THE LAST SEVERAL ISSUES I’VE TALKED ABOUT OUR excellence across all our dimensions - students, faculty and alumni - as part of an appeal to invest in our future. I appreciate so much your growing support. Thank you for reaching 9.2% annual giving at FYE 8/31/13, and thank you in advance for continuing the charge!

This issue includes a big focus on student stories. That resonates because I’m back in the classroom this semester teaching the Introduction to Taxation course. I’m reminded all over again what great students we have. Whatever the topic - depreciation, nontaxable exchanges, accounting for incomes taxes - they want to know about the real-world cutting edge applications - cost segregation studies, mergers and acquisitions, valuation allowances. They are a delight - in and out of the classroom. Just today one of the teaching assistants for the Tax Research class said that at her internship training last spring, the table of UT students took all the prizes for the training exercises. Tax Research professor Kristina Zvinakis and I were proud! Inside we also talk about our latest MPA graduates furthering their accounting education in doctoral programs, our current MPA students balancing their MPA studies with the Longhorn Band and an Ultimate Frisbee competitor who’s part of the top-ranked team in the world.

The EY Ambassador Program gift is already bearing fruit! Graduating student Frankie Loredo writes about the initial launch, and our 22 under-represented minority MPA students who were glad to convene for professional development, academic support, and mentorship. The mentoring is two-directional. Our student Ambassadors each have an EY professional mentor, and they each volunteer as a mentor themselves to a sophomore student. We think over the next several years that this program will create a natural bridge for early business students to succeed through the ACC311/312 classes and want to choose accounting as a major. In addition, our Assistant Director of MPA Admissions Keri Ledezma can begin to tap the EY gift for recruiting scholarships this spring for the 2014-15 academic year. We have done more advertising of our program and this gift through various NABA and ALPFA conference outlets and through our statewide recruiting at other universities. Thank you EY!!

As always, I welcome your staying in touch, with advice, questions, or just a hello. My direct line is 512-471-4607. Any time I get to speak to an alum of this great program, it’s a high point in my day! ♦
Michael Clement Appointed to Advisory Committee for Athletics Director Search

University of Texas at Austin President Bill Powers appointed a seven-member advisory committee that includes two current regents to assist in searching for and hiring a new men’s athletics director. Faculty member Michael Clement serves as the sole UT faculty member on the committee.

Dain Donelson and Patrick Badolato Paper Accepted to JAE Conference

“Audit committee financial expertise and earnings management: The role of status” by Patrick Badolato, Dain Donelson, and Matthew Ege (UT PhD ’13) was accepted for the Journal of Accounting and Economics (JAE) Conference in November. The JAE Conference is held annually in either October or November with the purpose of encouraging researchers (both within and outside accounting) to address unexplored accounting-related topics and to challenge conventional wisdom using rigorous economic analysis.

Brian White Wins Outstanding Doctoral Dissertation Award

Assistant Professor Brian White’s paper “Do Investors Use Fair Value Disclosures? The Role of Investment Horizon” won the 2013 Outstanding Doctoral Dissertation Award from the Accounting Behavioral Organization. The award was presented in October at the ABO Midyear Conference.

The purpose of this competition is to recognize outstanding dissertation research in a behavioral/organization topic. The AAA Accounting, Behavior and Organizations Section Dissertation Award carries with it a $1,000 cash prize as well as a plaque honoring the recipient and his dissertation chair. The award recipient is also invited to present his work at the ABO Section Conference.

Donna Johnston-Blair Wins Outstanding Faculty Award

Congratulations to our newest lecturer, Donna Johnston-Blair! She was recently awarded the ACE (Accelerated Co-operative Education) Outstanding Faculty Award from the Leavy School of Business at Santa Clara University. She was an accounting lecturer there before joining the McCombs faculty. This award was based on student evaluations over the course of the 2012-2013 school year.

We couldn’t be more excited for Donna and this well-deserved award!

Faculty Publications

Faculty Publications: Our faculty and doctoral students work hard to expand the knowledge of the accounting community as a whole, not only through teaching but by publishing their research findings regularly in the top academic journals. Making great strides in accounting research has helped keep this department number one.

