



The Department of  
**Accounting**

**Jim Wahlen**

CHAIR OF THE  
DEPARTMENT OF ACCOUNTING

Dear Friends of the Accounting Department,

Greetings from the beautiful campus of Indiana University–Bloomington. This letter may seem to some like unabashed boastfulness—and I am okay with that. We have had a GREAT year, and I am so very proud of our team and all of their accomplishments.

We had a very successful year in recruiting new faculty members. We face a very competitive market for the top talent in new accounting faculty from the best Ph.D. programs in the country. We were fortunate in hiring three outstanding new assistant professors—Ayung Tseng from Columbia, Joe Pacelli from Cornell, and Brian Williams from Oregon. You can learn more about these new members of our team in this issue. We also had a successful year in producing Ph.D. students. Nathan Marshall accepted a faculty position at the University of Colorado in Boulder. Jane Barton joined the faculty at Baruch College in New York.

We were also an extremely productive group this past year (like most years). Our faculty either published or received acceptance letters for *twenty-one articles in top-tier journals*. In terms of publishing in the highest level scholarly journals, we are among the most productive departments in the world.

On the teaching front, 13 accounting department faculty were nominated for Indiana University Trustees Teaching Awards. Six of our colleagues received these very prestigious awards. Two members of our department received Teaching Excellence Awards from the students in the MBA Program. Notably, Jamie Pratt also became the first member of the accounting department to receive the “Blacconiere Teaching Award,” given by the students in the MBA Program, in honor of our dear departed colleague Walt Blacconiere. That award recognizes the faculty member who generated the greatest engagement with students both within and outside the classroom.

To help you further appreciate these awards, accomplishments, and productivity, understand that all of this happened in a difficult work environment. During the 2014–15 school year, our entire floor and offices, and many of our classroom spaces, went through major renovations. We were required to vacate our offices twice, and moved into three different temporary office facilities around campus. In our offices, we were often working with/around/under ongoing construction. Our faculty is now very familiar with distinguishing HVAC duct work from high vs. low voltage wiring from hot vs. cold plumbing. This is not to complain; we are delighted by the results of the renovations. Our new offices, conference and collaboration rooms, and classroom spaces are now world-class and well worth all of the disruption. Our renovated facilities will provide a fantastic work environment for many years to come. Huge thanks to all of my colleagues and our terrific support staff—Gina, Christy, and Jennifer—for handling this past year’s difficulties and disruptions with grace and professionalism.

This is a very exciting time for our department. We have the strongest team of faculty, staff, students, and programs in my entire time at Kelley—and now we have world-class office and teaching spaces as well! I have very high expectations that our team will continue to deliver outstanding teaching and professional development for our students, as well as state-of-the-art insights for our profession from our research.

Thank you for all of your support.

Best regards,

Jim Wahlen  
James R. Hodge Chair of Excellence



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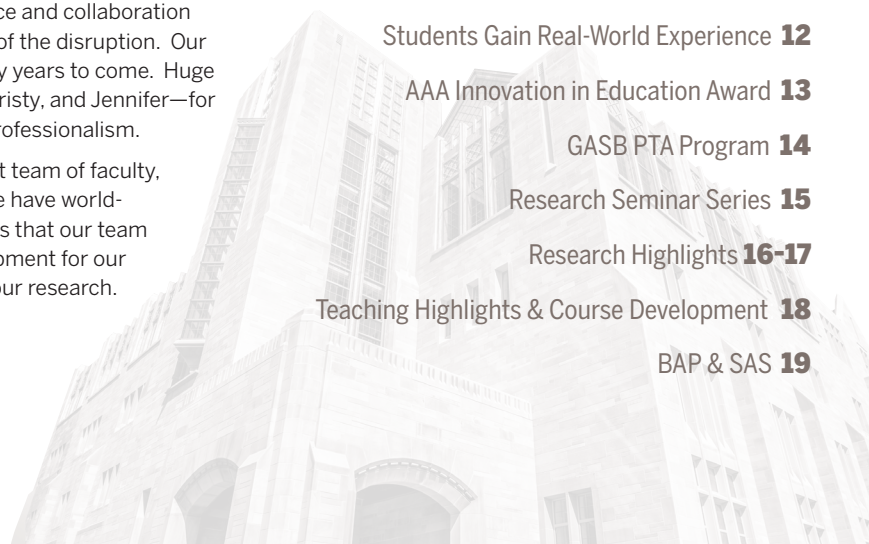
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# New Faculty

## Joseph Pacelli

Joseph Pacelli grew up in central New Jersey in the small town of Jackson. He received his Bachelor's degree with a dual concentration in finance and accounting from Georgetown University. After graduating, he worked in both investment banking and consulting before returning to graduate school. He met his wife, Janet, in a first-year course in graduate school.



Pacelli completed his Ph.D. at Cornell University where his dissertation focused on the role of corporate culture within financial institutions. He utilizes a new dataset that contains all major security code violations and demonstrates these violations are indicative of firm-wide cultural problems that impair investor welfare.

"These findings have important implications for regulators as well as investors as we rely on these financial institutions to provide us with objective and reliable investment advice," says Pacelli.

While at Cornell, Pacelli taught Financial Accounting to masters' students. At IU, he will teach this same course to undergraduate honors students.

"I'm very excited to join the faculty at Indiana University," says Pacelli. "It's an honor to be part of such a prestigious group and to teach such a talented group of undergraduate students."

In his free time, Pacelli likes to play guitar, cook, and run.

## Ayung Tseng

Ayung Tseng grew up in Taipei, Taiwan. She received her Bachelor's degree in Accounting from National Taiwan University in 2003. After graduation, she joined PricewaterhouseCoopers, where she worked as a business consultant for three years. Then she joined a startup fund of funds that gave individual investors access to international investment opportunities such as private equity funds and REITs. Tseng came to the U.S. in 2007 to pursue her MBA at the Yale School of Management. While there she led a research team that won first place in the 2009 NYSSA Investment Research Challenge.

"All of these experiences made me realize that I love research, and I want to pursue a career that will give me the freedom to choose what research I want to conduct," says Tseng.

This motivation led her to pursue a Ph.D. in Accounting. Her research focuses on how business strategies are reflected in accounting information and how



accounting information assists people in making decisions. Tseng received her Ph.D. in Accounting from Columbia Business School.

At IU Tseng teaches Intermediate Accounting I, which is the course that she found to be the most interesting and challenging as an undergraduate student.

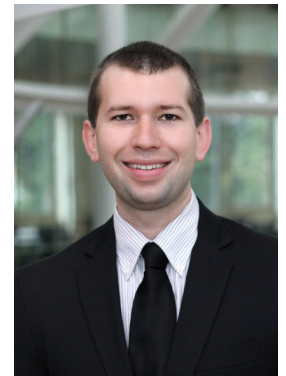
Tseng met her husband, Tien, in Taiwan. They have a two-year-old daughter, Anya, and are excited to be living in Bloomington. They enjoy theatre, art, kayaking, and basketball.

"Truly, it's an honor to join IU's Kelley School of Business," says Tseng.

## Brian Williams

Brian Williams is the son of a U.S. Air Force Serviceman; therefore, he spent his childhood in multiple locations, including Virginia, New York, Texas, and the Philippines. He attended high school in San Antonio, and attended Texas A&M University where he received both his Bachelor and Masters degrees in accounting with a focus in tax. He attended the University of Oregon to pursue his Ph.D. in accounting.

