



Ceremony of awarding

the title of

Doctor Honoris Causa

To His Excellency

Professor Wayne R. Landsman

University of North Carolina at Chapel Hill,
Kenan-Flagler Business School

Laudatio

Dear Professor Wayne R. Landsman,
Professor Daniel David, Rector of the Babeș-Bolyai University,
Professor Florin Streteanu, President of the Babeș-Bolyai University Senate,
Dear Colleagues and Friends,
Dear Students,

It is a great honor for me to write and present this **Laudatio** and to introduce you to the academic achievements of Professor Wayne R. Landsman. Even though my area of expertise is the study of accounting, particularly financial reporting, I must admit that the amazing journey through the contributions of Professor Landsman to the accounting field was a great experience.

Wayne R. Landsman is a *KPMG Distinguished Professor of Accounting* at the Kenan-Flagler Business School at The University of North Carolina at Chapel Hill – 69th place in THE World University Rankings, respectively 102nd place in the QS World University Rankings (according to the latest rankings). Professor Landsman received his academic titles (Ph.D. in business, MBA, and MS in statistics) from Stanford University and graduated *Magna cum Laude* in economics from Princeton University.

Over his career, Professor Landsman promoted worldwide excellence in *accounting education, research, and practice*. In brief, he served as Associate Dean of the School's Ph.D. Programs from 2001-16 and as top-ranked accounting area chairman from 1991-98. He achieved impressive recognition from its institution as he spearheaded the revival of the accounting area, which led to its prominence in *accounting doctoral education* “more than anyone” over the last 25 years, said Professor Doug Shackelford (former Dean of UNC Kenan-

Flagler Business School). Moreover, his contribution to doctoral studies doesn't end when his doctoral students graduate. He continues to work with them. He coauthors extensively with his former Ph.D. students.

His absolute values must also be recognized by the knowledge transfer from the research area into the business environment, in particular into the *accounting practice* at the national and international levels, through standard-setting activities. Thus, he contributed to developing and implementing high-quality accounting and reporting standards while he served on the Financial Accounting Standards Advisory Council from 1998-2001. Moreover, Professor Landsman activates in the American Accounting Association (AAA), the premier community of *accountants in academia*. He acted as a member of the AAA Doctoral Consortium Committee in 2013 and 2014 (which he chaired in 2014) and as FARS president (1996-97). Furthermore, he served on editorial boards of prestigious journals (e.g., *Management Science*, *European Accounting Review*, and *Journal of Business Finance and Accounting*) and was editor of *The Accounting Review* from 2017-20.

Scientific contributions and international recognition

Professor Landsman's contributions to scientific knowledge and the international recognition acquired represent the *primary motivation for the present DHC awarding proposal*.

Thus, through multiple awards, Professor Landsman was appreciated in his career for his academic value and international prestige, which attests to his significant contributions to the accounting profession.

Hence, he received many *awards* for his work and its significant contributions to the *accounting profession – as a researcher and educator* – revealing that his work continued to be influential.

Accordingly, several of his academic papers have received recognition from the American Accounting Association (AAA), including two *Notable Contribution to Accounting Literature Awards* (2012 and 2020) and three *Financial Accounting and Reporting Section (FARS) Best Paper Awards* (2000, 2008 and 2014). He was also the two-time recipient of the *Deloitte Foundation Wildman Medal Awards* (1985 and 2016).

Above all, his lifetime achievement award (*Outstanding Educator Award* in 2014) is the highest honor an accounting academic can receive based on his educational contributions, through scholarly endeavors in teaching and research, particularly at the doctoral studies level. This wider international recognition confirms that Professor Landsman is an internationally renowned accounting researcher whose interest focuses on the *role of accounting information*. He approached it in various scientific topics, including fair value accounting, capital price formation, pensions, employee stock options, and asset securitization.

Professor Landsman has always shown a significant *research interest* in the economic inferences of accounting information quality on capital markets. Besides, the most important contributions to scientific research in the specific field of accounting and financial reporting can be summarized as follows:

- In his work in the accounting area, Professor Landsman started contributing to value *relevance research* (mostly alongside Mary Barth and William H. Beaver), with an impressive number of studies published since the 1990s. Once, they stated that “conducting value relevance research that provides insights into questions of interest to academics and non-academics alike is not an easy task” (Barth et al., 2001).

Indeed, we all know that it is a challenge for accounting research to make a substantive contribution in addressing relevant questions and providing valuable results for all interested parties. Financial markets become even more demanding as these expand, becoming more complex, and accounting standards settlers attempt to keep pace with these changes.

But why is it so difficult? For the next few minutes, I will try to share with that part of the audience who is not that familiar with this field what I have read and learned about value relevance research after reading the paper “Six Decades of Research, Teaching, and Participation in the AAA.” These confessions of William

H. Beaver, Professor of Accounting, Emeritus, at Stanford University, coauthor of Professor Landsman, unveil what makes remarkable at the overwhelming contributions of Professor Landsman.