Inter-Industry Network Structure and the Cross-Predictability of Earnings and Stock Returns

Daniel Aokdia (Northwestern), Judson Caskey (UT), N. Bugra Ozel (UCLA)

The Effect of Using a Lattice Model to Estimate Reported Option Values

Brian Bratton (Kentucky), Ross Jennings (UT), and Casey Schwab (Georgia)

Public versus Private Firm Responses to the Tax Rate Reduction in China

Lillian Mills (UT), Kenny Z. Lim (Lingnan University), and Fang Zhang (Hong Kong Baptist University)

Reflections on a decade of SOX 404(b) audit production and alternatives

William Kinney (UT), Roger Martin (University of Virginia), Marcy Shepardson (Indiana University)

The Effects of Norms on Investor Reactions to Derivative Use

Lisa Koonce (UT), Jeffrey S. Miller (Notre Dame), and Jennifer Winchel (South Carolina)

Regulation FD: A Review and Synthesis of the Academic Literature

Adam S. Koch (Virginia), Craig E. Lefanowicz (Virginia), and John R. Robinson (UT)

Conservatism and Equity Ownership of the Founding Family

Shuping Chen (UT), Xia Chen (Singapore), Qiang Cheng (Singapore)

Short-Term Earnings Guidance and Earnings Management

Andrew C. Call (Arizona), Shuping Chen (UT), Bin Miao (NTU), Yen H. Tong (NTU)

For more detailed information and up-to-date news about our current published works, please see our web page: http://bit.ly/11ks0ba
Firms are increasingly disclosing corporate social responsibility (CSR) performance measures on websites and in annual reports. Some investors now regularly consider firms’ CSR performance along with traditional financial performance measures when making investment decisions. Approximately 12% of managed investment capital in the US during 2009 followed some socially responsible investing strategy. Thus, while many investors become familiar with the CSR performance of firms they follow, there is considerable variation in terms of whether and how explicitly they consider CSR performance as part of their overall investment strategy.

W. Brooke Elliott, Kevin E. Jackson, Mark E. Pecher and I investigated whether CSR disclosures cause an unintended change in investors’ estimates of fundamental value. We expected this unintended effect because CSR disclosures are likely to lead to emotional reactions, due to their imagery-provoking nature. Psychology theory suggests that these emotional reactions can subconsciously influence subsequent judgments. The theory further suggests that the unintended influence of emotion can be reduced if emotional reactions are clearly attributed to their source (CSR performance, in this case). Therefore, we also tested whether incorporating an explicit assessment of CSR performance into an overall investment analysis can reduce the unintended effect of CSR performance on estimates of value.

In a controlled experiment, we found that investors who are exposed to, but do not explicitly assess, CSR performance derive higher fundamental value estimates in response to positive CSR performance, and lower fundamental value estimates in response to negative CSR performance. This effect is unintended and explicit assessment of CSR performance significantly reduces it. Our results also shed light on the consequences of these fundamental value estimates, in that investors who do not explicitly assess CSR performance rely on their unintentionally influenced estimates of fundamental value to increase the price they are willing to pay to invest in a firm with positive CSR performance.

Our results suggest that incorporating an explicit assessment of CSR performance into an overall investment analysis can reduce the unintended and subconscious effects of emotion on investment-related judgments and decisions. Thus, explicitly assessing CSR performance can have benefits for all investors; even those who do not follow a CSR-related investment strategy.

Rosa Flores Joins CNN

CNN has named Rosa Flores (MPA ’01) as correspondent it was announced today by Terence Burke, Vice President of Newsgathering for CNN/U.S. She will start in July and will be based in New York City. Said Burke, “Rosa is an outstanding reporter who made her mark in local television covering numerous breaking news and enterprise stories. We are thrilled to have her join the CNN team.” In addition to her role as correspondent Flores will serve as substitute anchor.

Throughout her career Flores covered a variety of national, state and local stories. Before joining CNN, she anchored the late afternoon newscast at WBRZ, the ABC affiliate in Baton Rouge. Before moving to Louisiana’s capital city, Flores covered enterprise and breaking news stories at WDSU-TV, the NBC affiliate in New Orleans, Louisiana. Her reporting included extensive coverage of the BP oil spill in the Gulf of Mexico. Prior to that, she reported for KHOU-TV, the CBS affiliate in Houston and KWTV in Oklahoma City.

“To be able to report for the premiere newsgathering operation in the world has been a dream ever since I covered my first story. I am honored and excited to be joining CNN and work with the best in our profession. I look forward to being able to tell stories on a national level. I can’t wait to get started,” said Flores.

CALL FOR ALUMNI!

In Houston with news to share? Contact our local “roving reporter” Rennee Greenspan-Brownman (BBA ’79) at renee.brownman@yahoo.com. Interested in reporting on your own city or have other news you’d like to share? Email April Stockwell with any questions or to get involved: april.stockwell@mccombs.utexas.edu. And, of course, if you have news about careers, family or Longhorn connections, take a minute to share your news online on the McCombs Alumni Class Notes page: http://bit.ly/14BcO1U
This semester the University of Texas at Austin’s McCombs School and its Master in Professional Accounting (MPA) program has partnered with the Ernst & Young Foundation to create the EY Accounting Ambassadors Program. The purpose of this program is to make accounting attractive, welcoming and a successful choice for under-represented students at UT. It has been an exciting experience to pilot the EY Accounting Ambassadors Program.

