# RAHUL MENON

Accounting and Information Management
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## EDUCATION

**Northwestern University, Kellogg School of Management (Evanston, IL)**

Ph.D. in Accounting, 2016 (Expected)

**Indian Institute of Management (Kolkata, India)**

M.B.A., 2008

**Indian Institute of Technology (Kharagpur, India)**

B.Tech. in Chemical Engineering, 2005

## RESEARCH INTERESTS

Financial Reporting, Voluntary Disclosures, Auditing

## JOB MARKET PAPER

**Corporate Control and Voluntary Disclosures**

Mandatory disclosures and the threat of takeover are two governance mechanisms that discipline the behavior of a firm's management. These governance mechanisms previously have been studied separately. My goal in this paper is to study their combined influence on a firm's manager's behavior. My study takes place in a model of voluntary disclosures where the threat of being taken over curtails a manager's empire-building activities. The firm's existing shareholders are represented by a board of directors. The manager needs the board's approval to make investment decisions. The manager's disclosures can influence both the amount of investment the board approves and the probability the firm is taken over. I show that the threat of a takeover reduces the manager's propensity to disclose extreme values of his private information – either extremely good news or extremely bad news, in contrast to most traditional models of voluntary disclosure, where all sufficiently good news, or all sufficiently bad news, is always disclosed. Further, my results suggest that improvements in the quality of public information about the firm does not always increase the likelihood that the manager will engage in voluntary disclosures. I also show that the presence of antitakeover provisions increase manager's propensity to disclose his private information. I also show how the capital market's price response to the manager's disclosures and the premium the acquirer pays to acquire the firm depend on the strength of its antitakeover provisions.

## OTHER PAPERS AND WORK-IN-PROGRESS

**Voluntary Disclosure and Firm Performance**

This paper investigates a manager's voluntary disclosure of value-relevant information in a multi-period setting where periodic mandated earnings reports made by the manager are positively correlated with firm value. We show that, when the manager's likelihood of receiving information is independent of reported earnings, an informed manager is more likely to disclose when the earnings are good. This happens even as the disclosure threshold itself increases in the reported earnings. Our model provides an explanation for empirically documented phenomena such as higher propensity of managers to (i) provide earnings forecasts when current earnings are high or (ii) disclose non-GAAP earnings when current losses are transitory. Our model also predicts that the price reaction to a voluntary disclosure is decreasing in reported earnings. This finding has implication for studies that use stock returns to measure forecast news. We also show that voluntary disclosures made by managers with short-term equity incentives elicit a lower price reaction than voluntary disclosures made by managers with long-term equity incentives even when disclosures are perfectly credible.

**Subjective Estimates, Managerial Manipulation and Auditor Reporting (with Kyungha Lee)**

This paper develops an economic model of how subjectivity in an accounting estimate affects a manager’s report manipulation when his firm’s auditor uses the services of a specialist to verify the manager’s report. We show, perhaps surprisingly, that when accounting estimates are more subjective, the manager’s propensity to manipulate the accounting report decreases. Consistent with empirical evidence, we show that the auditor requires less adjustments to the manager’s report as subjectivity increases. We show that the preceding conclusions hold both when the precision of the specialist’s estimate is taken as exogenous and when the auditor gets to choose the precision of the specialist assisting him. Finally, in a setting with endogenous investment, we show that the manager’s optimal investment is decreasing in the subjectivity of the estimate.

“Clawback Provisions, Managerial Effort and Shareholder Monitoring”, work in progress.

## TEACHING EXPERIENCE

2012 - 2015 **Kellogg School of Management, Northwestern University**

*Teaching Assistant*

Financial Accounting (Full-time MBA) Fall 2012-Summer 2014

Managerial Accounting (Full-time MBA) Winter and Spring 2015

## CONFERENCE PRESENTATION

2015 Trans-Atlantic Doctoral Conference, London Business School (presenter and discussant)

2015 Nick Dopuch Accounting Conference, Washington University in St. Louis (Poster Presentation)

## CONFERENCES ATTENDED

2015 CMU Accounting Mini Conference

2015 Junior Accounting Theory Conference

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| 2015 | American Accounting Association Annual Meeting |
| 2013 | Nick Dopuch Accounting Conference, Washington University in St. Louis |
| 2012-2014 | Kellogg Accounting Research Conference |

## GRANTS, FELLOWSHIPS AND AWARDS

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| 2011 - Present | Kellogg School of Management Doctoral Fellowship |

## PROFESSIONAL EXPERIENCE

2010 - 2011 **Indian School of Business (Hyderabad, India)**
*Research Associate*

2008 – 2010 **Anand Rathi Financial Services (Mumbai, India)**
*Equity Analyst*

2005 – 2006 **IBM India Ltd. (Pune, India)**
*Programmer*

## COMPUTER SKILLS

SAS, Mathematica, Matlab

## REFERENCES

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