Course Introduction

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Class Times: Tuesday and Thursday, 12:05 p.m.–2:00 p.m. in 337 Business Building

Course Objectives

This course is designed to equip you to understand theories used in accounting research and to give you some practice in formal economic modeling. The course has two parts. The first part deals with contracting among economic agents where the nature and availability of information yields important strategic interactions. The second part deals with the operation of capital markets, focusing particularly on the role of financial disclosure.

Readings


The course outline contains the readings to be completed and problems to be worked on before each day’s class. The problems referenced in the outline are from the Demski text so that, e.g., 2–12 indicates problem 12 at the end of chapter 2.
Class Organization

Your learning is enhanced by applying the underlying principles to specific situations and contexts. Accordingly, you are expected to prepare in advance problems and readings assigned for each class session.

Time in class together should fall in the middle of the process by which you master a given topic in this course. It is very important that you develop a reasoned opinion on the issues before class. You should spend time after class reviewing and organizing in your own mind the substance of class discussions.

Workload and Performance Evaluation

Students will be graded on class participation, problems sets, and two examinations. Unless otherwise indicated, all problems listed in the course outline are to be turned in for a grade. Your participation grade is based on a subjective assessment of your contributions to class.

While you are encouraged to discuss assignments with your classmates after you have turned them in, each of you must turn in original and independent analyses of the assigned problems.

Your final grade will be based on the following weights:

(i) Assignments 30%
(ii) Class Participation 30%
(iii) Examinations 40%

100%

Examinations are closed book. During the exam, you are permitted to use a calculator. You are also permitted to bring to the exam a single 8½ × 11 inch sheet of paper on which you may include whatever summary information about the course you deem necessary.

Smeal has established grade distributions for its courses. I will use these as a guideline in setting grades, but will make adjustments as necessary to reflect clear distinctions in performance.
Note to students whose mother tongue is not English. I think you deserve recognition for succeeding in a rigorous academic program in what, for you, is a foreign language. In order for this distinction to be real and meaningful to you and your eventual employers, I do not make accommodations for the added difficulties you may face in class participation, written assignments, and examinations except as follows: while I expect your written assignments to be free of misspellings and grammatical errors, I do not penalize you for mistakes of idiom (i.e., I expect your written English to be clear and correct, but this does not mean that you must use the same turns of phrase and expressions as a native speaker of American English).

Academic Integrity

The learning process requires that you (as enrolled students, collectively) work through the course material independently of others who have studied or are studying this same material. The learning process also requires that you complete individual assignments independently of others, and group assignments independently of people not in your group. In preparing for class and in reviewing after class, I encourage you to discuss the course material with classmates currently enrolled in this course subject to certain limitations. I consider:

- cribbing answers to course assignments prepared by other students, presented in another section, or gathered from any other unattributed source,
- receiving lecture notes, case approaches, case analyses, solutions and the like from persons not currently enrolled in my sections of this course,
- distributing answers to course assignments where such distribution facilitates academic dishonesty by another student,
- distributing lecture notes, case approaches, case analyses, solutions and the like to persons not currently enrolled in my sections of this course,
- submitting for course credit an assignment containing analysis, discussion or calculations that are the product of someone whose name does not appear on the assignment, or
- submitting for course credit in this class work done for credit in another class.
to be violations of the the University Faculty Senate Policies for Students. **It is also a violation of these policies to know of a violation and not report it.** This means you have a positive obligation to report cheating.

If you are in doubt whether a particular act or omission would violate these policies, ask me.

You may read the University Faculty Senate Policies for Students §49–20 “Academic Integrity” here:

http://senate.psu.edu/policies-and-rules-for-undergraduate-students/47-00-48-00-1-and-49-00-grades/

**Penn State Values**

At the core of the University are the Penn State Values:

http://values.psu.edu

The Values are our shared ideals about how people should act toward one another, the standards to which we hold ourselves, and those beliefs we find important. While aspirational in nature, the Penn State Values articulate our ethical principles and should guide our actions and decisions as members of the Penn State community, including in this course.

