

# Abigail M. Allen

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## ACADEMIC POSITIONS

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2016- Present Assistant Professor of Accounting, Marriott School of Management, BYU

2013-2016 Lecturer of Business Administration, A&M Unit, Harvard Business School

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## EDUCATION

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2013 D.B.A. in Accounting, Harvard Business School  
Dissertation “Essays in Financial Accounting Standard Setting”

2006 M.Acc., Leventhal School of Accounting, University of Southern California  
Magna Cum Laude, Leventhal Scholar (academic stipend above tuition)

2006 B.S. in Accounting, University of Southern California  
Magna Cum Laude, Trustee Scholar (full tuition academic)

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## PUBLICATIONS

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Allen, Abigail, and Karthik Ramanna. "Towards an understanding of the role of standard setters in standard setting." *Journal of Accounting and Economics* 55.1 (2013): 66-90.

Allen, Abigail, Ramanna Karthik and Roychodhury, Sugata. “Auditor Lobbying on Accounting Standards.” *Journal of Law, Finance and Accounting* Vol 3.2 (2018): 291-331

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## WORKING PAPERS – REVISE AND RESUBMIT

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Allen, A., M Lewis-Western (BYU), and K Valentine (Georgia). The Innovation and Reporting Consequences of Financial Regulation for Young Life-Cycle Firms (Under Review, **2<sup>nd</sup> round R&R** *The Accounting Review*)

*The last several decades have witnessed a striking uptick in reactionary financial regulation intended to curb financial misreporting by requiring increased external monitoring and centralized decision-making. We provide evidence that young life-cycle stage firms are particularly vulnerable to negative innovation consequences but do not appear to experience the positive financial reporting quality benefits from such regulation. Using SOX as a backdrop to test our predictions, we document a significant reduction in both R&D spending and innovation outputs for young life-cycle stage firms after regulation. Importantly, we find no evidence that innovation declines are offset by other ensuing benefits to young life-cycle*

*stage firms; across several measures, we fail to detect evidence of improved financial reporting quality. Moreover, an event study analysis suggests that market participants expected financial regulation to be incrementally value decreasing for young life-cycle stage firms, and post-regulation returns analysis corroborates this expectation. Additional tests indicate that the decline in innovation manifests both from a diversion of scarce resources and from the imposition of an organizational structure mismatched to the pursuit of explorative innovation—two consequences that disproportionately harm young life-cycle stage firms. Collectively, our results support the notion that SOX placed a heavy net burden on innovative, young life-cycle stage firms.*

Allen, A., and R. Petacchi (Georgetown) Public Pension Accounting Reform: Opposition, Compromise and Implementation. (Under Review – 2<sup>nd</sup> round R&R, ***Journal of Accounting Research***)

*This paper investigates the development and implementation of the key proposals of GASB 67 and 68 in relation to the lobbying behavior of governmental entities, their primary financial statement users, and auditors in the accounting standard setting process. We find that state opposition for liability-increasing proposals are positively associated with expected financial statement impact, economic consequences, and political ramifications, but that the reverse relation holds for users, suggesting that government lobbying is misaligned with a user interest perspective. Auditors' preferences are largely uncorrelated with these factors, consistent with an independent advisory perspective. Our analysis of due process suggests a pluralistic and ideological approach to standard setting whereby no single group's preference has dominating influence. Evolution of the recognition provision aligns with the preferences of external users and auditors, whereas, the discount rate proposal is significantly tempered to ameliorate opposition from states and internal users. Finally, we show that post-standard implementation is associated with pre-standard lobbying. States persistently opposed to the market-based discount rate are more likely to maintain status quo higher discount rates. Importantly, consistent with internal user concerns, they avoid the market-rate trigger by increasing required contributions from employees.*

Allen, A., and W. Schmidt (Cornell) Event study Misestimation and Discretionary Media Reporting (In Revision, ***R&R Strategic Management Journal***)

*In this paper, we show that commonly used event study designs can yield biased results because the sample selection process is systematically related to the dependent variable of interest. Event studies often rely in whole or in part on media reporting in the sample generating process. An implicit assumption is that such reporting is not related to stock returns, or, in the case of cross-sectional studies, to any of the variables of interest. Media outlets, however, must choose the events that they cover based on the interests of their readership and weighing the capacity constraints on their reporting, editing and publishing resources. We provide evidence that the stock market's reaction after an event occurs but before it is reported in the media influences the likelihood that the event will subsequently be reported by the media. We further show that the correlation between the stock market's reaction and media coverage is moderated by firm characteristics. To the extent that media coverage is a function of stock market returns, it implies that event studies that rely on media reporting can yield biased estimates.*

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## OTHER WORKING PAPERS

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Allen, A., Agenda setting at the FASB: Evidence from the role of the FASAC. (Preparing for submission to *Journal of Accounting Research*)

*I examine the extent to which the FASB's agenda determination is a function of the contemporaneous preferences of its primary constituents: auditors, preparers, and financial statement users. Using the FASB's consultation with the FASAC as a lens through which to view constituent preferences, I find evidence that from 1982 to 2001 influence on FASB agenda decisions is concentrated among "Big N" audit firms, whereas from 2002 to 2006 the preferences of financial constituents appear most significant. Across both periods, I find no evidence of significant preparer influence in agenda formation, which is in contrast to their documented role in later stages of standard setting. Collectively, the results contribute to our understanding of the influence of constituents in standard setting and highlight a shift in that influence over time.*