At the University of Oregon, Williams taught both financial accounting and tax accounting courses, including the introduction to tax. He won multiple teaching awards while at Oregon, and he brings his enthusiasm for accounting to the classroom while teaching tax courses at IU.



Williams is interested in emerging market economies, and his dissertation examines how improved financial accounting and auditing can lead to decreased tax evasion in developing countries.

Williams has been married to his wife, Molly, for three years. In their free time, they go on walks and play basketball together.

"I couldn't be more excited to join the faculty at IU," says Williams. "The faculty and the students at IU are world-class, and I'm honored to have the opportunity to work with them."

## Faculty Spotlight: Brian Miller

Professor Brian Miller, who originally hails from Illinois, joined the Kelley faculty in 2008 after completing his Ph.D. at Penn State University. Prior to his earning his Ph.D., Miller worked in public accounting at BKD (formerly George S. Olive) right here in Bloomington and in several corporate finance roles at Procter and Gamble headquarters in Cincinnati, Ohio. The accounting department is delighted to report that Brian was promoted to associate professor of accounting in the spring of 2015. We are very pleased that he is the newest member of our tenured faculty ranks!

Brian's research has two distinct themes relating to capital markets, accounting disclosure, and corporate governance. Brian's first stream of research investigates investors' responses to various financial disclosures and the impact of technology on investors' trading. Specifically, he provides evidence on 1) the impacts of narrative financial disclosures on investors and other information intermediaries, 2) the effects of newly mandated disclosure technology on investors trading behavior, and 3) the impact of new accounting regulations on macro debt and equity investment flows.

"These studies not only have implications for how managers disclose their accounting information, but they also inform regulators on the impacts of new disclosure requirements," says Miller.

Miller's second stream of research examines actions taken by boards of directors to restore credibility after poor firm performance or accounting misreporting. These studies 1) examine how boards respond to shareholder perceptions of management performance, 2) identify which restatement cases are most likely to result in executive dismissal, 3) investigate which auditors are most likely to be dismissed for failure to detect a material misstatement, and 4) examine the impact of economic agents' prior performance in mitigating their likelihood of termination after committing a major violation.

"Taken together, these studies provide evidence that, despite criticisms leveled against boards, in most cases directors appear to fulfill their role as monitors," says Miller.

Miller's most influential research paper thus far has been "The Importance of Distinguishing Errors from Irregularities in Restatement Research: The Case of Restatements and CEO/CFO Turnover," which was published in *The Accounting Review* in 2008 and co-authored with Karen Hennes and Andy Leone. In this study, the authors develop an approach to classify accounting irregularities (intentional misstatements) and errors (unintentional misstatements) based on prior research, their reading of numerous restatement announcements, and the guidance that boards receive from lawyers, auditors, and the SEC on how to respond to suspicions of deliberate misreporting. Restatements serve as an important proxy for low-quality accounting reporting, but prior to the manuscript's publication, many studies tested hypotheses about the causes and consequences of



intentional managerial misreporting relying primarily on restatement data that contained both irregularities and errors.

"Our findings demonstrate that it is essential to partition the total sample into intentional misstatements (irregularities) versus unintentional misstatements (errors)" says Miller.

The study was recently awarded both the 2012 Emerald Citation of Excellence Award and the 2013 American Accounting Associations Notable Contribution to the Literature Award.

Miller has taught A325 Cost Accounting and has received the Indiana University Trustees Teaching Award in 2013 and 2015. This year he will begin teaching managerial accounting to undergraduate honors students.

"I feel fortunate to work with such a great group of senior faculty members who have been a huge part of any success I've had at IU. They have not only served as great mentors but have played a key role in providing feedback on each of my publications," says Miller.

Miller enjoys swimming, cycling, and running in preparation for upcoming triathlons. However, the highlight of most weekends is watching his sons Caleb (16) and Joshua (14) running in cross-country and track meets or his daughter Melea (11) playing in soccer matches. To celebrate 20 years of wedded bliss, Miller and his wife, Renee, returned to Hawaii in 2014 where they ran, hiked, and played in the ocean. "We enjoyed all of our favorite things on one relatively small island," says Miller.



# Accounting Ph.D. Student Placements

## Jane Barton

Jane Barton grew up in Athens, home to the University of Georgia Bulldogs. She earned her Bachelor's degree in Finance from UGA, her Master's degree in Accounting from the University of Notre Dame, and her Ph.D. in Accounting from Indiana University. Now she joins the accounting faculty at Baruch College in New York City.



"I'm really excited to join the faculty at Baruch and collaborate with my new colleagues on research," says Barton. "I'm also looking forward to teaching the auditing course."

In the classroom and in her research, Barton plans to draw on her five years of experience working as a CPA and auditor at EY's Atlanta office.

Barton's main research interests relate to auditing, including audit quality the value of audits. Her dissertation examines whether auditors can improve the decision usefulness of highly uncertain estimates. She uses a sample of small, private banks in order to investigate this question, because small banks are allowed to choose whether or not they want to purchase an audit. This variation in the presence or absence of an audit provides her with insights into the value of audits.

Barton, who enjoys the occasional Netflix marathon, says she's looking forward to walking her high-maintenance husky through Central Park as she explores New York City.

## Nathan Marshall

Prior to entering the Ph.D. program at IU in 2010, Nathan Marshall earned a Bachelor's degree from the University of Michigan and a Master's degree from the University of Illinois at Chicago. He is a licensed CPA in the state of Illinois and has eight years of experience in commercial banking and litigation consulting.



"I'm grateful for the relationships I developed during my time at IU," says Marshall. "I appreciate the faculty for their guidance, preparation, and endless support. It's been a great five-year run."

Marshall's research centers on financial accounting and the capital markets. He is particularly interested in the economic forces that shape information flows and financial reporting. His dissertation, "The Flow of Earnings Information to the Market," begins this agenda. Marshall's dissertation research was guided by his chair, Teri Yohn, and committee members Daniel Beneish, Brian Miller, Jim Wahlen, and Bob Jennings.

Marshall and his wife, Anna, are excited to move out west to begin his position as an Assistant Professor at the University of Colorado Boulder. "We look forward to enjoying outdoor activities—especially skiing and hiking," says Marshall.

In 1999, the accounting department and the Kelley School of Business launched our 3/2 MBA in Accounting Program for the first time. That program has been very successful, and continues to be very popular. In this issue, we shine a spotlight on three alumni from that inaugural class—Brooke Elliott, Derek Bang, and Cathy Bedrick.

## Alumni Spotlight: Cathy Bedrick

Being part of the inaugural 3/2 program, **Cathy Bedrick** ('99) says that she and her 30 classmates faced a lot of unknowns.

"We asked ourselves, 'What are we doing? How will we get jobs? Will we be marketable to employers?'" recalls Bedrick. "We were guinea pigs, yet it was an exciting time."

After graduation, Bedrick headed to Chicago and joined Arthur Anderson in their transaction advisory group. When the firm imploded in 2002, Bedrick joined KPMG. She made partner in 2011 and works in Deal Advisory. "I predominantly focus on private equity within Deal Advisory—on the financial due diligence side."