According to Beaver's remarks, value relevance research examines the association between a security price-based dependent variable and a set of accounting numbers. In doing so, it gives an empirical shape to underlying measurement concepts such as relevance and faithful representation, the two stated fundamental qualitative characteristics of useful financial information, as an attempt to blend traditional accounting theory with empirical research methods. Furthermore, the information's timing explains the work's controversial nature as the value relevance studies might examine either price levels, focusing on equity and other balance sheet items, or price changes, focusing on value creation. Thus, there is no single correct answer as to the "best" model specification; the economic motivation of the study and the research question is decisive for the researchers' choice.

- The paper "*The relevance of the value relevance literature for financial accounting standard setting: another view*," published in 2001 in the *Journal of Accounting and Economics* (AIS=5.706), counts over 3.000 citations according to *Google Scholar* and around 750 citations in *Scopus*. This paper mirrors over two decades of intense work of Professor Landsman on the value relevance research providing evidence as to whether the accounting information relates to market value in the predicted manner. It depicts his whole contribution from multiple perspectives (hypotheses tested, research design approached, and questions addressed), all of interest to accounting standard setters and the broad constituency (e.g., academia, financial statement preparers, and users, other policy-makers).
- Professor Landsman has made significant and recognized contributions to the scientific literature on *accounting quality* through valuable findings for developing an internationally acceptable set of high-quality financial reporting standards. The widespread application of IFRS is one of the most significant changes in financial reporting history.

Although there was growing literature examining the value of IAS-based accounting and whether the application of IFRS affects the quality of accounting amounts, Professor Landsman added one piece of evidence over another in the giant puzzle of evidence concerning the effects of standards' adoption.

- The most influential paper in this perspective ("*International accounting standards and accounting quality*," published in the *Journal of Accounting Research* in 2008 (AIS=6.385)) brought him over 4.600 citations in *Google Scholar* (approximately 1.200 citations in *Scopus*), being his *highest cited paper* according to *Clarivate's Web of Science* citation report, exceeding 1.000 citations. This paper received the Notable Contributions to Accounting Literature Award (2012) from American Accounting Association (AAA). Its findings suggest that all efforts to converge accounting standards, the increasing mandatory use of IFRS worldwide, the development of international auditing standards, and the increasing coordination of international securities market regulators have increased the comparability of accounting amounts. Its foremost importance in accounting research is thus recognized.
- His interest in this topic, particularly in whether the application of IFRS affects the quality of accounting information and, consequently, has economic implications in capital markets, his favorite area, continued to bring him success. As proof, the paper "*Are IFRS-based and US GAAP-based accounting amounts comparable?*", published in 2012 in the *Journal of Accounting and Economics* (AIS=5.706), is the first research study that examined the comparability between IFRS-based and US GAAP-based accounting amounts; it is currently, the second most cited of his papers according to the *Web of Science* and counts around 1.000 citations in *Google Scholar*.

Other papers worth mentioning are “*The information content of annual earnings announcements and mandatory adoption of IFRS*” (from 2012) and “*Cost of Capital and Earnings Transparency*” (from 2013), both published in the *Journal of Accounting and Economics*. These papers, both approaching the changes in the information content of earnings announcements, one dimension of accounting quality associated with IFRS adoption, are the third, respectively the fifth most cited of his papers according to the *Web of Science*. The last paper mentioned also received the *Notable Contributions to Accounting Literature Award (2014)* from *American Accounting Association (AAA)*, once more being valued for its leading position in accounting research. Hence, pioneering and excellence would be the most appropriate words to describe the above contributory achievements.

- Professor Landsman provided *valuable insights into the fair value accounting for financial instruments* and some *implications for bank regulation*. His working paper written for the Bank for International Settlements in 2006 (BIS Working Papers 209) briefly reviews his previous studies on the capital market that examined the usefulness of fair value accounting to investors and discussed marking-to-market implementation issues of determining the fair value of financial instruments. He firmly believed that accounting standard setters and bank regulators should find common ground.
 - The paper “*How did Financial Reporting Contribute to the Financial Crisis?*”, published in 2010 in the *European Accounting Review* (AIS=0.815), stands out in the list of his most cited papers (4th place according to Web of Science) and reveals the efforts made to analyze the effects of fair value financial reporting, asset securitization, derivatives and loan loss provisions in the banking sector, as well as their contribution to the financial crisis. Other papers worth mentioning are “*Value-relevance of banks' fair value disclosures under SFAS No. 107,*” published in 1996 in *The Accounting Review* (AIS=4.116), with over 1.000 citations in *Google Scholar*, and “*Is fair value accounting information relevant and reliable? Evidence from capital market research*” published in 2007 in *Accounting and Business Research* (AIS=0.768), the sixth most cited of his papers according to the *Web of Science*.

