

Jing Kong

Michigan State University-Eli Broad College of Business

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632 Bogue St., N242 East Lansing, MI 48824

EDUCATION AND CERTIFICATION

Michigan State University- Eli Broad College of Business

Doctor of Philosophy – Accounting (in progress, expected May 2022)

UNSW Sydney- Australian Graduate School of Management

Master of Philosophy – Finance, June 2017

Michigan State University- Eli Broad College of Business

Master of Science in Accounting, December 2013

Zhongnan University of Economics and Law

Bachelor of Management in Accounting, June 2012

RESEARCH INTERESTS

Credit Rating, Climate Change, Corporate Environmental Responsibilities, Machine Learning

WORKING PAPERS

1. **“Climate Change and Firm Performance: Evidence from Wildfire Smoke”** (Job Market Paper)

Dissertation Committee: John (Xuefeng) Jiang (chair), Isabel Wang,

- Presented at 2021 AAA/Deloitte Foundation/J. Michael Cook Doctoral Consortium

Abstract: This paper examines the impact of climate change on firms’ operations when firms are located far away from climate disasters. Using exposure to transitory wildfire smoke as an exogenous source of particulate matter, I find that more smoke exposure leads to lower operating income and sales revenue. On average, an additional day of wildfire smoke exposure leads to a loss of 1.9 times the average daily operating income. The effect is stronger when a firm has a higher R&D-to-employee ratio, a higher average labor cost, and operates in an industry requiring high-skilled laborers, suggesting that the adverse effect may result from lower productivity of employees who perform cognitive tasks. Moreover, I find that market participants do not fully price the impact of wildfire smoke on firm operations until the earnings announcement. Firms that voluntarily disclose climate change exposure are subject to less impact from wildfire smoke exposure in the subsequent year, suggesting disclosing is associated with a better understanding and handling of climate change. Overall, this paper documents an indirect but significant impact of climate change on firm operations and calls for better climate change management.

2. **“Green Dies in Darkness? Environmental externalities of newspaper closures”** with John (Xuefeng) Jiang. 2021

[View Abstract](#)

- Presented at Rutgers University, Drexel University and Northwestern University, and 2021 AAA Annual Conference (scheduled)

3. **“Expected Regulatory Risk and Greenhouse Gas Emissions”** (solo authored). 2021
[View Abstract](#)
4. **“Information Content of Credit Rating Reports: A Topic Modeling Approach”** with John (Xuefeng) Jiang and Michael Shen. 2020
[View Abstract](#)
 - Presented at the 2019 SMU/NUS/NTU Accounting Research Conference, the 2nd Intelligent Information Retrieval in Accounting and Finance Conference, and 2021 AAA Annual Conference (scheduled)
5. **“Unemployment Insurance and Takeovers”** with Lixiong Guo and Ronald W. Masulis. 2020
[View Abstract](#)
 - **R&R at Management Science**
 - Presented at the 2017 NFA Conference in Halifax, 2017 FMA Conference in Boston, 2017 AsianFA Conference in Seoul, 2017 FIRN Corporate Conference in Adelaide and the 10th Emerging Markets Finance Conference

WORK IN PROGRESS

1. **“What’s In the Rating Analysts’ Forecast? Evidence From Forward-looking Statements in Credit Rating Reports”** with John (Xuefeng) Jiang and Michael Shen, *data analysis stage*
2. **“Media Monitoring and Voluntary Disclosure of Bad News: Evidence from EPA’s Audit Policy Program”** with Musaib Ashraf, *preliminary draft*

TEACHING EXPERIENCE

Michigan State University, Department of Accounting and Information Systems
2021: Data Analytics Workshop for PhD students

2020: ACC 301 Intermediate Accounting II, Instructor (in-person and online)
Instructor rating 4.5/5.0

2018-2019: ACC 201 Principles of Financial Accounting, Teaching Assistant
Instructor rating 4.0/5.0

CONFERENCE PARTICIPATION

2021 AAA Annual Meeting (presenter)
2021 AAA/Deloitte Foundation/J. Michael Cook Doctoral Consortium (presenter)
2020 AAA Financial Section Midyear Meeting, Nashville, TN
2019 Midwest Accounting Research Conference, East Lansing, Michigan
2019 AAA Financial Section Midyear Meeting, Seattle, WA
2018 AAA Financial Section Midyear Meeting, Austin, TX
2017 FMA Annual Meeting, Boston, MA (presenter, discussant)
2017 AsianFA Meeting, Seoul (presenter)

PROGRAMMING SKILLS

Python (data visualization, machine learning, network analysis, NLP, spatial data, web parsing);

Matlab (deep learning); SAS; Stata

REFERENCES

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Working Paper Abstracts

➤ **Green Dies in Darkness? Environmental externalities of newspaper closures**

We examine whether newspaper coverage affects firms' toxic emissions. Studying this question helps us understand the ecosystem of regulation by revelation, an increasingly popular environmental policy approach. Using local newspaper closures as an exogenous shock to news coverage, we find that plants located in newspaper closure counties increase toxic emissions by 10 to 19 percent. This effect is not driven by different environmental policies among firms or economic conditions. The increase in toxic emissions comes from less effective chemical use during production instead of higher productions. The effect is amplified in areas with fewer newspapers before a newspaper closure and where residents care more about environmental issues. Our results suggest that as the newspaper industry's decline continues, regulation by revelation will become less effective.

➤ **Expected Regulatory Risk and Greenhouse Gas Emissions**

This paper explores the effect of expected climate regulatory risk on industrial greenhouse gas (GHG) emissions. Drawing on theoretical models of regulatory risk, I use the likelihood of regulatory interventions and salience of climate change to measure plant-level expected climate regulatory risk. I find that industrial plants reduce GHG emissions when the expected climate regulatory risk is high. The emission reduction is more pronounced among firms that suffer greater value losses upon actual climate regulation and have higher reputation costs. This effect is moderated by political connections and the ability to shift emissions across plants. Overall, this paper provides empirical evidence for regulators regarding the determinants of voluntary GHG reductions.

➤ **Information Content of Credit Rating Reports: A Topic Modeling Approach**

We examine the information content in Moody's rating action reports, which Moody's releases concurrently with its rating actions. First, we find that factors discussed in rating action reports often disagree with the rating determinants identified by the extant literature. Second, we identify two informative topics from rating action reports using Latent Dirichlet Allocation after controlling for rating changes and tones. Although the discussion of the metrics topic in negative tones suggests high leverage, it generates a significant positive market reaction and predicts lower future default likelihood, resulting from increased future ROA and net cash flow. On the other hand, the discussion of the liquidity topic in negative tones suggests deteriorated liquidity and generates a significant negative market reaction and predicts higher future default likelihood. Last, we find no evidence that the Dodd-Frank Act adversely impacts the topics' predictive power.

➤ **Unemployment Insurance and Takeovers**

We examine the extent that unemployment insurance (UI) reduces employee-shareholder conflicts of interest in target firms and affects takeover outcomes. A 10% increase in UI level raises takeover likelihoods by 15-26% over the unconditional mean. This rise is only partially explained by unionized employees. Board stakeholder orientation is another important channel. Adoption of directors' duties laws raises a board's stakeholder orientation and UI's influence on takeover likelihoods. Higher target state UI benefits also raise deal synergies and gains to acquirer and target shareholders. Our evidence suggests that UI improves takeover market efficiency and UI policy should recognize this benefit.