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ACCOUNTING RESEARCH: NOTES AND PERSPECTIVES

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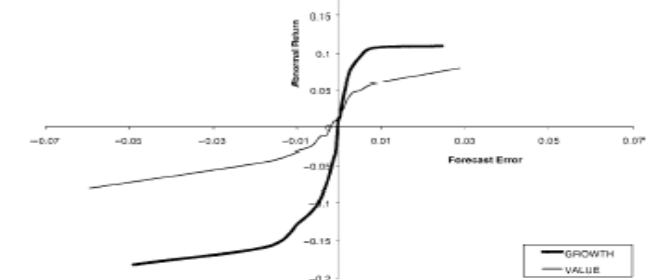
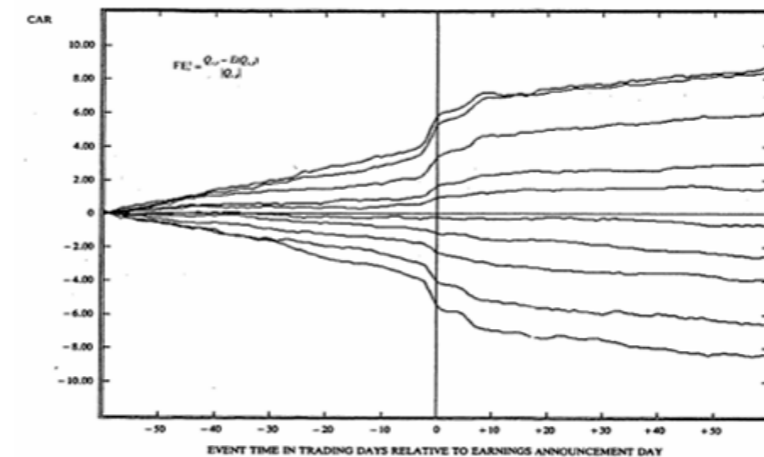
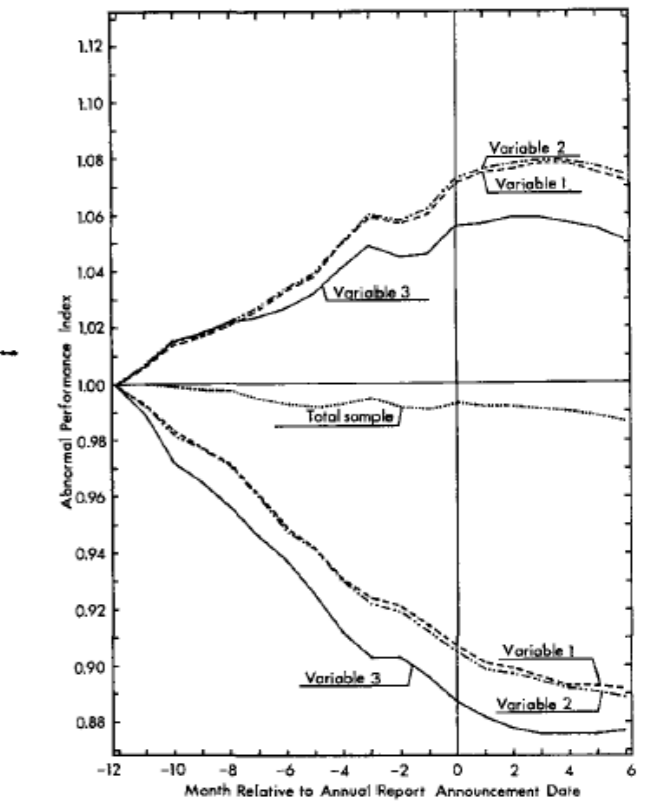
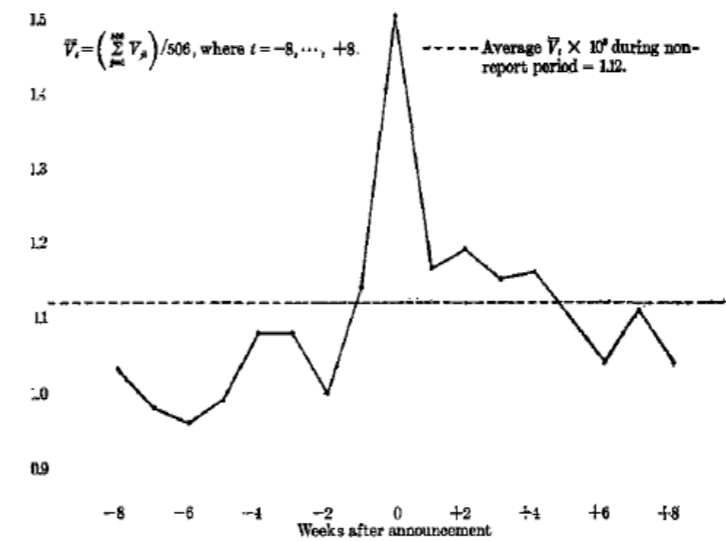


Figure 4. Earnings surprise response functions for value and growth stocks. This graph plots the quarterly abnormal returns for value and growth stocks respectively as a function of the magnitude of the quarterly earnings forecast error. Each plot is formed by dividing the stocks into 20 portfolios based on the magnitude of the forecast error, and then plotting the mean portfolio abnormal returns and forecast errors. The resulting points are joined using smoothed lines.

