

Course Required Readings No textbook is required for this class. Instead of a required text, I will post lecture notes on Lamaku for every topic we cover. These notes *are* required reading. The notes will be posted exactly a week before the class session, when we will discuss the relevant topic. I will also provide copies of the research papers we discuss throughout the semester on Lamaku.

Office hours Office hours are on Mondays and Thursdays between 1 and 3 PM. Please sign up on this Calendly link to set up time. If these times don't work for you, please send me an email, and we can set up an alternate time.

Excused Absences The following qualify as "excused absences" as long as I am provided with notice and appropriate documentation: medical emergency, family emergency, religious holiday, and university-sponsored conflict. If you anticipate any of these situations or face an unexpected circumstance, please inform me as soon as possible so we can make the necessary arrangements.

Grading and Related Policies

The class is graded out of 600 points.

Assessment Types

Exams There will be two closed-book and individually answered exams—a midterm and a final exam. The midterm will be held during a class session noted on the schedule below, while the registrar will announce details on the final later. Both exams are two hours long and are handwritten. The midterm is worth 120 points which is 20% of the total grade. The final is worth 150 points which is 25% of the total grade.

The exams will draw from the lecture notes, assigned papers for reading, and our in-class discussions. They will feature a mix of math problems, conceptual-style free-response problems, and some true-false (TF) and multiple-choice questions (MCQ).

For each exam, I will post on Lamaku a study sheet a week before.

> If you have an *excused absence*, I will arrange for you to take the exam on another date.

Class Participation Research—consuming and conducting—is inherently a collaborative endeavor. Consider the following quote by John Bardeen in his Nobel speech:

> Science is a collaborative effort. The combined results of several people working together are often much more effective than could be that of an individual scientist working alone.

Following the spirit of collaboration, a substantial portion of the total grade is class participation. Class participation is worth 120 points or 20% of the total grade.

There are two elements to achieving a high participation grade. First, you need to make comments and answer questions (quantity). Second, these comments need to be value-enhancing (quality). Both elements are necessary, but neither are sufficient conditions for a high participation grade. While clarifying questions (e.g., "Can you explain that again?") are always welcome, remember that for participation points, it's beneficial to also contribute insights or questions that advance the classroom discussion.

I will give you feedback on your participation every five classes. This frequency of feedback (1) tells you where you stand and, more importantly (2) allows you to change your participation strategy if you wish. There are five tiers you can be in when I give you feedback.

1. *Tier 1:* This typically means making several insightful comments and asking thought-provoking questions. If you consistently get this feedback, your total participation grade will be in the range of $105 - 120$ out of 120.

2. *Tier 2:* This typically means engaging in behaviors that would earn you a Tier 1 if you participated more. If you consistently get this feedback, your total participation grade will be in the range of $90 - 105$ out of 120.

3. *Tier 3:* This typically means that your presence is noticed in class, but your participation quantity or quality could be improved. If you consistently get this feedback, your total participation grade will be in the range of $75 - 90$ out of 120.

4. *Tier 4:* This typically means that you attend class but do not participate. If you consistently get this feedback, you can expect to get about half the points out of 120.

5. *Tier 5:* This tier usually reflects extended absences from class without a valid excuse and can be grounds for a low grade. Please aim for active participation, as it enhances your learning experience. If you face challenges attending regularly, please let me know so we can find a way forward together.

An important note here—your participation grade will be assessed on an "average" basis throughout the semester. That is, on average, which of the above categories did you fall in at the end of the semester? For example, if you get two "Tier-3s" and one "Tier-2", your total grade is likely to be in the range of $85 - 95$ (that is, a high Tier-3 or low Tier-2 grade average). Another consequence of the average basis grading is that one off day won't significantly impact your overall participation grade, but consistent non-participation or low-tier participation will.

> If you have an *excused absence*, that day will not factor into your participation grade calculation—it won't hurt or benefit your grade.

Quiz on assigned paper There will be a quiz on any class day with an assigned paper. In total, we will have seven quizzes. The quiz comprises two parts. The first part is a template, posted on Lamaku, that *you have to fill out and upload to Lamaku by the start of class.* This template poses straightforward questions, such as "What is the research question in the paper?" or "Identify something that confused you." The template accounts for 30% of the points on each quiz, aiming to prepare you for the broader talking points during the in-class discussion of the paper. The template is generally graded generously. As long as you answer something reasonable, you should get full credit. To emphasize, complete the *same* template (and thus, the same questions) for all the papers we read.

