

# SUNING ZHANG

Department of Accounting  
Carlson School of Management  
University of Minnesota  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455

[szhang@csom.umn.edu](mailto:szhang@csom.umn.edu)  
Office: (612) 626-9784  
Cell: (408) 410-9371  
Fax: (612) 626-1335  
Visa: Permanent Residence

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## EDUCATION

2001-2006 Carlson School of Management, University of Minnesota  
Ph.D. in Business Administration (Accounting), expected graduation: July 2006  
1996-1998 Fisher College of Business, Ohio State University  
MBA with concentration in Accounting and Finance  
1994-1995 Fudan University, Shanghai, China  
M.A. in Economics, Department of World Economics  
1988-1992 East China Normal University, Shanghai, China  
B.S. in Molecular Biology (Minor: International Finance and Economics)

## ACADEMIC INTERESTS

Research Capital market-based accounting research, Accounting conservatism,  
Analysts' forecasts, Management incentives and behavior, Capital asset pricing  
Teaching Financial accounting, Managerial accounting

## WORKING PAPERS

### Job Talk Paper

***“Economic Consequences of Off-Balance Sheet Financing: The Case of Equity Method Investments”***

Dissertation Advisor: Pervin Shroff

Abstract: This paper empirically analyzes the determinants and consequences of one particular type of off-balance sheet arrangement-equity method investments. I develop testable hypotheses based on information asymmetry and agency theory to examine whether off-balance sheet financing leads to economic efficiency. Consistent with theoretical predictions, the empirical results show that firms with higher agency costs of debt, more severe adverse selection problems and higher risk-shifting incentives are more likely to undertake equity method investments as a source of external financing. I also find that equity method investments result in improvement in subsequent operating performance and firm value. Further, I provide evidence that, while on average investors correctly assess the off-balance sheet risks associated with equity method investments, they appear to underestimate the risk exposure of companies who guarantee the off-balance sheet entity's debt. Overall, the empirical results of this paper support the hypothesis that firms are motivated to set up off-balance sheet arrangements for economic efficiency reasons.

***“The Conservatism Principle and the Asymmetric Timeliness of Earnings: An Event Based Approach”***  
with Pervin Shroff and Ram Venkataraman, Second round at *Contemporary Accounting Research*

Abstract: In this paper, we test the conservatism and asymmetric timeliness hypothesis by using information in extreme events as a measure of good/bad news. The methodology we develop provides a sharper test of asymmetric timeliness by focusing on major events whose accounting is likely to receive special attention from managers. Our approach has several other advantages over that used by prior studies: (i) our event-based research design is not subject to biased inferences that may be present in some prior research; (ii) our analysis based on components of earnings provides a stronger test of asymmetric timeliness by eliminating the effect of differential persistence of good news versus bad news; and (iii) we provide complete evidence on conservatism by testing both implications of asymmetric timeliness: higher correlation of bad news with concurrent earnings as tested by prior studies and delayed earnings recognition of good news. Our evidence is consistent with the conservatism and asymmetric timeliness hypothesis.

*This paper has been presented at the American Accounting Association (AAA) Annual Conference and the Financial Accounting & Reporting Section (FARS) of AAA Midyear Conference.*

## **WORK IN PROGRESS**

*“Sustained Earnings Growth and Investors’ Expectations”*  
*“The Risks of Underfunded Pension Plans”*

## **TEACHING EXPERIENCE**

### **Instructor, Carlson School of Management, University of Minnesota**

Introduction to Financial Reporting, Spring 2004, Spring 2005 (SET 5.0/7.0)

### **Teaching Assistant, Carlson School of Management, University of Minnesota**

MBA courses: Financial Accounting, Fall 2002, Fall 2003, Fall 2005, Spring 2006

Undergraduate: International Accounting, Spring 2006

Introduction to Financial Reporting, Fall 2003, Fall 2004

Introduction to Management Accounting, Spring 2003

Financial Statement Analysis, Fall 2002

## **FELLOWSHIPS AND HONORS**

Carlson School of Management Fellowship, UMN, 2001-2005

Purdy Fellowship in Accounting, Carlson School of Management, UMN, 2005

Carl Nelson Scholarship, Carlson School of Management, UMN, 2004, 2003

Heilman Memorial Scholarship, Carlson School of Management, UMN, 2002, 2001

Big Ten Doctoral Consortium Fellow, 2002

Distinguished Graduate Award, Shanghai Ministry of Education, 1992

University Scholarship for Academic Excellence (first rank), 1991-1992

## REFERENCES

Professor Pervin Shroff (advisor)  
Carlson School of Management  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455  
E-mail: [pshroff@csom.umn.edu](mailto:pshroff@csom.umn.edu)  
Phone: (612) 626-1570

Curtis Carlson Chair Professor John Dickhaut  
Carlson School of Management  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455  
E-mail: [jdickhaut@csom.umn.edu](mailto:jdickhaut@csom.umn.edu)  
Phone: (612) 624-9891

Professor Judy Rayburn  
Chair, Department of Accounting  
President, American Accounting Association  
Carlson School of Management  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455  
E-mail: [jrayburn@csom.umn.edu](mailto:jrayburn@csom.umn.edu)  
Phone: (612) 624-3840

Professor Andrew Winton  
Professor of Finance  
Minnesota Banking Industry Chair  
Carlson School of Management  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455  
E-mail: [awinton@csom.umn.edu](mailto:awinton@csom.umn.edu)  
Phone: (612) 624-0589

Professor Ram Venkataraman  
Carlson School of Management  
321-19<sup>th</sup> Avenue South  
Minneapolis, MN 55455  
E-mail: [rvenkataraman@csom.umn.edu](mailto:rvenkataraman@csom.umn.edu)  
Phone: (612) 625-7584