Navigating college is not an easy task. As a first-generation college student, most of the knowledge I have acquired has been by asking questions and exploring the resources and opportunities that are available on my own. I’ve had infinite support from my family but little guidance when it comes to major and career choices. As an Ambassador, I am thrilled to have the opportunity to help someone who might be in a similar situation. I hope to serve as support for my mentees, sharing with them my knowledge and perspective about the MPA program and other degrees, the recruiting process, and extra-curricular involvement. I am also excited to have a mentor myself and learn how to be a successful employee as I transition into the corporate world.

Fostering a sense where minorities are embraced, our perspective is valued and our contributions are respected in the accounting profession is very motivating and fulfilling. The EY Accounting Ambassadors Program allows us to connect to professionals in the accounting industry and fellow students with similar traditions, culture, and backgrounds.

The EY Accounting Ambassadors program also emphasizes the importance of academics. I look forward to forming study groups with my fellow Ambassadors and our mentees, helping each other with homework and celebrating each other’s accomplishments. To top it all off, there will be opportunities for financial support for the highest achieving members via EY Ambassador Tutors, incentive awards and an Ernst & Young Foundation Scholarship. There are so many components to it that make the EY Accounting Ambassadors such a great program, and I’m proud to be a part of it. ◆
‘Til Gabriel Blows His Horn

Texas MPA students are much more than future accountants. Despite an incredibly fast-paced year of grad school—complete with recruiting, classes and the looming CPA Exam—most still find time to pursue outside interests. When you consider just how demanding the Texas MPA program is, the fact that four of our current students play in the Longhorn Marching Band (a feat in itself) is remarkable.

Lauren Hiller (MPA ’16) plays trumpet. Stephen Jacques (MPA ’14) keeps the beat on a snare drum. Whitney Swimelar (MPA ’16) plays the clarinet and Ryan Zander (MPA ’14) plays saxophone.

Lauren and Whitney are also section leaders. All three see the Longhorn Band as an opportunity to perform and bring their spirit to the University, but they also note that the marching band is a great place to make social connections. According to Ryan, “It is an organization that surrounds me with highly motivated and highly successful people from a wide variety of backgrounds and fields of study.”

Balancing all the work of earning an MPA degree along with learning sheet music and band formations is an incredible feat for a college student. Lauren sees rehearsals as a nice study break where she can let her stress out through music before hitting the books once more.

Whitney’s advice for other students wanting to follow in her footsteps? “Be great with your time management. I make sure to be aware of when I need to be at band practice or when I won’t be able to study on a Saturday because of a game. Being aware of when I will be busy in the future forces me to study in advance so I can get my work done.”

All three agree that the Longhorn Marching Band provides a number of perks like: traveling to all the games, exploring different forms of leadership, and providing service in support of the community. It just goes to show how much positive impact these extra-curricular activities have on developing well-rounded accountants.

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You can make a difference! Student scholarships, faculty development, and curricular innovations are made possible through the generosity of our alumni and friends. Join us in our commitment to excellence in accounting education at The University of Texas at Austin.

To make a donation, please use this form. For questions, please contact Becki Henry at (512) 471-5316 or becki.henry@mccombs.utexas.edu. Thank you!

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Following their Research Dreams

Two MPA students were recently accepted into PhD programs in the hopes of furthering their pursuit of accounting research.

Entering a PhD program is a major commitment. Two MPA students, Emily Sheikh (MPA ’13) and Peter Kipp (MPA ’13), agreed to talk with us about their recent acceptance into PhD programs and why they chose to pursue a doctorate.

During her time as a Masters student, Emily Sheikh realized that a career in academics was a good fit for her. This fall she entered the PhD program at the University of Michigan. Her goal is to pursue research interests in how differing countrywide policy decisions—especially those related to IFRS convergence—impact how the market views investments issued by those countries.

Peter Kipp (MPA ’13) also decided that a PhD would be an integral step in satisfying his career goals. This year he joined the University of South Florida’s PhD program to pursue independent research. He is planning on specializing in behavioral research in auditor judgment and decision-making.

Both students felt that the Texas MPA program did an excellent job of preparing them for the challenges involved in earning a PhD. According to Peter, “Dr. Limberg was kind enough to invite me to attend the research workshops held most Fridays… There I was able to gain exposure to the research process and listen as professors received feedback on their projects.”

