

# Information Economics: Applications in Business Research

Department: Fudan International Summer Session 2025

Date: 2024.11.28

Course Code	ECON130283						
Course Title	Overseas Lecturers' Short Courses 海外学者专题 Information Economics: Applications in Business Research						
Credit	2	Experiment (including Computer) Credit		Practice Credit		Aesthetic Education Credit	
Credit Hours Per Week		Education on The Hard-Working Spirit Credit Hours		Language of Instruction	English	Honors Course	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Course Type	<input type="checkbox"/> Core General Education Course <input type="checkbox"/> Specific General Education Course <input type="checkbox"/> Basic Course in General Discipline  <input type="checkbox"/> Others			2+X Major :			
				<input type="checkbox"/> Professional Core Course <input checked="" type="checkbox"/> Professional Advanced Course Non 2+X Major : <input type="checkbox"/> Professional Compulsory Course <input type="checkbox"/> Professional Elective Course			
Course Objectives	(Including value, knowledge, and ability objectives) This seminar offers a broad view of how economic theories and quantitative methods can be applied to business research, with a particular focus on the role of information in accounting and marketing. The course is designed for students interested in academic research and prepares students with skills to support potential careers in academia.						
Course Description	In the accounting section, we begin by examining foundational research on the impact of accounting information on stock market efficiency. Next, we delve into the economics of disclosure regulation. Finally, we explore methods for developing practical measures from accounting disclosures. In the marketing section, we start by introducing how various information provides value to consumers. Next, we discuss how to design information provision (i.e., what information to provide, how granular the information should be) in a market, expecting consumer responses and firm responses. Finally, we explore some frontier topics in information-related research (e.g., combating misinformation in the market).						
Course Requirements: 1. Basic training in econometrics and microeconomics 2. Interest in academic research							

Teaching Methods:

Lecture, literature reading and presentation, idea development

Course Director's Academic Background:

Yifei Lu, Ph.D in Business Administration (Accounting), University of Rochester, 2023

BA in Mathematical Economics, Fudan University, 2017

Ruiqi Wu, Ph.D in Business Administration (Quantitative Marketing), University of Rochester, 2023

BA in Economics, Fudan University, 2017

Instructor's Academic Background:

Yifei Lu, Ph.D in Business Administration (Accounting), University of Rochester, 2023

BA in Mathematical Economics, Fudan University, 2017

Ruiqi Wu, Ph.D in Business Administration (Quantitative Marketing), University of Rochester, 2023

BA in Economics, Fudan University, 2017

Members of the Teaching Team

Name	Gender	Professional Title	Department	Responsibility
Yifei Lu	Male	Assistant Professor of Accounting	Accounting, University of Illinois Urbana-Champaign	Co-instructor
Ruiqi Wu	Female	Assistant Professor of Marketing	Business Administration, University of Delaware	Co-instructor

Course Schedule (Please supply the details about each lesson):

1. Accounting Information in the Capital Market (~ 6 hours)
2. The Case of Disclosure Regulation (~ 6 hours)
3. What Can We Learn from Disclosure? (~ 6 hours)
4. Value of Information for Consumers (~ 8 hours)
5. Designing Information Provision (~ 6 hours)
6. Frontier Topics (~ 4 hours)

The design of class discussion or exercise, practice, experience, and so on:

Classes will be a combination of lectures and in-class discussions of papers.

If you need a TA, please indicate the assignment of assistant:

Yes, administration and grading.

Grading & Evaluation:  
 Class Participation 10%  
 Pre-class comments 20%  
 Presentation 35%  
 Three-paragraph proposal 35%  
 Final Assessment: P/NP

Usage of Textbook:  Yes (complete textbook information form below)       No  
 Textbook Information (No more than two textbooks) :