Bedrick is in charge of IU campus recruiting for KPMG and is an advisory lead partner for Indiana campus functions. She coordinates the budgets and approves offers nationally. "I try to be present in major Chicago and New York events," says Bedrick. "I also attend campus success dinners, BAP events, and job fairs so that I can interact with current students."

When Bedrick graduated 16 years ago, Anderson was the only firm that had a specialty practice line focusing on transaction advising. Everyone else was focused on audit and tax. In recent years, there's been a big push to be more consulting focused. "The concern we had five years ago was that there was a major disconnect between the increasing needs in the Advisory practice lines within the firm and the focus on many of the campuses around traditional audit and tax career paths," says Bedrick. "Part of my role as national lead for campus recruiting for Deal Advisory was to make sure that we were getting out to the major schools and explaining the various career paths that are available to students."

One of Bedrick's best memories of her collegiate life was the six months she studied in Prague. "Having the opportunity to study abroad changed my viewpoint on a lot of things," says Bedrick, who grew up in Monticello, a small Indiana town. In fact, she loved it so much that in 1998 she went to Budapest to work for a telephone company for her externship. The company was going through a privatization process. "We were trying to install cost accounting, and nobody there understood why they needed it," recalls Bedrick. "That whole experience took me back to the basics of explaining the 'why' behind our actions."

Bedrick and her husband, Dave, own two dogs Mosey and Keller. "We bought a new house and then went and got a puppy," says Bedrick. "Needless to say, obedience training is occupying much of our time right now."

When work or pet troubles stress her, Bedrick daydreams about her honeymoon in Bora Bora, relaxing in her water bungalow while watching the world go by and every so often recalling those glorious "guinea pig" days in Bloomington.

## Alumni Spotlight: Derek Bang

**Derek A. Bang** (IU, '99) was part of the first graduating class of the 3/2 MBA program. Following graduation, Bang knew he wanted to focus on healthcare. Therefore, he went straight from IU into the EY healthcare audit practice. This was back when firms weren't allowing graduates to go directly from campus to consulting, so Bang did hospital audits for a period of time.

Later he transferred from audit into advisory services practice at EY until he left in January 2005 to join Indianapolis' Crowe Horwath. Bang wanted to focus more on consulting services and he knew he could build a practice at Crowe, a large, reputable firm.

Two years ago, Bang became Chief Strategy & Innovation Officer. He's a managing partner of healthcare performance practice and now has a team of over 100 consultants. In recent years, the firm has added more roles such as strategic planning, resource allocation, and strategy execution.

When Bang joined Crowe, he helped build a successful software tool with Ascension Health. The firm now has two patents on technology. That unique solution propelled Crowe to significant growth, having gone from nothing to the eleventh largest management consulting firm in healthcare.

"We went from no product, no clients, and no solutions to \$100 million dollars' worth of revenue since 2005," says Bang.

When Bang first arrived on IU's campus in 1994, he originally planned to study music, but he worried that he might struggle to make a living. So he changed gears and focused on business instead. He later became a teaching assistant and worked for the accounting department, building and updating web pages for the accounting classes.

But he never abandoned his passion for music. In fact, as an undergraduate, Bang and his roommate organized a rock band. Bang played keyboards and sang lead vocals at fraternity parties to help offset school expenses.

"It was great making \$100 on the weekends by performing," recalls Bang. "It sure beat my other job of delivering pizzas."

Since 1998, Bang has been an IU season ticket holder for both football and basketball games. He also still frequents IU classrooms, working with students on case

studies for 3/2 MBA and MSA programs. In addition, Bang has been working with Kelley faculty on the creation of a leadership development program and collaborated with Professors John Hill, Terry Campbell, and Chris Cook on the book *Courageous Leadership: Career Success the Kelley Way*, which is used in the A509 class.

Bang enjoys vacationing in Marco Island, Florida, with his wife, Amy, and their three sons Sam (13), Joe (11), and Ben (9). The family owns a farm in Westfield with a big barn that was built in the 1850s. They spend a good deal of time restoring the property.



## Alumni Spotlight: Brooke Elliott

Upon graduating from the 3/2 MBA program in 1999, **Brooke Elliott** went to the University of Washington where she earned her Ph.D. in accounting. She joined the faculty at the University of Illinois in Urbana-Champaign in 2003 and last spring became a full professor.



She teaches financial statement analysis to graduate students as well as a doctoral seminar: Intro to Behavioral Research in Accounting. She also teaches executive MBAs in Chicago, and she developed a course titled “Measurement in Forecasting,” which she taught for the first time last spring. In addition, Elliott recently became the director of the Ph.D. program.

Much of Elliott’s research demonstrates when and why investors reach different judgments and decisions from the same underlying information when earnings presentation varies. The important role of earnings information in capital markets and contracting is widely recognized. Earnings information is disseminated through a variety of channels, including the financial statements included in a 10-K filing, Management’s Discussion and Analysis (MD&A), quarterly press releases, and more recently, social media. While regulatory bodies have some influence over the form, content, and timing of earnings information, management still has a great deal of flexibility over three primary earnings presentation attributes: (1) the level of disaggregation of earnings information, (2) the location of earnings information, and (2) the narratives accompanying earnings information. Each of these attributes can affect user behavior and

market prices by directly or indirectly affecting the information content of the disclosure or affecting the ease or manner of processing. In recent published research, Elliott and co-authors provide evidence that how earnings metrics are displayed to investors can play an important role in setting market prices because of their effects on individuals’ belief formation and trading decisions. Also, in a new stream of research, she and co-authors are examining the effects of disclosing earnings information through social media. This work suggests that CEOs can benefit from disclosing financial information about the firm via a personal social media account because it facilitates a trust-building interaction with investors and leads to higher firm valuations.

Elliott says that she has fond memories of being part of the inaugural class of the 3/2 MBA program. “I appreciated the opportunities we were given to interact with faculty across the different disciplines,” says Elliott. “I also liked working with students outside our cohort because it was educational and fun to be exposed to different viewpoints.”

A born and bred Hoosier, Elliott admits that she cherished both her undergraduate and graduate years—and not just the well-rounded education she received but also the great culture and athletics she was exposed to.

“I’m a huge IU basketball fan,” says Elliott. “Even though I’ve been at Illinois for 12 years, I’ll always root for the Hoosiers!”

Professor Mike Tiller was instrumental in Elliott pursuing a Ph.D. degree. “Most of my cohorts went to work for the Big Four, but Professor Tiller pushed me to think about alternative paths,” says Elliott. “He thought that becoming an accounting professor fit well with my skill set and interests.”

An avid exerciser, Elliott describes the perfect day as getting up, going to cross-fit, then driving to the family’s lake house with her husband, Robin, and two children Aiden (9) and Kallyn (4) to go boating, skiing, hiking, and biking. “The lake house is 2.5 hours south,” says Elliott. “Once we’re there, we’re constantly outside.”



# Business School Renovation Update: Hodge Hall

by Christy Heitger-Ewing

The original business school was erected in 1966 with an update in 1981. Needless to say, the time had come for an overhaul. In 2012, the Kelley School of Business began its four-year Addition and Renovation project. Much has already changed, but many more exciting transformations are still to come.