Emily felt that the broad set of skills she developed as a Texas MPA helped her to become comfortable exploring the gray areas of accounting—where the current rules may not apply. Studying the gray areas is something she feels she’ll continue to do as she researches complex topics in pursuit of her doctoral degree.

Emily and Peter look forward to a career in research, being part of a school’s faculty, and helping future students achieve their own accounting dreams. They even had the same advice for future PhD students: Talk to professors and current PhD students to help determine if you want to invest the time into pursuing your doctoral degree.

MPA Student Diana Charrier Has the Spirit!

When you work as hard as our students do, taking some time to let loose is a must. MPA student Diana Charrier not only found a terrific way to unwind, she took it to a whole other level.

Diana plans on joining EY’s assurance team upon graduating in May 2014. Little do they know that in addition to a skilled accountant, they’ll also be gaining a world-class Ultimate Frisbee player. Diana’s parents, uncle and brother all played Ultimate throughout college, making her a second generation Ultimate athlete. Growing up, Diana would join her father at pick-up games and play with friends at the park; upon entering college, she joined the University of Texas’ club team, Melee. Three years ago, she decided to step it up and pursue Ultimate further by joining the state of Texas’ elite club team, Showdown.

Ultimate Frisbee is a high endurance team sport with competitors racing from one end of the field to another. It is played on the same type of field as soccer and the goal of the game is to pass the Frisbee to a teammate in the opposing end zone to score points. One of the main attractions of the game is its focus on self-officiating, referred to by players as the Spirit of the Game. When the Spirit is upheld, it not only helps the game run properly, but also creates a competitive and respectful environment. It is this aspect, and the tendency for friendships to develop amongst competitors, that hooked Diana on the sport.

Attending the nation’s #1 graduate accounting program is a notable accomplishment; Diana added another noteworthy achievement to her life’s résumé this year when she and the rest of the USA team won the WFDF 2013 World Under-23 Women’s Ultimate Championship. The team was composed of 22 women from across the country, including fellow UT student, Sharon Tsao. 19 countries attended the Worlds Tournament and the winning game came down to nail-biter where the US beat Japan 16-14.
Student News

MARATHON SCHOLARSHIP
Archana Bhat has been awarded the Marathon Scholarship for Fall 2013 and Spring 2014. Currently an iMPA student still working on her BBA, Archana was awarded the second largest scholarship offered for undergrads.

JENNY WANG WINS CASE COMPETITION
MPA student Jenny Wang not only attended the 7th Annual IAEP Leadership and Networking Retreat in Orlando, Florida this past September, but also took first place at the event’s case competition.
Unlike most case competitions, however, there is no advanced preparation and students don’t meet their teammates until right before the competition. Competitors were placed into ten different teams composed of a mix of students from the 21 different universities attending from around the world. The teams were given a case study to audit on Saturday morning and sent off to work their respective cases before presenting on Sunday to all of the event participants in an open forum. Teams were judged on team member participation, creativity, content and style of presentation. Proudly, Jenny Wang was a member of the first-place winning team this year!

MPA STUDENTS WIN PWC xACT
Congratulations to Daniel Li, James Gu and Justin Ha on their McCombs-wide PWC xACT Case Competition win! The three MPA students worked for 2 solid weeks to prepare their presentation, assessing the viability of the construction of a biodiesel plant, for the competition. 14 teams participated and the group beat out the other McCombs students for the top spot and a $1K prize. Brian Lendecky has been the faculty advisor for this competition for 8 years now with the UT Team reaching Nationals 5 of those 8 years.
Special thanks to their PWC mentors: Ben Sexton and Annie Shiu!

MPAs Shine at GASP
We are extremely proud that MPA student Francisco Loredo was offered a Postgraduate Technical Assistant (PTA) internship with the Governmental Accounting Standards Board (GASB), starting in January 2014. Known as “Frankie” to everyone, he has been a long time MPA student employee and a driving force behind a number of our key initiatives. He will definitely be a terrific addition to the GASB PTA team.
The GASB PTA program is for individuals who are planning a career with an emphasis in accounting. Students must be nominated by their schools’ accounting departments and approved by the dean or department chairperson. These opportunities are a one-year term where the individual becomes highly involved with the accounting standards-setting process and comes to have in-depth understanding of the roles played by preparers, auditors, and users of financial information. These postgraduate internships are coveted by accounting students and employers alike as it’s impossible to gain the kind of experience you receive working for the GASB anywhere else.
We also learned that former MPA student and GASB PTA Emily Clark will be returning to the GASB this year as a Project Research Associate.
Congratulations Frankie and Emily!

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Alumni participation rates impact student and faculty recruitment and are factored into many college rankings.

Do your part and help support the continuing excellence of the McCombs Accounting Program by making your contribution here: http://bit.ly/144erDM