Objective 1.4: Integrate accounting research into accounting courses and programs

A. Two current textbooks appropriate for this course are written by influential accounting researchers cite important accounting and finance research studies.
B. Course helps identify students suitable for research assistantships and independent studies.

Rethinking the MBA by Datar, Garvin & Cullen (2010) emphasizes eight business needs that schools fail to teach sufficiently. This course meets the following needs:

A. Integration across disciplines
   1. Accounting students see emphasis on accounting results for forecasting beyond preparation
   2. Finance students see accounting numbers as a source for valuation models (not just something to undo to get free cash flows)
   3. The course emphasizes the importance of management and strategy supporting sound valuations.

B. Understanding the limitations of markets and models
   1. Course gives perspective on history of stock market returns and “bubbles”
   2. Course asks students to infer the growth rates assumed in current market prices and assess whether they are sustainable (assignment on Facebook valuation)
   3. Course requires that students think beyond standard financial risk models to other risks: competitive advantage, legal (Herbalife & EZCorp, a pawnbroker on exam), regulatory (ExxonMobil on exam), systemic...

Comments are based on author’s prior experience as an MBA or PhD student at two top-twenty two-year programs.

For 5-year students, I need to spend more time covering
   - Historical capital market returns and bubbles (less perspective)
   - Residual Income Valuation model (less coverage in undergraduate finance)

5-Year accounting majors are more familiar with technical accounting issues (stock compensation, pensions, business combinations, income taxes)

Traditional MBAs have more
   - Business experience to understand strategy and to forecast
   - Incentive to cover more material for potential Wall Street jobs