Last fall, the seven-story faculty tower that houses the majority of the departments was completed after all interior walls were torn out and replaced and additional offices created. The layout of the new floor plan incorporates several security measures, including swipe card access to the front desk, installation of security cameras in public spaces, and automated external heart defibrillator (AED) kits installed on every floor.

In April, displaced faculty members began moving into their new offices where they are enjoying the lighter, brighter architectural design. Exterior doors and walls are all glass, which allows natural light to flow into the interior spaces. When the sun is shining, artificial lights aren't even necessary.

"The renovation of the faculty office tower will make the building more efficient as a whole, both in terms of how we work with one another, and also the energy we use," says Dean Idie Kesner.

Currently crews are finishing up work on updating and reconfiguring interior office spaces and classrooms in Hodge Hall by tearing out walls, installing new lighting, and replacing the mechanical, electrical, and HVAC infrastructure that feeds into all of the buildings.

"Due to the magnitude of work involved, this has been the most challenging phase of the construction project," says Nathan Morrison, Facility Operations & Services manager at Kelley School of Business.

All changes were made with the learners in mind. In fact, the school incorporated student input into the renovation by surveying classes to ask what they did and did not want to see. "That was a smart move because we were surprised by some of their responses," recalls Morrison. "There were things we thought students would love that they ultimately didn't care about and other things they requested that we hadn't even thought of incorporating."



With three more phases to go, the Business School Renovation is scheduled to culminate in August 2016.

"It's been great to see the students and faculty using the new space in Hodge Hall," says Dean Kesner. "Even before it's finished, the renovation has helped us attract more of the world-class faculty and students for which we're known."





## News from the Undergraduate Program

Student enrollment in the Undergraduate (UG) Program continues to increase with Fall 2014 enrollment up to 5,500 students. Increasing enrollments reflect the UG Program's continued standing as one of the Top 10 business schools in the country, based on rankings by *Bloomberg Businessweek* and *U.S. News & World Report*.

In 2014, employers and recruiters responding to the *Bloomberg Businessweek* survey continued to rank the Kelley UG Program as #1. In addition, the overall ranking of the UG Program improved to #8 in 2014. *U.S. News & World Report Best Colleges Guidebook* ranked the Kelley UG Program as #8 overall and the Accounting Program as #7.

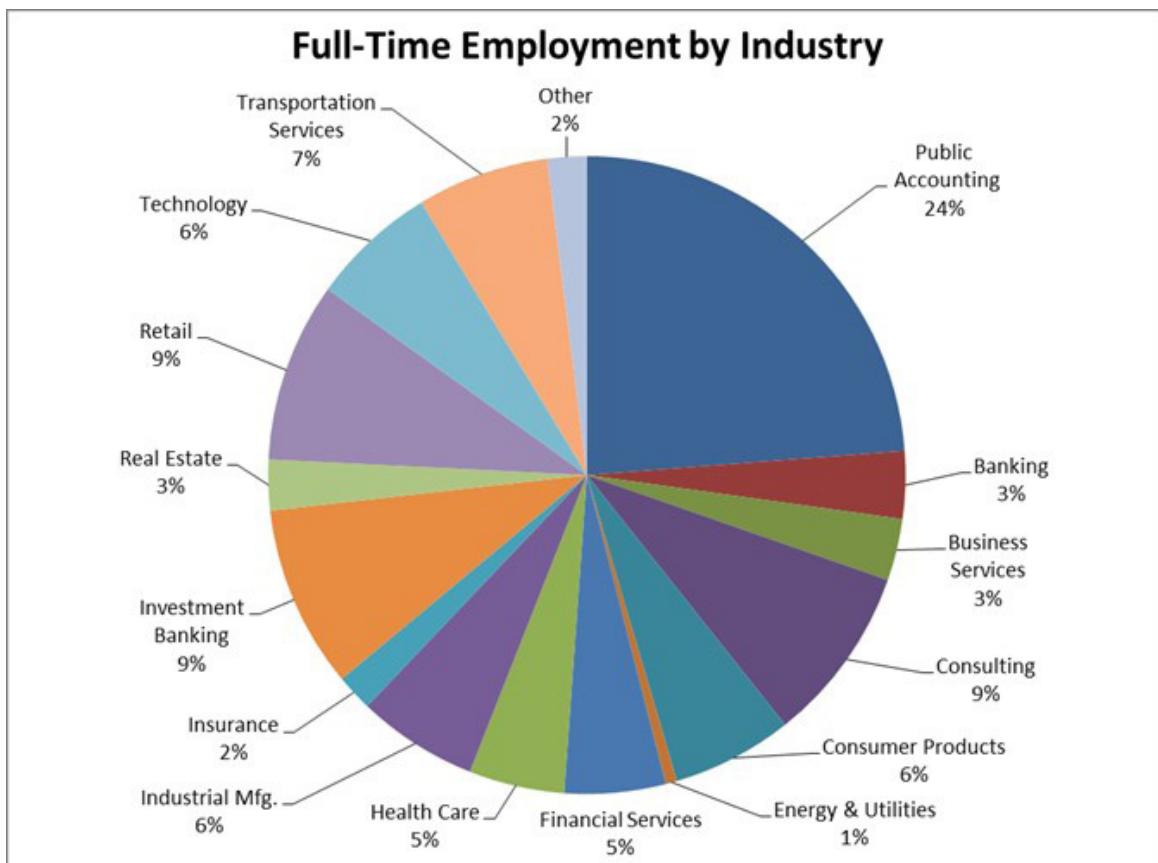
During the 2014-15 academic year, of the 1,260 Kelley seniors, 95% reported a full-time job or graduate school acceptance. The top hiring industries were public accounting, retail, consulting, and investment banking (see graphic). The top hiring companies were PwC, EY, Deloitte, JPMorgan Chase & Co, KPMG LLP, Cummins,

DICK'S Sporting Goods, Macy's Inc., Protiviti Inc., and General Electric.

Average starting salaries increased by about 5% overall. Salaries for accounting majors averaged \$59,157. In addition, Kelley School of Business accounting majors also received an average signing bonus of \$10,360.

Graduates in 2016 may see increased opportunities in advisory. Opportunities in audit and tax, however, will likely remain steady.

Accounting Summer Leadership Programs sponsored by the Big 4 and National and Regional public accounting firms continue to seek out diverse, high GPA sophomore accounting majors to provide them with a one- to three- day leadership development experience. These programs have led to increased internship recruitment. Such recruitment, in turn, leads to higher conversion rates from internship to full-time employment opportunities.



## News from the Graduate Accounting Programs

During the past year, the faculty and staff of the Graduate Accounting Programs (GAP) have focused on initiatives designed to ensure the long-term success of the programs. In particular, we have critically evaluated transformational experiences in the programs and the development of new approaches for attracting the best and brightest Kelley students into the undergraduate accounting program and eventually into GAP.

One of the most important transformational experiences in the Accounting 3/2 MBA program is the 5-credit-hour A505 Field Study course, which is required at the end of the first year of the program. The five- to seven- week field study is an immersive experience in which students complete an unpaid internship within companies and culminates with a final presentation to the managers and/or executives of the client organization. Field study projects include cash management, cost allocation, development and design of accounting systems, transfer pricing, financial statement forecasting methods and models, competitor analysis, market development, global pricing initiatives, application of International Financial Reporting Standards (IFRS), and preparation of statutory financial statements and financial statements audits.