The second part of the quiz is conducted in class before our paper discussion, lasting around fifteen minutes. It is meant to be closed book and answered individually. The consists of multiple-choice questions (MCQs), targeting broad ideas within the paper, like the hypotheses, data sources (especially if unique or notable), and the paper's limitations. Rest assured, I will not ask about specific facts (such as the number of observations in the data sample or coefficients of variables) or details relegated to footnotes. While these MCQs are not intended to be overly difficult, they require a thorough reading of the paper; merely skimming the introductory or concluding sections likely won't suffice to achieve a top score.

Quizzes, in total, are worth 60 points or 10% of your grade. At the end of the semester, I will only count your best six out of seven quizzes.

> If you have an *excused absence*, I will arrange for you to take the quiz on an alternative occasion.

Research Project Research, like math, is fully understood only when you do it yourself. To that end, you will complete a research project in this class in groups of *no more than three*. While I will give you an explicit example of what I expect from you, and we will spend half a class further clarifying my expectations, here is a broad overview. If some words in the overview do not make sense, that is okay! Some of the jargon should get clearer as we go through topics in class.

I want you to develop a "front-end" of a research paper in accounting. This means that I want you to identify a meaningful gap in the literature, posit a research question that fills this gap, and outline a study to answer the research question (e.g., data sources, the structure of the experiment, etc.). Importantly, you do not need to do any analysis—no math or statistics is required. The entire length of your final submission will be in the range of 6-11 double-spaced pages (all else equal, I prefer brevity). I expect each project to have the following four components (similar to a typical research article).

1. *Introduction*: What is the research question? Who is it important to, and why? (E.g., regulators, investors, auditors, etc.). What research methodology do you plan to use (e.g., experiments)? Close with a summary of the constructs in a "Libby-box" format. The introduction should be about 2-3 double-spaced pages.

2. *Literature Review*: Review at least three relevant academic articles (not news articles or thought pieces). For each article, summarize the research question and main findings in your own words. After summarizing, outline why your research question builds *meaningfully* upon what we already know. The literature review should be about 1-2 double-spaced pages.

3. *Hypotheses Development*: List a minimum of 2 distinct hypotheses that you will test in your study (the minimum on hypotheses ensures that your question and setting of interest yields relatively rich insights). Argue the theory underlying your hypotheses by drawing on prior research and logic. At a philosophical "construct" level, what do you expect to happen and why? The hypothesis development should be about 1-2 double-spaced pages.

4. *Overview of Study*: Describe your dependent, independent, and control variables. Specify moderators and mediators if necessary. Outline data sources for each. Finally, link your data to your hypotheses by "operationalizing" your construct level. Remember to preempt any weaknesses in your design ("limitations"). The overview of your study should be about 2-4 double-spaced pages.

The project is worth 120 points or 20% of your total grade. Each of the above four components is worth 30 points. If co-authored, every co-author gets the same grade.

Our first few class sessions are explicitly designed to equip you with the tools to do the fourth component of the research project—"Overview of Study." You will learn how to do the other components as a continual process over the semester as we read other papers. The topics we will cover (see schedule), in-class discussions, and the lecture notes provide a starting point for you to brainstorm ideas for your project and delve into the literature in accounting.

You must set up an appointment to meet with me at least once in office hours and at least a month before the submission deadline. Please bring three of your best ideas, why you think they are promising (maybe there is a gap in the literature, the topic is "hot" in the press, etc.), and at least one specific question or area of difficulty per idea. I will be happy to pick out the most promising idea you have generated (or ask you to generate other ideas) and provide you with feedback or point you toward relevant resources. If you do not meet with me, I will not consider your final submission.

You must submit the project to Lamaku by the beginning of class on the last day of class. You will present your project to the class, and your presentation will be worth 30 points or 5% of the total grade. If coauthored, every coauthor will get the same presentation grade. Your presentation must follow the structure of your proposal: Introduction, Literature Review, Hypotheses, and Overview of Study. I will give more details on this as we approach the end of the semester.

I will also assess participation on presentation day. You can earn participation points by making insightful comments and asking thoughtful questions to your classmates in a Q&A session following their presentation.

A note on ***ChatGPT*** *and other AI models*: I will grade as-if you used an LLM. So, the bar for the project is high (you have had the help of an exceptionally smart machine). If the writing is robotic, the citations are wrong, paragraphs are nonsensical (or any other tell-tale signs of the project being entirely written by ChatGPT), I will deduct points.