Title	Author	ISBN	Publishing Time	Publisher	Type I	Type II
					<input type="checkbox"/> Self-compiled Textbook (Published) <input type="checkbox"/> Non-mainland Textbook <input type="checkbox"/> Other Textbook (Published)	<input type="checkbox"/> National Planning Textbook <input type="checkbox"/> Provincial and Ministerial Planning Textbook <input type="checkbox"/> School Level Planning Textbook <input type="checkbox"/> Others
					<input type="checkbox"/> Self-compiled Textbook (Published) <input type="checkbox"/> Non-mainland Textbook <input type="checkbox"/> Other Textbook (Published)	<input type="checkbox"/> National Planning Textbook <input type="checkbox"/> Provincial and Ministerial Planning Textbook <input type="checkbox"/> School Level Planning Textbook <input type="checkbox"/> Others

Teaching References (Including author, title, publisher, publishing time, ISBN):  
Lecture topic 1: Accounting Information in the Capital Market

Ball, R., & Brown, P. (1968). An Empirical Evaluation of Accounting Income Numbers. *Journal of Accounting Research*, 6(2), 159–178. <https://doi.org/10.2307/2490232>

Bernard, V. L., & Thomas, J. K. (1990). Evidence that stock prices do not fully reflect the implications of current earnings for future earnings. *Journal of accounting and economics*, 13(4), 305-340.

Sloan, R. G. (1996). Do stock prices fully reflect information in accruals and cash flows about future earnings? *Accounting review*, 289-315.

Frankel, R., & Lee, C. M. (1998). Accounting valuation, market expectation, and cross-sectional stock returns. *Journal of Accounting and economics*, 25(3), 283-319.

Chen, Q., Goldstein, I., & Jiang, W. (2007). Price informativeness and investment sensitivity to stock price. *The Review of Financial Studies*, 20(3), 619-650.

Background reading:

Ball, R., & Brown, P. R. (2014). Ball and Brown (1968): A retrospective. *The Accounting Review*, 89(1), 1-26.

Lee, C. M., & So, E. C. (2015). Alphanomics: The informational underpinnings of market efficiency. *Foundations and Trends® in Accounting*, 9(2-3), 59-258.

Ball, R., & Brown, P. (2019). Ball and Brown (1968) after fifty years. *Pacific-Basin Finance Journal*, 53, 410-431.

Kothari, S. P., & Wasley, C. (2019). Commemorating the 50-year anniversary of Ball and Brown (1968): The evolution of capital market research over the past 50 years. *Journal of Accounting Research*, 57(5), 1117-1159.

Goldstein, I. (2023). Information in financial markets and its real effects. *Review of Finance*, 27(1), 1-32.

Lecture Topic 2: The Case of Disclosure Regulation

Bushee, B. J., & Leuz, C. (2005). Economic consequences of SEC disclosure regulation: evidence from the OTC bulletin board. *Journal of accounting and economics*, 39(2), 233-264.

Jayaraman, S., & Wu, J. S. (2019). Is silence golden? Real effects of mandatory disclosure. *The Review of Financial Studies*, 32(6), 2225-2259.

Lu, Y. (2024). Environmental, Social, and Governance (ESG) Transparency and Investment Efficiency. Available at SSRN 4807534.

Kim, J., & Valentine, K. (2021). The innovation consequences of mandatory patent disclosures. *Journal of Accounting and Economics*, 71(2-3), 101381.

Lu, Y., Shen, X., & Xiao, X. (2024). Anywhere but Here: Pay Transparency and Human Capital Allocation. Working paper.

Background reading:

Coffee Jr, J. C. (1984). Market failure and the economic case for a mandatory disclosure system. *Virginia Law Review*, 717-753.

Leuz, C., & Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of accounting research*, 54(2), 525-622.

Lecture Topic 3: What Can We Learn from Disclosure?

Hassan, T. A., Hollander, S., Van Lent, L., & Tahoun, A. (2019). Firm-level political risk: Measurement and effects. *The Quarterly Journal of Economics*, 134(4), 2135-2202.

Hassan, T. A., Schreger, J., Schwedeler, M., & Tahoun, A. (2024). Sources and transmission of country risk. *Review of Economic Studies*, 91(4), 2307-2346.

Lu, Y., Wu, J., & Yang, Y. (2024). Geopolitical Tensions and Foreign Investors: Evidence on Corporate Disclosures. Working paper.

Hoberg, G., & Phillips, G. (2016). Text-based network industries and endogenous product differentiation. *Journal of Political Economy*, 124(5), 1423-1465.

