

**Jing Kong**

Michigan State University-Eli Broad College of Business

Email: kongjin1@broad.msu.edu

632 Bogue St., N242 East Lansing, MI 48824

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**EDUCATION AND CERTIFICATION**

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**Michigan State University- Eli Broad College of Business**

Doctor of Philosophy – Accounting (expected May 2022)

**University of New South Wales (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

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**RESEARCH INTERESTS**

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

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**WORKING PAPERS**

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1. **“Climate Change Risk in the Clouds: Evidence from Wildfire Smoke”** (Job Market Paper)  
Committee: John (Xuefeng) Jiang (chair), Ranjani Krishnan, Isabel Wang, and Ryan Israelsen
  - Presented at 2021 AAA/Deloitte Foundation/J. Michael Cook Doctoral Consortium

**Abstract:** This paper examines the impact of physical climate change risk on firm performance. Using exposure to transitory wildfire smoke as a unique setting, I find that more smoke exposure leads to lower operating income and lower sales revenue. On average, one 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 that requires high-skilled laborers, suggesting that lower productivity of employees who perform cognitive tasks drives the decreases in operating income and sales revenue. Moreover, I find that market participants do not fully price the impact of wildfire smoke on firm operations until the future annual earnings announcement. Firms that discuss more climate change exposure in their earnings conference calls are subject to less impact from future wildfire smoke exposure, suggesting that transparent disclosure is associated with better management of climate change risks. Overall, this paper documents a diffuse impact of climate change that firms and investors could underestimate.

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](#)
  - Presented at Decision Sciences Institute 52nd Annual Conference (scheduled)
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**

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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 4.4/5.0

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

## **CONFERENCE PARTICIPATION**

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2021 AAA Annual Meeting (presenter, discussant)  
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, discussant)

## **PROGRAMMING SKILLS**

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

Matlab (deep learning); SAS; Stata

## REFERENCES

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John (Xuefeng) Jiang  
PLANTE MORAN FACULTY FELLOW, PROFESSOR  
Email: [jiangj@broad.msu.edu](mailto:jiangj@broad.msu.edu)  
North Business Building  
632 Bogue St Rm N252  
East Lansing, MI 48824  
Phone: (517) 432-3031

Ranjani Krishnan  
ERNEST W. & ROBERT W. SCHABERG ENDOWED CHAIR IN ACCOUNTING  
Email: [krishnan@broad.msu.edu](mailto:krishnan@broad.msu.edu)  
North Business Building  
632 Bogue St Rm N207  
East Lansing, MI 48824  
Phone: (517) 353-4687

Isabel Wang  
DELOITTE/MICHAEL LICATTA PROFESSOR OF ACCOUNTING  
Email: [wang@broad.msu.edu](mailto:wang@broad.msu.edu)  
North Business Building  
632 Bogue St Rm N233  
East Lansing, MI 48824  
Phone: (517) 432-2923

## 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 approach toward setting environmental policies. Using local newspaper closures as an exogenous shock to news coverage, we find that toxic emissions for manufacturing plants located in the counties with newspaper closures increase 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. The effect is amplified in areas with fewer newspapers and where residents care more about environmental issues. Our results suggest that as the newspaper industry's decline continues, regulation by revelation may 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.