Final Grade As a summary, your final grade will be computed as follows:

Assessment Type	**Points**	**Percent of Total Grade**
Exams	270	45%
Participation	120	20%
Research Project + Presentation	120 + 30	(20+5)%
Quizzes	60	10%
Total	**600**	**100%**

The harshest you can expect the grading guidelines to be is the standard plus/minus of 93 and above = "A," 90-92.99 = "A-," 87-89.99 = "B+," 83-86.99 = "B," 80-82.99 = "B-," 77-79.99 = "C+," 73-76.99 = "C," 70-72.99 = "C-," 67-69.99 = "D+," 63-66.99 = "D," 60-62.99 = "D-," and anything lower than a 60 is an "F." I reserve the discretion to make the guidelines more generous—that is, depending on class performance, I can institute a "curve," which may be applied to an individual assignment or your grade average at the end.

Broadly, my goal is to award an "A" or "A-" to students with varying degrees of *exceptional* performance. Students who meet or marginally underperform expectations will receive "B+," "B," or "B-" grades. I hope not to award grades that are any lower, but I do reserve the right to do so in cases where expectations are unmet. I do not have a target distribution, and your grade will solely reflect your performance.

In the spirit of transparency, I awarded an average class GPA of 3.21 last year (Fall 2024), which corresponds roughly to a grade between "B" and "B+." The lowest grade I awarded was a "C-". The average participation grade was close to a 92.4%, and the lowest was approximately 79%—the point of revealing the average participation grade is to stress upon you that I will assess participation seriously.

A Note on Academic Dishonesty

> The University expects students to maintain standards of personal integrity that are in harmony with the educational goals of this institution; to respect the rights, privileges, and property of others; and to observe national, state, and local laws and University regulations.

Some examples of cheating are collaborating with classmates, using disallowed resources on individual assignments, and submitting unoriginal work as a research project. This list is nonexhaustive.

Evidence of academic dishonesty will be met with a failing grade for the class ("F") in accordance with the Student Code of Conduct. I encourage everyone to familiarize themselves with the student code of conduct to ensure a positive and fair academic experience for all.

Other Policies

Technology in Classroom You are welcome to use whatever devices you want in the classroom as long as distractions are minimal.

Submission Deadlines Unless explicitly stated, all submissions are due at the start of class on the due date (that is, 5:59 PM). Delayed submissions will be penalized on a case-by-case basis.

Students with Disabilities I'm committed to ensuring that all students have equal access to the course materials and a positive learning experience. If you have a documented disability and require accommodations, please get in touch with the KOKUA Program QLCSS 013.

Title IX The University of Hawai'i is committed to providing a learning, working, and living environment that promotes personal integrity, civility, and mutual respect and is free of all forms of sex discrimination and gender-based violence, including sexual assault, sexual harassment, gender-based harassment, domestic violence, dating violence, and stalking. If you or someone you know is experiencing any of these, the University has staff and resources on your campus to support and assist you. Staff can also direct you to resources that are in the community.

If you wish to remain **ANONYMOUS**, speak with someone **CONFIDENTIALLY**, or would like to receive information and support in a **CONFIDENTIAL** setting, contact the confidential resources available here: http://www.manoa.hawaii.edu/titleix/resources.html#confidential. If you wish to **REPORT** an incident of sex discrimination or gender-based violence including sexual assault, sexual harassment, gender-based harassment, domestic violence, dating violence, or stalking as well as receive information and support, contact:

> Director and Title IX Coordinator
> 2500 Campus Road, Hawai'i Hall 124
> Honolulu, HI 96822
> (808) 956-2299

As a member of the University faculty, I am required to immediately report any incident of sex discrimination or gender-based violence to the campus Title IX Coordinator. Although the Title IX Coordinator and I cannot guarantee confidentiality, you will still have options about how your case will be handled. My goal is to make sure you are aware of the range of options available to you and have access to the resources and support you need. For more information regarding sex discrimination and gender-based violence, the University's Title IX resources, and the University's Policy, Interim EP 1.204, go to: http://www.manoa.hawaii.edu/titleix/

Access to Lamaku The class contents will be hosted on our course page on Lamaku. Please ensure that you have regular access to Lamaku and all communications therein.

> The Shidler College of Business maintains computer laboratories for student use in E 101 and 102 and graduate student use in E501. Additionally, the college has wireless capability throughout the courtyard to allow internet access via personal laptops. The School of Travel Industry Management also has a computer lab in George Hall 114 for TIM students.

The fact that you read this far into the syllabus reflects your commitment and interest in the course, and I wish to appreciate you for that. As a reward, please enter your name by start of class (5:59 PM) on September 08, 2025, at the following link for four bonus participation points.