Lu, Y., & Gao, R. (2024). Aggregated Compensation Peer Group Disclosure and Managerial Labor Market Competition: A Network Analysis. Working paper.

Background reading:

Loughran, T., & McDonald, B. (2016). Textual analysis in accounting and finance: A survey. *Journal of Accounting Research*, 54(4), 1187-1230.

Gentzkow, M., Kelly, B., & Taddy, M. (2019). Text as data. *Journal of Economic Literature*, 57(3), 535-574.

Lecture topic 4: Value of Information for Consumers

Bronnenberg, Bart J., Jean-Pierre Dubé, Matthew Gentzkow, and Jesse M. Shapiro. "Do pharmacists buy Bayer? Informed shoppers and the brand premium." *The Quarterly Journal of Economics* 130, no. 4 (2015): 1669-1726.

Bronnenberg, Bart J., Jean-Pierre Dubé, and Robert E. Sanders. "Consumer misinformation and the brand premium: A private label blind taste test." *Marketing Science* 39, no. 2 (2020): 382-406.

Bollinger, Bryan, Phillip Leslie, and Alan Sorensen. "Calorie posting in chain restaurants." *American Economic Journal: Economic Policy* 3, no. 1 (2011): 91-128.

Barahona, Nano, Cristóbal Otero, and Sebastián Otero. "Equilibrium effects of food labeling policies." *Econometrica* 91, no. 3 (2023): 839-868.

Chevalier, Judith A., and Dina Mayzlin. "The effect of word of mouth on sales: Online book reviews." *Journal of marketing research* 43, no. 3 (2006): 345-354.

Reimers, Imke, and Joel Waldfogel. "Digitization and pre-purchase information: the causal and welfare impacts of reviews and crowd ratings." *American Economic Review* 111, no. 6 (2021): 1944-1971.

Lecture Topic 5: Designing Information Provision

Jin, Ginger Zhe, and Phillip Leslie. "The effect of information on product quality: Evidence from restaurant hygiene grade cards." *The Quarterly Journal of Economics* 118, no. 2 (2003): 409-451.

Hui, Xiang, Zekun Liu, and Weiqing Zhang. "From high bar to uneven bars: The impact of information granularity in quality certification." *Management Science* 69, no. 10 (2023): 6109-6127.

Hui, Xiang, Maryam Saeedi, Giancarlo Spagnolo, and Steven Tadelis. "Raising the bar: Certification thresholds and market outcomes." *American Economic Journal: Microeconomics* 15, no. 2 (2023): 599-626.

Hui, Xiang, Ginger Zhe Jin, and Meng Liu. *Designing quality certificates: Insights from eBay*. No. w29674. National Bureau of Economic Research, 2022.

Bai, Jie. "Melons as lemons: Asymmetric information, consumer learning, and seller reputation." *CID Faculty Working Paper Series* (2021).

Vatter, Benjamin. "Quality disclosure and regulation: Scoring design in medicare advantage." *Available at SSRN 4250361* (2022).

Lecture Topic 6: Frontier Topics

Schoenmueller, Verena, Oded Netzer, and Florian Stahl. "The polarity of online reviews: Prevalence, drivers and implications." *Journal of Marketing Research* 57, no. 5 (2020): 853-877.

Rao, Anita, and Emily Wang. "Demand for "healthy" products: False claims and FTC regulation." *Journal of Marketing Research* 54, no. 6 (2017): 968-989.

Fong, Jessica, Tong Guo, and Anita Rao. "Debunking misinformation about consumer products: Effects on beliefs and purchase behavior." *Journal of Marketing Research* 61, no. 4 (2024): 659-681.

He, Sherry, Brett Hollenbeck, and Davide Proserpio. "The market for fake reviews." *Marketing Science* 41, no. 5 (2022): 896-921.

He, Sherry, Brett Hollenbeck, Gijs Overgoor, Davide Proserpio, and Ali Tosyali. "Detecting fake-review buyers using network structure: Direct evidence from Amazon." *Proceedings of the National Academy of*

*Sciences* 119, no. 47 (2022): e2211932119.

Table column size can be adjusted according to the content.