During the spring of 2015, 67% of the students completed an international assignment. In addition, for the first time, GAP arranged for a group of 21 students go to a single location—Chengdu, China—to engage in projects for professional service firms, international corporations, and local businesses. Professor Terry Campbell identified the host organizations/companies where students were embedded; he was responsible for overseeing the teams' progress and client satisfaction. This new scalable, single-location model streamlined project placement efforts and provided a critical mass of student talent in one location. "We plan to implement this centralized model again in 2016, and are currently evaluating host locations in China and Romania," says Campbell. If any Kelley alumni or friends are aware of opportunities for hosting international projects, please contact the Chair of Graduate Accounting Programs, Pat Hopkins (peh@indiana.edu).

Another transformational experience is the semester-long A569 Field Consulting course, which is sponsored by BKD LLP. In this course, we create integrated teams of MSA students and second-year 3/2 MBA students that complete consulting projects with organizations in the central Indiana region. The "Kelley Consultants" are challenged with real-world business problems that host organizations need to resolve but do not have the time or resources to manage. Each student team meets regularly with its client to narrow the scope of the project and ask questions that will yield recommendations the firm often implements. This project allows the students to experience, first-

hand, the challenges of time management, productive meetings, client relationships and client expectations.

In the fall of 2014, Professor Jim Grandorf served as a Managing Partner for 24 consulting teams serving a diverse group of clients, including start-up companies, corporate giants, non-profit organizations, and IU departments. Some of the recommendations

provided by the project teams yielded the host-company cost savings of \$1 - to \$5 million per year. BKD LLP partnered with GAP to provide monetary awards for top teams and an award dinner honoring the teams and clients. If any Kelley alumni or friends are aware of opportunities for future consulting projects, please contact Jim Grandorf (jgrandor@indiana.edu).

GAP is also committed to inclusiveness within the Accounting profession, and to transforming the profile of GAP that better reflects the socioeconomic, ethnic and gender diversity in the U.S. population. In partnership with the Kelley School of Business Undergraduate program, 38 undergraduate students from universities throughout the U.S. were invited to participate in the third annual Accounting Explore-versity on April 10–11, 2015. During the two-day program, students learned more about Kelley, the MSA program, and the accounting profession. Activities included a Friday night banquet with Dean Idie Kesner and networking opportunities with representatives from accounting firms, Becker Professional Education, and current MSA students from Kelley. Participants engaged in professional development workshops conducted by our corporate sponsors and GAP; topics included CPA review, why IU & the MSA, networking, interviewing, professionalism, and personal branding. Explore-versity gave the visitors a taste of what it would be like to be a Kelley student. The 2015 Explore-versity sponsors included EY, PwC, Deloitte, Grant Thornton, KPMG, McGladrey, and Becker. If Kelley alumni or friends are aware of any undergraduates who might be good candidates to benefit from the Explore-versity program, please contact Scott Lemmon (sclemmon@indiana.edu).



*Pat Hopkins*

*Chair of Graduate Accounting Programs*





Pictured L-R: Andrew Rodgers, Young Jae Lee, Conner Ewing, and Bradley Carrico

## A569 Learning Lab Students Assist Businesses

by Christy Heitger-Ewing

Each fall, the Graduate Accounting Program (GAP) students take a semester-long course in which they engage in consulting projects for area businesses under the direction of Jim Grandorf, a clinical professor who is in charge of the A569 Learning Lab program. Last fall the program yielded 24 projects, each team consisting of four members. The university works with a variety of organizations, including small start-up companies, IU departments, non-profits, and government organizations.

“The projects involved a substantial amount of background work, data organization, and benchmarking with other organizations with a similar business model,” says Grandorf. “Then students had to take this massive amount of research and make sense out of it in order to put forth recommendations.”

BKD sponsors the program and throws an awards banquet in January to honor the top three teams with scholarship money. This year first place went to the Eli Lilly project team, second place to the IU Athletics project team, and third place to the Cook project team.

Conner Ewing ('15), who worked on the winning Lilly team, says that the A569 project helped him appreciate

the importance of communication between both himself and his teammates, as well as between the team and the client. This is precisely why Ewing defines the A569 Learning Lab as being invaluable. “In GAP, we focus on applying the theory we learn in class to real-world examples through case learning,” says Ewing.

Students on the Eli Lilly team studied the implications of the statute of limitations on tax inversions for state corporate income taxes. The IU Athletics team focused on improving attendance at football games. The Cook team members examined the cost of shipping their product to their customers and identified significant potential cost saving opportunities.

“This assignment provided me with a great learning experience, a first-place prize, and a newfound respect for the tax profession,” says Andrew Rodgers ('15), another Lilly team member.



## 3/2 MBA Students Gain Real-World Experience in Rapid Fashion

In April 2015, students in the 3/2 MBA program completed their field study projects in China, Belgium, Hong Kong, Australia, London, and right here in Bloomington. Through their experiences, they gained valuable real-world knowledge in rapid fashion. These five-to seven-week unpaid internships have been a hallmark of the 3/2 program since its inception and are highly valued by the host organizations.

Projects include portfolio valuation, auditing assignments, patent examination and intellectual property, private equity analyses, automating manual systems for financial analyses, building financial models for entrepreneurial decision support, planning the IPO process for Chinese firms, and supply chain optimization, among others.

“The key is that these projects are real and the issues are real, so change of direction, missing data, and resistance to change are present,” says Professor Terry Campbell. “Therefore, students gain experience beyond the technical applications into the behavioral responses and implications in real time.”

Beyond the business learning, the students gain insight by being immersed in the local environment. During their cultural immersion, the 21 students who volunteered to go to Cheng Du, China, encountered the old China, the new China, and the next China. Cheng Du is an integral link in the historical Silk Road as well as the base for the Flying Tigers during WWII. Today, Cheng Du is the fastest growing part of China; the “GO WEST” campaign is rapidly changing the economic and business landscape.

Host organizations included Grant Thornton, Ruihua

(Crowe and McGladrey affiliate), ShingWing CPAs (largest regional CPA firm in Sichuan Province), Caterpillar, Cummins, Nordic Center for Living and Learning, IBox, WikiFactory (3D printing), Loshes-Tone (online ladies shoe retailer), and themed hotels in Cheng Du and other Chinese cities.

Supporting organizations include Nordic International Management Institute ([www.nimichina.com](http://www.nimichina.com)), Southwestern University of Finance and Economics ([www.swufe.edu.cn](http://www.swufe.edu.cn)), and the IU Gateway (<http://china.iu.edu/>) office in Beijing. Kelley is working with China Gateway to explore opportunities of bringing the project to Beijing in 2016.

Each of the student ambassadors delivered value-adding projects and received life-changing experiences. Professors Pat Hopkins and Leslie Hodder, along with Steven Yin, joined Professor Terry Campbell and the students for their final presentations and celebration dinner in China.

Upon their return, one of the 3/2 MBA students commented, “I’d never been to China. I literally knew nothing, and now I know a lot about business in China, a bit of Chinese and can almost tie my shoes with chopsticks!” Campbell says he suspects the shoe tying is an exaggeration. “But,” he notes, “it typifies the energy and enthusiasm of these students [as a result of the program].”