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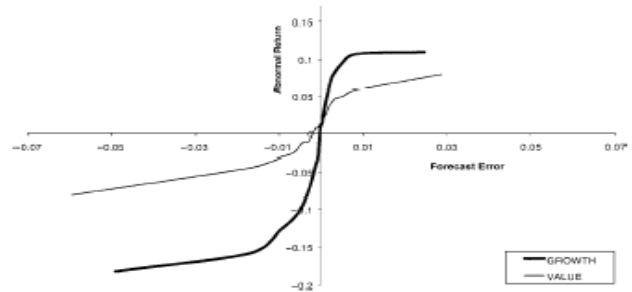
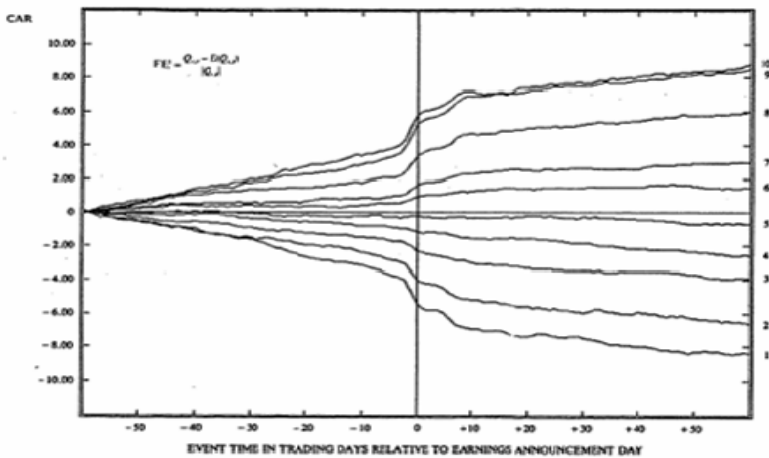
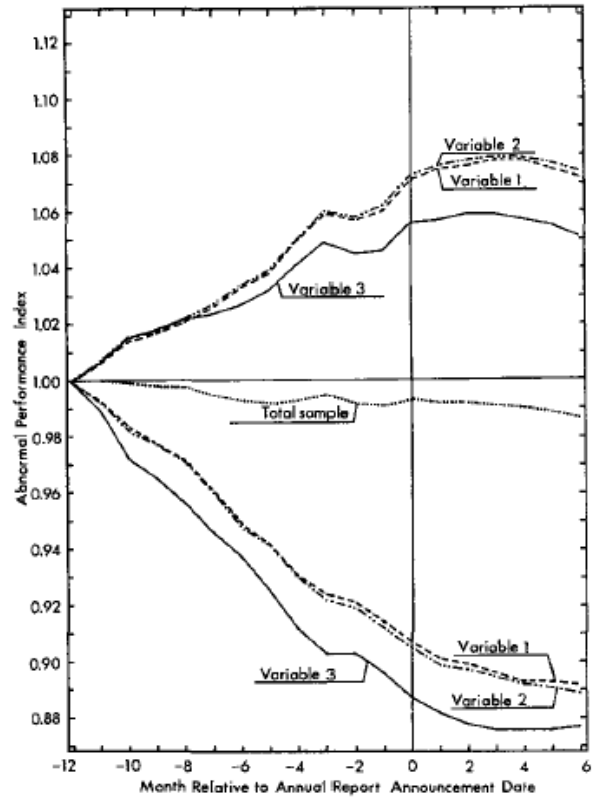
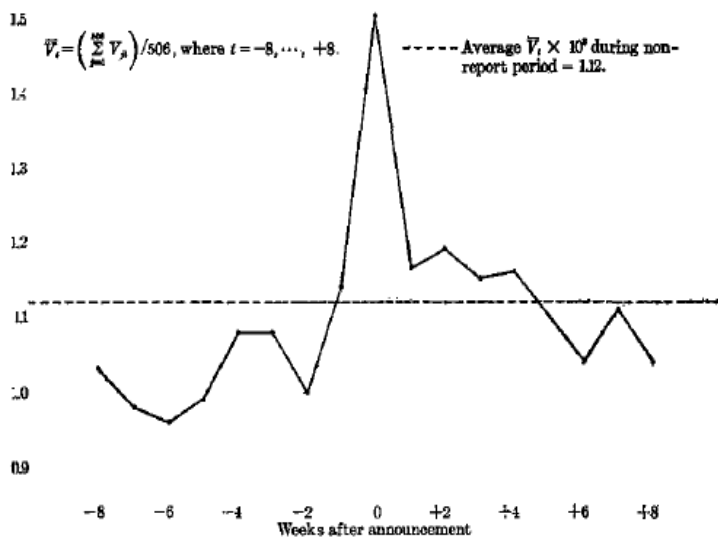


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Introduction

This book is based on the two PhD-level financial accounting research courses required as part of the accounting PhD studies at Stanford University Graduate School of Business. The book covers leading mainstream research studies in accounting, finance, and economics, with an emphasis on financial accounting. The financial accounting studies covered in the book were considered as “classics” by my faculty at Stanford. This book simply provides brief descriptions of the hypotheses, findings, and research design of key research studies. It does not attempt to assess the quality of the research studies, as well as it is unedited and based on rough summaries and notes. The book can be helpful for current/prospective PhD students and professors in the area who search for general references. It can also be used by general students and scholars who are interested in learning how accounting research studies look like. In addition, it can be helpful for managers, investment experts, and hedge fund professionals who want to get familiar with rigorous capital markets research and/or get general ideas about forming trading strategies based on such research. I appreciate comments and suggestions from three anonymous referees, as well as from Chris Armstrong, Scott Joslin, and Gil Sadka.

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