SOA SHIDLER SPEAKER
Dr. Sudipta Basu
Professor of Accounting, Temple University

August 24, 2016
3:00 p.m. to 4:30 p.m.
G301 (PwC Room)

Topic: Director Liability Reduction Laws and Conditional Conservatism

Free and Open to the Public

ABSTRACT: We study non-officer directors’ causal influence on the conditional conservatism of firms’ financial statements. We treat director liability reduction laws enacted by the U.S. states in different years since 1986 as exogenous shocks to non-officer directors’ litigation risk. We find a decrease in conditional conservatism after the law enactments, which varies predictably with cross-sectional variation in the demand for conditional conservatism from institutional owners and lenders. The results are robust to alternative conservatism measures and controls for endogenous self-selection of states of incorporation. Our results are consistent with non-officer directors monitoring and influencing the financial reporting process and have implications for corporate governance and corporate law reforms.

Dr. Sudipta Basu is Professor of Accounting at Fox School of Business in Temple University. His research on the origins and evolution of accounting appears in Accounting and Business Research; Accounting Historians Journal; Accounting Horizons; Accounting, Organizations and Society; Foundations and Trends in Accounting and Proceedings of the National Academy of Sciences of the USA (PNAS). The American Accounting Association (AAA) recognized his research with the 2012 Distinguished Contribution to Accounting Literature Award and the 2011 and 2007 Accounting Horizons Best Paper Awards. Sudipta is an Associate Editor or Editorial Board member of Journal of Accounting and Economics; The Accounting Review; Contemporary Accounting Research; Journal of Business Finance and Accounting; Journal of Accounting, Auditing and Finance; Australian Journal of Management; Journal of Law, Finance and Accounting; Accounting, Economics and Law; and China Journal of Accounting Research. He earned his Ph.D. and M.S. at the University of Rochester; M.B.A. at the Indian Institute of Management Calcutta; and B.A. (Honours) in Economics at the University of Delhi. Sudipta taught previously at Emory University and Baruch College, City University of New York. He currently teaches Cost Accounting to undergraduates and Capital Markets Research to doctoral students.