Planning for 2016 is well underway. If your organization would like to get involved, contact Professor Campbell at [terrcamp@indiana.edu](mailto:terrcamp@indiana.edu).



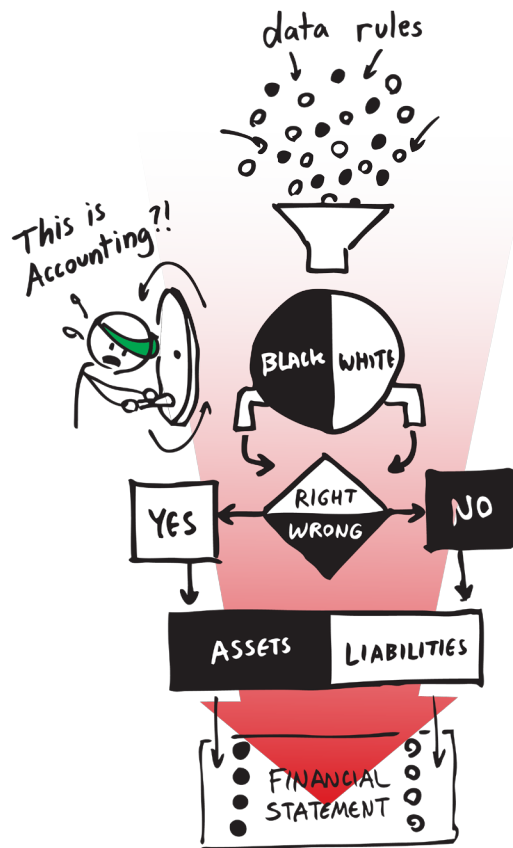
# Mike Tiller Receives the 2014 AAA Innovation in Accounting Education Award

Professor Mikel G. Tiller received the 2014 American Accounting Association Innovation in Accounting Education Award for creating and leading a team that developed a visual representation of accounting and its role in society. The award-winning group included Ellen J. Glazerman, Leslie C. Knowlton, Lisa Koonce, Samuel R. Leno, David N. Moss, Dan Roam, Julie Smith-David, Tracey E. Sutherland, Carolyn R. Wilson, and G. Peter Wilson. Working with a visualization expert, the team explicated the societal perception (left side of graphic) of accounting as compared to what accounting is in its broadest sense (right side of graphic). From this and the input of others, they created an infographic describing the importance of accounting to all aspects of business.

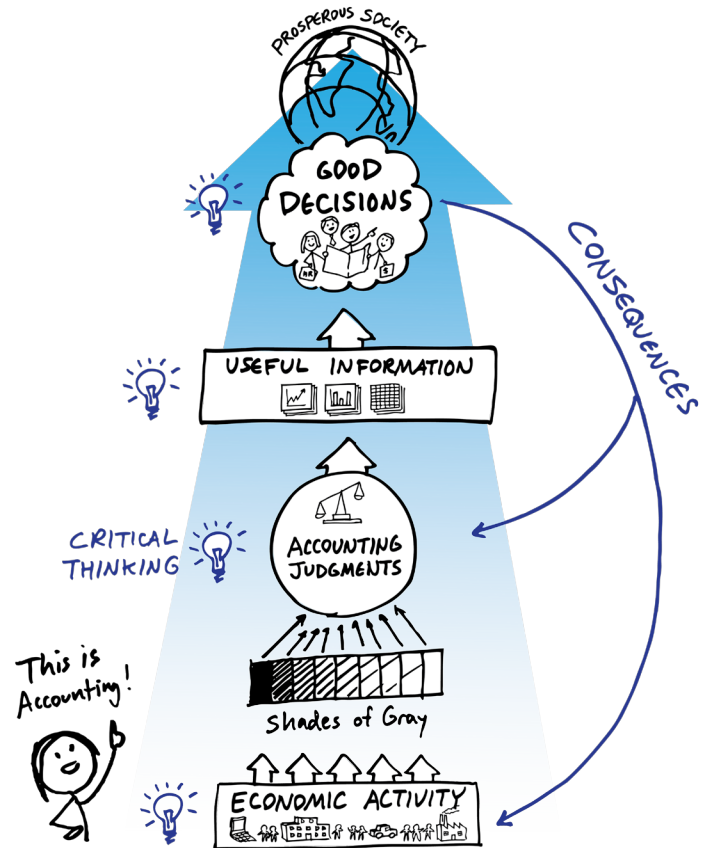
The Innovation in Accounting Education Award is intended to encourage innovation and improvement in accounting education by recognizing significant programmatic changes or a significant activity, concept, or set of educational materials. Winners received \$5,000, funded by the EY Foundation.

## What is Accounting?

### The perception



### The reality



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## Two IU Students Thrive in the GASB PTA Program

by Christy Heitger-Ewing

Each year both the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) sponsor a one-year postgraduate technical assistant (PTA) program in Norwalk, Connecticut, for individuals who plan to pursue a career in accounting. This year Kelley students Zach Goodman and Eric Burns, who both graduated in May 2014, were accepted into the program.

Goodman began his internship in July 2014. He worked on three major projects: asset retirement obligations, other post-employment benefits accounting (healthcare), and the reexamination of the governmental financial reporting model. Because the GASB has a small technical staff, Goodman had the opportunity to conduct research, write technical memorandums to the Board, and present those memorandums to the Board in public meetings.

"I never would have imagined I'd have the opportunity to be a part of every stage of the standards setting process," says Goodman. "I appreciated the level of accountability that was given to me."

Burns, whose internship began in January 2015, has also appreciated being treated like a valued colleague. "My thoughts as a fresh college graduate are given the same weight as those of other project managers on the team," says Burns.

Although the responsibility was initially daunting, Goodman and Burns agree that their time at IU prepared them for the internship. Goodman admits that he once thought of accounting as a mechanical exercise of journal entries. Then he took Pat Hopkins' advanced accounting class in the 3/2 program. "Professor Hopkins helped me think about why we account for transactions in a certain way," says Goodman.

Burns notes that Kelley's professors prepare their students well for professional careers.

"The faculty's tendency to not spoon-feed students information throughout their coursework has been



Eric Burns



Zach Goodman

valuable to teaching us how to use our brains and engage our critical thinking skills," says Burns.

Following his internship, Goodman joined Ernst & Young (EY) as a Senior Associate in their Financial Accounting Advisory Services practice. He works in the Financial Services Office. At the conclusion of Burns' internship, he plans to interview with the Big 4 accounting firms for a job in accounting advisory services in Atlanta. For now, however, he's pleased that the internship has helped him learn how to read and interpret technical accounting literature.

"As a graduate student, I was intimidated by trying to understand FASB standards," recalls Burns. "I always looked for a *Reader's Digest* version somewhere on the Internet. Now I feel comfortable reading the standards and going to the Basis for Conclusions to gain further insight."



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## The 2014-2015 Research Seminar Series

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The following list shows our schedule of research workshops and seminars during the 2014-15 school year. As you can see, we had a very active and productive seminar series.