To sum up his opinions, firstly, fair value accounting played little or no role in the Financial Crisis. Secondly, “transparency of information associated with asset securitizations and derivatives likely was insufficient for investors to properly assess the values and riskiness of bank assets and liabilities.” Finally, “loan loss provisioning may have contributed to the Financial Crisis through its effects on systematic return and the effectiveness of market discipline.” He concluded that the bank regulators' responsibility, not accounting standard setters, is to ensure the financial system's stability.

Beyond the highly cited and best award papers, we must acknowledge that Professor Landsman has many other recent contributions in the abovementioned research areas, all in top prestigious journals, some of which are exemplified as follows. For instance, he continued his incursion in *accounting quality* by studying the speed of resolution of investor disagreement and uncertainty at earnings announcements in the context of asymmetric timeliness or dark market share (results published in 2020 and 2022 in the *Accounting Review*). Then, grounding on the information-asymmetry framework, Professor Landsman explored the effects of mandatory IFRS adoption on accounting-based prediction models of credit default swaps (CDS) spreads, as well as the impact of initiation of CDS trading on firm dividend payout policy (research published in 2021 and 2022 in *Management Science* and the *European Accounting Review*). Thus, his interest in *capital market research* remained a top priority, also confirmed by other studies analyzing how analysts' forecasts were affected by high uncertainty or focused on effects on comparability and capital market benefits of voluntary

IFRS adoption (published in 2018 *Journal of Business Finance and Accounting* and *Journal of Financial Reporting*). Similarly, Professor Landsman remained actively involved in *fair value accounting* either by approaching it in the context of bank regulation to procyclical leverage or by analyzing the reliability and relevance of investee fair values reported by listed private equity funds (results published in 2017 and 2019 in the *Review of Economic Studies*). Finally, it is worth mentioning that Professor Landsman was actively involved in the newest and most challenging topics, such as the taxation landscape in the cryptocurrency market; his most recent paper was published in 2023 in the *Journal of Accounting and Economics*.

As a result of his outstanding scientific research, Professor Landsman is now getting wider international academic recognition. The diversity of his contributions is advocated by the list of over 70 papers published in top journals, reaching an impressive number of approximately 25,000 citations in *Google Scholar* (h-index=52), over 6,000 citations in *Scopus* (h-index=31) and more than 2.800 citations in *Web of Science* (H-index=19). The rule of thumb for highly productive researchers in the accounting field is to publish, on average, one paper per year in a top journal. Professor Landsman's productivity rate is twice as much, considering the 35 years of activity he has gathered.

Contributions to the academic development of the UBB-FSEGA community

In addition to the fundamental value added to the scientific knowledge and his international recognition, Professor Landsman has made significant contributions to the development of the academic community of the Faculty of Economics and Business Administration – this being *the second motivation for the present DHC awarding proposal*.

Professor Landsman has offered countless assistance, support, and guidance for enhancing research and education within our school. Among these, it's worth mentioning the most relevant, as follows:

- He actively and significantly contributed to the three editions (2013, 2015, and 2017) of the *Transylvanian Initiative for Accounting Research Development Doctoral Colloquium (TIARD Doctoral Colloquium)*, an event organized within the *AAC Convention* hosted by the Accounting and Audit Department of our school. Thus, selected Ph.D. students from the Doctoral School of Economics and Business Administration had the opportunity of being closely mentored and guided on academic writing at high standards.
- He contributed and advised the set-up of a master's program within our school – *Accounting and Organizations*. It is the first study program with a double-oriented track aimed to facilitate students' pursuit of a career in business or academia by enhancing their passion for research, offering intensive training from internationally renowned academics from top European and American universities. This master's program is the first and only scientific master's in our school.
- Through the top researchers and international practitioners he brought to our faculty during the events organized with his decisive contribution (professors from Stanford University, London Business School, University of Utah, Universidad Carlos III de Madrid, University of Southern Denmark, ESSEC Business School, as well as specialists from the International Accounting Standards Board, respectively the Canadian Accounting Standards Board), Professor Landsman contributed to the major increase of the international visibility of the Babeş-Bolyai University, respectively of our school, through the networking developed in the accounting field.
- He provided all his support and implication with professionalism and devotion in developing a “world-class” Executive Education program as part of the educational offer of our university - a key piece of the puzzle meant to accomplish our mission to provide a role model for academia, business, and society. Through the premiere launch of this Executive Education program, focused on Leading and Managing Innovation, our school and our university left behind a new milestone in the innovation of the Romanian academic environment.

In other words, Professor Landsman has always responded positively to our requests despite his constantly intense and overloaded schedule, providing support, getting involved authentically, and being determined to achieve our objectives. Therefore, Professor Landsman has made an impressive contribution to increasing accounting research and our faculty member's education.

To conclude, the entire career of Professor Landsman is under the auspices of excellence.

However, no word said here can ever equalize the recognition he received from the profession as a testimony of his immense contribution to the accounting field.

Therefore, we, Babeş-Bolyai University, thank Wayne R. Landsman for accepting our distinction of Doctor Honoris Causa!

Thank you, Professor Wayne R. Landsman!

Assoc. Prof. Razvan V. Mustață
Dean