**More on Academic Integrity**

According to the Penn State Principles and University Code of Conduct:

Academic integrity is a basic guiding principle for all academic activity at Penn State University, allowing the pursuit of scholarly activity in an open, honest, and responsible manner. According to the University’s Code of Conduct, you must neither engage in nor tolerate academic dishonesty. This includes, but is not limited to cheating, plagiarism, fabrication of information or citations, facilitating acts of academic dishonesty by others, unauthorized possession of examinations, submitting work of another person, or work previously used in another course without informing the instructor, or tampering with the academic work of other students.

Any violation of academic integrity will be investigated and, where warranted, corrective academic and/or disciplinary action will be taken. For every incident where a penalty is assessed, an Academic Integrity Incident
Report form must be filed. The form can be found on the Smeal College Honor and Integrity website:

http://ugstudents.smeal.psu.edu/honor

This form is to be used for undergraduate courses. The report must be signed and dated by both the instructor and the student, and then submitted to Felisa Preciado Higgins, Associate Dean for Undergraduate Education, 202 Business Building.

University Policy G-9

Once a student has been informed that academic misconduct is suspected, the student may not drop the course during the adjudication process. The Dean of the College (UP) and/or the Chancellor (campuses) or his or her representative is responsible for notifying the Office of the University Registrar when academic misconduct is suspected in a course. Any drop or withdrawal from the course during this time will be reversed. A student who has received an academic sanction as a result of a violation of academic integrity may not drop or withdraw from the course at any time. These drop actions include regular drop, late drop, withdrawal, retroactive late drop and retroactive withdrawal. Any such drop action of the course will be reversed. This drop policy may be superseded in exceptional circumstances (i.e. trauma drop). In these cases, the Office of Student Conduct or the Student Conduct designee will confer with the Dean of the College (UP) or the Chancellor (campuses) or his or her representative to determine if the drop is warranted.

http://undergrad.psu.edu/aappm/G-9-academic-integrity.html

Smeal Honor Code

We, the Smeal College of Business Community, aspire to the highest ethical standards and will hold each other accountable to them. We will not engage in any action that is improper or that creates the appearance of impropriety in our academic lives, and we intend to hold to this standard in our future careers.
PLAGIARISM / COPYING

All work you submit for grading or academic credit is designed to reflect your knowledge and skill related to the course subject matter. Therefore, unless otherwise indicated, all work submitted is to be done on an individual basis. This includes but is not limited to all exams, quizzes, homework, papers, written assignments, and presentations.

Plagiarism is claiming work as your own that you have copied from another person, whether that other person knows about it or not. This includes copying from web sites without proper source citation and using homework or papers prepared by current or past students whether working as an individual or working in a group / team.

ACTION & SEXUAL HARASSMENT

The Pennsylvania State University is committed to a policy where all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by Commonwealth or Federal authorities. Penn State does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, gender, sexual orientation, or veteran status. Related inquiries should be directed to the Affirmative Action Office, 328 Boucke Building.

Students with Disabilities

Penn State and the Smeal College of Business welcomes students with disabilities to all of its classes, programs and events. Student Disability Resources in Room 116 Boucke Building provides a vast array of services for students with disabilities according to mandates under Title II of the ADA amendments Act of 2008 and Section 504 of the Rehabilitation Act of 1973. For more information or to meet with a service provider from Student Disability Resources, contact them at (814) 863-1807 (V/TTY) or visit their website at:

http://equity.psu.edu/sdr

In order to receive consideration for reasonable accommodations, you must contact the appropriate disability services office at the campus enrolled, participate in an intake interview, and provide documentation:
http://equity.psu.edu/sdr/applying-for-services

If the documentation supports your request for reasonable accommodations, the Student Disability Resources office will provide you with an accommodation letter. Please share this letter with your instructors and discuss the accommodations with them as early in the course as possible. Adjustments will be made based on the recommendations in the accommodation letter. You must follow this process for every semester that you request accommodations.