



College of Business

香港城市大學
City University of Hong Kong



Business and Law Joint Seminar Series Seminar by Prof. CHEN Yangyang

Dear Colleagues and Students,

The next seminar of the Business and Law Joint Seminar Series 2021 will be held on 20 April 2022 (Wednesday) at 10:30 am - 12:00 pm, presented by Prof. CHEN Yangyang from the Department of Accountancy, City University of Hong Kong. We sincerely invite you to attend the seminar. Please refer to the details below.

Topic: Penny-Wise and Pound-Foolish: Does Striving to Meet Earnings Expectations by Manipulating Real Activities Undermine Product Quality?

Abstract:

We examine whether managers' activities in striving to reach earnings targets affect their firms' product quality. We find that firms suspected of manipulating real activities in trying to meet earnings benchmarks exhibit a higher likelihood and frequency of product recalls. Other evidence implies that high earnings pressure induces managers to manipulate real activities, resulting in more product quality failures. In cross-sectional results consistent with expectations, we find that the impact of exploiting real activities to attain earnings benchmarks on product recalls intensifies for firms whose managers have stronger incentives to manage earnings and subsidies for firms subject to greater customer power and firms with more growth opportunities. Additional analysis shows that suspected benchmark targeting also raises the severity of product recalls.

Short Bio:

Yangyang Chen joined City University of Hong Kong in Oct 2019. He received his PhD from University of Melbourne and worked at Hong Kong Polytechnic University and Monash University before joining. His research interests are in corporate finance and financial accounting, including management compensation, corporate innovation, audit quality and pricing, earnings management, corporate disclosure, and so on. His works have been published or accepted in *The Accounting Review*, *Journal of Accounting Research*, *Journal of Financial Economics*, *Journal of Financial and Quantitative Analysis*, *Contemporary Accounting Research*, *Review of Accounting Studies* etc.

Zoom Meeting: <https://cityu.zoom.us/j/93543168105>

Meeting ID: 935 4316 8105

To learn more about the upcoming events, please visit the joint seminar series webpage at <https://www.cb.cityu.edu.hk/lbseminars/2021/>.

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BUSINESS LAW

BUSINESS & LAW JOINT SEMINAR SERIES

The joint efforts of College of Business and School of Law to do research and change the world

Penny-Wise and Pound-Foolish: Does Striving to Meet Earnings Expectations by Manipulating Real Activities Undermine Product Quality?

Date : 20 April 2022 (Wednesday)
Time : 10:30 am - 12:00 pm
Language : English
Format : Real-time seminar via Zoom
Meeting ID : 935 4316 8105



Prof. CHEN Yangyang
Acting Head
Professor
Department of Accountancy
City University of Hong Kong



Zoom Link



For more details

家有常業，雖飢不餓；
國有常法，雖危不亡。
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