Accounting Recruiting Seminar
Alberta School of Business
Department of Accounting, Operations, and Information Systems

Presents:
Michael Durney
Cornell University

Topic:
The Effect of Audience Size on Managers’ Private Disclosures

Friday, January 18, 2019
2:00pm – 3:30pm
BUS Room 4-04 (CA Conference Room)

ABSTRACT

I use experimental and survey evidence to investigate how and why audience size affects managers’ disclosure content in private meetings with investors. The experiment uses a 2x2 between-subjects design with 328 experienced managers. I predict and find that larger audiences decrease bad news disclosure because of increases in managers’ self-focus. I provide evidence of self-focus as the causal mechanism using both experimental manipulation and measurement. The survey elicits responses from 114 investor relations officers on actual private disclosure experiences and provides (a) support for my experimental assumption about the variability of audience size in practice and (b) evidence consistent with the experiment suggesting managers are unaware of the effect of audience size. I contribute by (1) providing evidence on the determinants of content in managers’ private disclosures, (2) demonstrating the effects of managers’ self-focus as a previously unexamined determinant of voluntary disclosure, and (3) providing additional descriptive evidence on managers’ private disclosures. My results may also provide increased understanding of the differences between private and public disclosures.
(Copies of the paper are available in the AOIS Department offices)