Date	Presenter(s)	University Affiliations
8/29/2014	Eric Holzman and Amy Sheneman (Ph.D. students)	Indiana
9/5/2014	Barrett Wheeler, Yoon Hoo Kim, and Jessie Watkins (Ph.D. students)	Indiana
9/12/2014	Michael Williamson (alumnus)	Texas
9/19/2014	Nathan Marshall (Ph.D. student)	Indiana
9/26/2014	Ron Dye	Northwestern
10/3/2014	Joseph Gerakos	Chicago
10/10/2014	Frank Zhang	Yale
10/17/2014	Jane Barton (Ph.D. student)	Indiana
10/31/2014	Daniel Beneish (faculty)	Indiana
11/7/2014	Stephannie Larocque	Notre Dame
11/21/2014	Alan Webb	Waterloo
12/5/2014	Spencer Anderson (Ph.D. student)	Indiana
1/13/2015	Thomas Steffen	Duke
1/23/2015	Braden Williams	Washington
1/27/2015	Brian Williams	Oregon
1/30/2015	Steve Utke	Georgia
2/3/2015	Margot Howard	North Carolina
2/6/2015	Kimball Chapman	Penn State
2/10/2015	Chris Yust	Texas-Austin
2/13/2015	Matt Cedergren	New York
2/17/2015	Ayung Tseng	Columbia
2/24/2015	Joseph Pacelli	Cornell
3/24/2015	Michelle Hutchens (Ph.D. student)	Indiana
3/27/2015	Russ Lundholm	British Columbia
4/3/2015	Joe Carcello	Tennessee
4/17/2015	Sarah McVay	Washington
4/24/2015	Frank Hodge (alumnus)	Washington

The 2015-16 research seminar and workshop series promises to be equally active and productive, with outside presenters scheduled to include Bill Kinney (Texas-Austin), Brian White (Texas-Austin), Jean Bedard (Bentley), Tom Linsmeier (FASB), Elizabeth Blankespoor (Stanford), Joe Weber (MIT), Cathy Shakespeare (Michigan), and a number of others.

## Research Highlights

- Salman Arif**
- "Aggregate Investment and Investor Sentiment" published in the *Review of Financial Studies* (with Charles Lee).
  - "Do Short Sellers Profit from Mutual Funds? Evidence from Daily Trades," with Azi Ben-Raphael (Kelley, finance) and Charles Lee; one of 5 finalists for the prestigious AQR Insight Award.
- Daniel Beneish**
- "Macroeconomic Evidence on the Impact of Mandatory IFRS Adoption on Equity and Debt Markets," published in the *Journal of Accounting and Public Policy*.
  - "In Short Supply: Equity Overvaluation and Short Selling," with Charles Lee and Craig Nichols, presented at the Journal of Accounting and Economics conference. This paper also received the Roger F. Murray Prize in the Q-Group's Fall Seminar.
- Daniel Beneish, Brian Miller, and Teri Yohn**
- "The Effect of IFRS Adoption on Cross-Border Investment in Equity and Debt Markets," forthcoming in the *Journal of Accounting and Public Policy*.
- Lori Bhaskar**
- "Debt Covenant Violations, Firm Financial Distress, and Auditor Actions," with G. Krishnan and W. Yu, forthcoming in *Contemporary Accounting Research*.
- Lori Bhaskar, Patrick Hopkins, and Joe Schroeder**
- One of only three proposals selected to receive a grant from the Center for Audit Quality for their project, "How Does the Timing of Companies' Annual Earnings Releases Influence Auditors' Judgments?"
- Jason Brown, Joe Fisher, and Geoff Sprinkle**
- "The Effect of Rankings on Honesty in Budget Reporting," published in *Accounting, Organizations, and Society*, with M. Sooy.
- Jason Brown and Patrick Martin**
- "The Consequences of Hiring Lower-Wage Workers in an Incomplete-Contract Environment," with D. Moser and R. Weber, published in *The Accounting Review*.
- Spencer Anderson, Jason Brown, Leslie Hodder, and Patrick Hopkins**
- "The Effect of Alternative Accounting Measurement Bases on Financial Statement Users' Resource Allocation Decisions and Assessments of Managers' Stewardship," forthcoming in *Accounting, Organizations, and Society*.
- Michael Crawley**
- "Macroeconomic Consequences of Accounting: The Effect of Accounting Conservatism on Macroeconomic Indicators and the Money Supply," forthcoming in *The Accounting Review*.
- Michael Crawley and Jim Wahlen**
- "Analytics in Empirical/Archival Financial Accounting Research," published in *Business Horizons*.
- Joe Fisher and Geoff Sprinkle**
- "Performance Targets Levels and Effort: Reciprocity across Single and Repeated-Interaction Settings," with Sean Pfeffer and Michael Williamson (both IU alumni), published in the *Journal of Management Accounting Research*.
- Leslie Hodder and Patrick Hopkins**
- "Agency Problems, Accounting Slack, and Banks' Response to Proposed Reporting of Loan Fair Values," published in *Accounting, Organizations, and Society*.
  - "The Predictive Ability of Fair Values for Future Financial Performance of Commercial Banks and the Relation of Predictive Ability to Banks' Share Prices," with Mark Evans, published in the *Contemporary Accounting Research*.
  - "Fair Value Measurement in Financial Reporting," a monograph with Katherine Schipper, published in *Foundations and Trends in Accounting*.

## Research Highlights

- Laureen Maines**
- "The Impact of Recognition versus Disclosure on Financial Information: A Preparer's Perspective," with S. Clor-Proell, published in the *Journal of Accounting Research*.
- Patrick Martin**
- "Managers' Green Investment and Related Disclosure Decisions," with Don Moser, forthcoming in the *Journal of Accounting and Economics*.
- Jeff McMullin**
- Presented "Entropy-Balanced Discretionary Accruals," at the AAA Annual Meetings and at the BYU Accounting Research Symposium.
- Brian Miller**
- "Determinants and Market Consequences of Auditor Dismissals after Accounting Restatements," with K. Hennes and A. Leone, published in *The Accounting Review*.
  - "Initial Evidence on the Market Impact of the XBRL Mandate," with E. Blankespoor and H. White, published in the *Review of Accounting Studies*.
- Jamie Pratt**
- "The Financial Reporting Environment, Reporting Discretion, and Earnings Management," with Mark Evans, Rich Houston, and Mike Peters, forthcoming in *The Accounting Review*.
- Sonja Rego**
- "The Impact of Increased Disclosure Requirements and the Standardization of Accounting Practices on Earnings Management through the Reserve for Income Taxes," with R. Cazier, X. Tian, and R. Wilson, published in the *Review of Accounting Studies*.
  - Sonja has begun to serve as one of the editors of *Accounting Horizons*.
- Joe Schroeder**
- "Do Property Taxes Affect Real Operating Decisions and Market Prices for Crude Oil?," with K. Allee (IU Alumnus), D. Lynch, and K. Petroni, forthcoming in *Contemporary Accounting Research*.
- Marcy Shepardson**
- Presented "Do Annual Internal Control Audits and Management Assessments Impact Quarterly Financial Reporting Quality?," at the International Symposium for Auditing Research, in Maastricht, The Netherlands.
- Brady Twedt**
- "The Media and Mispricing: The Role of the Business Press in the Pricing of Accounting Information," with M. Drake and N. Guest, published in *The Accounting Review*
  - "Who's Heard on the Street? Determinants and Consequences of Financial Analyst Coverage in the Business Press," with L. Rees and N. Sharp, published in the *Review of Accounting Studies*.
  - "Spreading the Word: Price Discovery and Newswire Dissemination of Management Earnings Guidance," forthcoming in *The Accounting Review*.
- Jim Wahlen**
- Discussion: "The Effects of Norms on Investor Reactions to Derivative Use," by L. Koonce, J. Miller, and J. Winchel, forthcoming in *Contemporary Accounting Research*.
- Teri Yohn**
- Teri has recently begun her term as the senior editor for *Accounting Horizons*.
  - "Firm-Specific Estimates of Differential Persistence and Their Incremental Usefulness for Forecasting and Valuation," with A. Call, M. Hewitt, and T. Shevlin, forthcoming in *The Accounting Review*.
  - "The Effects of Earnings Disaggregation on Investors' Perceptions of Differential Persistence and Forecasts," with M. Hewitt and A. Tarca, forthcoming in *Contemporary Accounting Research*.