Class Format and Schedule

Description of class session Typically, each class will be split into two sessions of one hour and fifteen minutes with a short break in between. This division allows for a better time allocation for each topic and learning activity. The following is a targeted schedule for the semester. I break down the required readings (📘) and assessments (❗) for each date according to sessions. If there is no breakdown according to sessions, we do the same activity across both sessions. All required readings are posted on Lamaku.

Course outline

August 25, 2025

Session 1

Introduction to the class and syllabus discussion.

Session 2

📘 Required readings

- ☐ *Course Notes*: Overview of Research Questions in Accounting
- ☐ *Paper*: Huber, Jürgen et al. (2022). "Nobel and novice: Author prominence affects peer review". *Proceedings of the National Academy of Sciences* 119(41): e2205779119
  Note: There is no quiz associated with this paper.

September 08, 2025

📘 Required readings

- ☐ *Course Notes*: Analytical Modeling
  (More details on which pages to read will follow in class/Lamaku).

September 15, 2025

Session 1

📘 Required readings

- ☐ *Course notes*: Analytical Modeling
  (More details on which pages to read will follow in class/Lamaku).

Session 2

📘 Required readings

- ☐ *Paper*: Prendergast, Canice (1993). "The Role of Promotion in Inducing Specific Human Capital Acquisition". *The Quarterly Journal of Economics* 108(2): 523–534. ISSN: 0033-5533. DOI: 10.2307/2118343

❗ In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

September 22, 2025

Required readings

- ☐ *Course notes*: Empirical Modeling
  (More details on which pages to read will follow in class/Lamaku).

September 29, 2025

Session 1

Required readings

- ☐ *Paper*: Fanning, Kirsten, Williams, Jeffrey, and Williamson, Michael G (2021). "Group recruiting events and gender stereotypes in employee selection". *Contemporary Accounting Research* 38(4): 2496–2520

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

Session 2

Required readings

- ☐ *Course notes*: Empirical Modeling
  (More details on which pages to read will follow in class/Lamaku).

October 06, 2025

Session 1

Required readings

- ☐ *Paper*: Barrios, John M (2022). "Occupational licensing and accountant quality: Evidence from the 150-hour rule". *Journal of Accounting Research* 60(1): 3–43

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

Session 2

Required readings

- ☐ *Course notes*: Disclosure
  (More details on which pages to read will follow in class/Lamaku)

Continued on next page...

October 13, 2025

Session 1

Required readings

- ☐ *Course notes*: Disclosure
  (More details on which pages to read will follow in class/Lamaku).

Session 2

Required readings

- ☐ *Paper*: Ramchandani, Abhishek and Yoo, Il Sun (2025). "Quiet Investment: Overconfident CEOs and Capex Guidance". DOI: 10.2139/ssrn.5103332

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

October 20, 2025

*Session 1: **Midterm Exam***

Session 2: Discussion on Research Project

Required readings

- ☐ Sample research project posted on Lamaku.

October 27, 2025

Required readings

- ☐ *Course notes*: Signaling
  (More details on which pages to read will follow in class/Lamaku)

November 03, 2025

Session 1

Required readings

- ☐ *Course notes*: Signaling
  (More details on which pages to read will follow in class/Lamaku)

Session 2

Required readings

- ☐ *Paper*: Bursztyn, Leonardo, Egorov, Georgy, and Jensen, Robert (2019). "Cool to be smart or smart to be cool? Understanding peer pressure in education". *The Review of Economic Studies* 86(4): 1487–1526

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

November 10, 2025

Required readings

☐ *Course notes*: Conservatism

November 17, 2025

Session 1

Required readings

☐ *Course notes*: Conservatism

Session 2

Required readings

☐ *Paper*: Callen, Jeffrey L et al. (2016). "Accounting conservatism and performance covenants: a signaling approach". *Contemporary Accounting Research* 33(3): 961–988

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

November 24, 2025

Required readings

☐ *Course notes*: Moral Hazard
(More details on which pages to read will follow in class/Lamaku)

December 01, 2025

Session 1

Required readings

☐ *Course notes*: Moral Hazard
(More details on which pages to read will follow in class/Lamaku)

Session 2

Required readings

☐ *Paper*: Laux, Volker (2017). "Supporting and assessing agents". *Journal of Accounting Research* 55(4): 995–1016

! In-class quiz on paper. Remember to submit your template on Lamaku before the start of class.

December 08, 2025

! *Research project submission deadline and presentations* .

December xx, 2025: Final Exam (TBA by the registrar)