Allen, A., Standrige, K. (Duke) and J. Thornock (BYU) Are Contingent Liability Disclosures Useful? Evidence from Textual Analysis of Legal Disclosures (Preparing for submission to *The Accounting Review*)

*Are contingent legal liability disclosures useful? This broad question has been intensely deliberated by standard setters, regulators, and practitioners because the very information that makes these disclosures useful to stakeholders can increase legal risk by amplifying the probability of loss. Despite the importance of this issue, research in this area has been limited due to a lack of data. We overcome this barrier using textual analysis to build a large-scale database of contingent liability disclosures, focusing on a company's assessment of the potential costs of large class-action lawsuits. We find evidence that firms provide some ex-ante disclosure about ongoing lawsuits, but that loss contingencies amounts disclosed after the lawsuit is resolved are more than double the amounts reported while the lawsuit is ongoing. Similarly, while 25% of firms that settle ultimately disclose the amount of settlement, only 3% do so in advance of legal resolution. These findings suggest that legal conservatism significantly tempers both the timeliness and informativeness of legal contingency disclosures. Finally, we find some evidence that estimated loss disclosures are predictive of settlement outcomes, but we fail to find any evidence that such disclosures are predictive of resolution day returns, consistent with low information content. We conclude that legal incentives tend to outweigh reporting requirements, which largely leads to less informative legal contingency disclosures.*

Allen, A. and Wahid, AS. (Toronto) The Value of Mandating Board Gender Diversity: Evidence from California (Preparing for submission to *Management Science*)

*Using 2018 passage of Bill 826 in California, we examine whether mandating board gender diversity is viewed as valuable by investors of firms subject to the new regulation. We find that firms subject to the new regulation – California-headquartered firms publicly traded and without sufficient number of female directors – exhibit positive and statistically significant market reaction on the dates when the bill is introduced, passes the Senate and the House. The difference in market reaction between such firms and the control firms is positive and*

*statistically significant. Further analysis shows that the market reaction is economically largest for firms required to add greater number of female directors, lending credence to the argument that investors view current underrepresentation of female directors as suboptimal. The study provides early evidence on the value of mandating board gender diversity.*

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## **WORKS IN PROGRESS**

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Allen, A., Shankathumar, D. and L. Wellman. Agenda setting at the FASB: What's in a Meeting? Evidence from Abnormal Returns around the Revelation of the EPA Chief's meeting calendar.

Allen, A., Drake, M., Lewis-Western M and K. Valentine. How does the Economy Shape Firms' Financial Reporting Trajectory?

Allen, A., and W. Schmitt. Quantifying Shareholder Reactions to Executive Appointments: Misestimation induced by Media Bias

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## **TEACHING EXPERIENCE**

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2018 -Present Marriott School of Management, BYU. Intro Financial/Managerial (Acct 310). Average instructor rating 4.7/5.0

2016 -2017 Marriott School of Management, BYU. Intermediate Financial Accounting I (Acct 403a). Average instructor rating 4.5/5.0

2013-2015 Harvard Business School, Financial Reporting and Control (1<sup>st</sup> year MBA core curriculum). Average instructor rating 6.3/7

2009-2012 Harvard Business School, MBA Analytics

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## **INVITED WORKSHOP AND CONFERENCE PRESENTATIONS**

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2019 George Washington University Cherry Blossom Accounting Conference, Texas A&M, AAA Annual Meeting, BYU Accounting Research Symposium

2018 University of California Irvine, University of Illinois-Milwaukee

2017 AAA Annual Meeting, MIT Asia Accounting Conference

2016 Journal of Law Finance and Accounting conference, Northwestern Law School; AAA Annual Meeting

2015 Brigham Young University, Santa Clara University, AAA annual meeting

- 2014 AAA annual meeting, AAA western regional meeting, BYU Accounting Research Symposium, ADSA annual meeting
- 2013 Stanford University, Harvard Business School, Massachusetts Institute of Technology, University of Southern California, University of California at Berkeley, University of Utah, Baruch University, AAA annual meeting, Information Markets and Organizations Conference (HBS)

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## **PROFESSIONAL & UNIVERSITY SERVICE**

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### University Service:

Department Socials Committee (2016-2019), Research Workshop Committee (2017-Present), WSOA & participant/mentor (2016-2019), WSOA presentation on Dressing for Success (2017), WSOA faculty advisor (2019-present),

### Ad-hoc reviewer (2012 – Present):

Journal of Accounting and Economics, Journal of Accounting Research, The Accounting Review, Contemporary Accounting Research, Management Science, Journal of Management Accounting Research, International Journal of Accounting Research, MIT Asia Conference, HIRC Conference, AAA Annual, Regional and FARS meetings

Financial Reporting Issues Conference (FRIC), Discussion Facilitator (2020)

Deloitte Trueblood Seminar Committee (2017-2018)

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## **ACADEMIC FELLOWSHIPS**

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- 2008-2013 KPMG Minority (Hispanic) Doctoral Scholarship
- 2008-2013 AICPA Doctoral Fellowship for Minority Accounting Students
- 2011 AAA Doctoral Consortium Fellow

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## **INDUSTRY EXPERIENCE AND CERTIFICATIONS**

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- 2008-Present CPA, California (Inactive Status)
- 2019-Present Utah Museum of Contemporary Art, Audit Committee
- 2005-2008 Deloitte, External Audit, Los Angeles & San Jose, CA
- 2004 Mattel Inc., Internal Audit, El Segundo CA