# Teaching Highlights

## Indiana University Trustees Teaching Awards *(nominees listed, award winners in bold)*

**Astill, Andrea**

Cook, Chris

Crawley, Michael

Hodder, Leslie

Martin, Patrick

**Miller, Brian**

**Owen, Sandi**

**Rego, Sonja**

Schrimper, Rick

Schroeder, Joe

**Twedt, Brady**

Wahlen, James

**Winston, Vivian**

## Other Teaching Awards:

**Sonja Rego** was awarded the Doctoral Student Association Faculty Distinguished Teaching Award.

**Jamie Pratt** and **Jim Wahlen** received MBA Program Teaching Excellence Awards.

**Brian Miller** and **Leslie Hodder** were nominated for the Sauvain Teaching Award.

**Vivian Winston** was nominated for a Panschar Teaching Award.

**Jessica Watkins**, third-year Ph.D. student, received the Panschar Teaching Award for Associate Instructors.

**Jamie Pratt** received the Walt Blacconiere Teaching Award, given by the MBA Students to recognize the faculty member that created the greatest interactions with students inside and outside of the classroom.

**Kathrine Glass** was nominated for the Kelley School Innovative Teaching Award.

**Jim Wahlen** published two textbooks, *Financial Reporting, Financial Statement Analysis, and Valuation: A Strategic Perspective*, 8<sup>th</sup> Edition, with S. Baginski and M. Bradshaw; and *Intermediate Accounting: Reporting and Analysis*, 2<sup>nd</sup> Edition, with J. Jones and D. Pagach.

## New Course Development

### Professional and Empirical Research in Accounting and Auditing

“What if we told you that accounting makes no difference in our society? That the reports we prepare have no impact on investors’ decisions, and that the financial statements audits we conduct do nothing to enhance investor confidence?” --A440 instructors on first day of class

Would you believe that the sentiment expressed in the above quote was asserted by some people in business schools during the early days in the development of the efficient markets hypothesis in the mid-1960s? This assertion has inspired generations of empirical accounting researchers to rigorously and scientifically test the many ways in which accounting and auditing activities make a difference in the economy. The new course A440 (Applied Professional and Empirical Research in Accounting and Auditing) exposes accounting students to a world of accounting research that practicing accountants rarely consider. We consider the most fundamental question social scientists ask about accounting: “In what ways does accounting make a difference in the world?”

With the generous financial support of PwC’s “INQuires” program, IU faculty created a three-credit-hour undergraduate elective course, which includes coverage of traditional “applied professional” accounting research and coverage of “empirical” accounting research.

In the applied portion of the course, students develop research skills that are essential for a successful, practicing accounting professional. Specifically, students learn the process of conducting applied professional research. The focus is on how to identify research issues; access and use authoritative literature, professional databases and support software; develop supportable conclusions; and communicate the results of their research in a professional and persuasive manner.

The empirical research portion of the course focuses on the use of the scientific method to address accounting and auditing questions. Students learn about empirical accounting and auditing research methods, and how to be knowledgeable consumers of that research.

Student feedback has been extremely positive. While the applied professional material will most immediately benefit their careers, most students say that the empirical research material is their favorite, perhaps because of the conclusion we reach: Empirical research documents that accounting and auditing matters very much to organizations and society.

# BAP News: 2014-2015 Summary

by Jin Hee (Jimmy) Choi

During the 2014–2015 academic year, Beta Alpha Psi (BAP) participated in a number of successful events, including the BAP Career Fair, Fall Banquet, Etiquette Dinner, VITA trip to Jacksonville, and BAP/SAS Spring Banquet.

In September, in collaboration with the Undergraduate Career Services Office (UCSO), BAP members and student volunteers contributed to the success of the BAP two-day Accounting/ Finance Career Fair, during which nearly 120 companies came to Bloomington to recruit outstanding Kelley students.

In the spring semester, to provide more opportunities and benefits for its members, BAP held three new events: the BAP General Meeting, a BAP Etiquette Dinner, and a field trip to West Lafayette for a TEDx presentation. BAP invited Thao Nelson from the UCSO and Professor Salman Arif from the accounting department as guest speakers for the General Meeting. Nelson discussed the importance of maintaining professionalism in all realms of life while Professor Arif spoke about the value of accounting in the financial services industry.

Several BAP members travelled to Purdue University's campus to attend the TEDx presentation about the financial crisis of 2008. “

It was a valuable experience for me,” says Nate McAfee, VP of tutoring. “I left with a better understanding of workplace ethics.”

During spring break in March 2015, seven BAP members travelled to Jacksonville, Florida, to participate in the BAP annual Volunteer Income Tax Assistance (VITA). “This service project is a good opportunity to help [low-income] people save money,” says Xiaoqian Li, the coordinator of the trip. “This year, our members saved \$22,563 for local residents.”



## News from SAS

Did you know that the Student Accounting Society (SAS) was formerly known as the Accounting Club and was co-founded by Ed Kelley during his time here at Indiana University? If you study the contents of the glass case on the second floor bridge (across from the Graduate Accounting Program office), you'll see that Ed Kelley served as president of The Accounting Club between 1938 and 1939.

The 2014–2015 school year proved pivotal in the long-standing history of the SAS. The SAS engaged in an extensive rebranding effort that will help the organization remain relevant to accounting students and employers for years to come. The new logo (seen here) is perhaps the most apparent change, but SAS leadership also made significant efforts to redefine the club's value proposition to appeal to a broader subset of Kelley students. Ultimately, SAS is primarily directed at introducing accounting students to accounting-related professions and professionalism. Specifically, we facilitate access to top organizations and a network of business professionals in numerous industries, offer tools and resources to its members to further their professional development, and foster a forum for members to connect outside the classroom and give back to the community.

The final component of SAS's rebranding efforts focused on our traditional Fall Event. Beginning in August 2015, this



official kick-off to recruiting season will be known as the “Partner's Picnic.” Last year, this picnic-style career fair attracted 21 firms and over 500 students. This year we hope to welcome 30 firms and 700 students to our 17<sup>th</sup> annual event, to be held August 28 from 11:00 a.m.–3:00 p.m.

Of course, none of this would be possible without assistance from our professional and corporate partners, and the Kelley faculty, who promote the event and serve as celebrity chefs (i.e., burger flippers). If any Kelley alumni or friends wish to be involved with SAS, please contact the 2014–2015 SAS President, Kelly Singer (kmsinger@umail.iu.edu).



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