

# Sangmok Lee

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PhD Candidate  
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## Education

<b>Michigan State University</b> <i>Ph.D. in Accounting</i>	East Lansing, MI Summer 2024 (expected)
<b>Seoul National University</b> <i>M.S. in Business Administration, concentration in Accounting</i> Thesis: Banks' Information Acquisition and Value-relevance of Fair Value Hierarchy	Seoul, South Korea February 2019
<b>Seoul National University</b> <i>B.S. in Business Administration</i>	Seoul, South Korea February 2010

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## Research interests

Management control systems, cost behavior, corporate investments

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## Academic experience

<b>Michigan State University</b> Graduate Assistant	East Lansing, MI Aug 2019 – Present
<b>Seoul National University</b> Graduate Assistant	Seoul, South Korea March 2017 – February 2019
<b>Joint Forces Staff College, Republic of Korea Armed Forces</b> Lecturer	Goyang, South Korea February 2015 – December 2015

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## Working papers

### “CEO Activism as a Value-based Control Mechanism”

PhD dissertation / Job market paper  
2023 Michigan State University (scheduled)

### “Cost Structure and Discretionary Investment” (with Kyonghee Kim and Sukesh Patro)

Preparing for submission to a top accounting journal  
Developed from the first-year summer paper  
2022 University of Waterloo  
2021 AAA Annual Meeting  
2021 University of California, Riverside (presented by a co-author)  
2021 AAA MAS Midyear Meeting  
2020 Michigan State University

### “The Effect of Operating Leverage on Managers' Capital Investment Decisions” (solo-authored)

Under review at *Accounting Perspectives*

Developed from the second-year summer paper  
2022 Michigan State University

**“Banks' Information Acquisition and Value-relevance of Fair Value Hierarchy”** (with Bok Baik and Kwangjin “KJ” Lee)  
2019 Korean Accounting Association Annual Conference and Asian Accounting Associations Conference

## Work-in-progress

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**“Organizational Hierarchy, Investment Efficiency, and Innovation”** (with Martin Holzhaecker, André Hoppe, and Mario Schabus)  
Data analyses stage

**“Loss of Human Capital and Workplace Safety”** (with Yeo Sang “Johnny” Yoon)  
Data analyses stage

## Teaching experience

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**Eli Broad College of Business, Michigan State University**  
ACC201: Principles of Financial Accounting  
Teaching assistant (Fall 2020 [3.92/5] and Spring 2021 [4.10/5])

ACC301: Intermediate Financial Accounting II  
Instructor (Spring 2022 [3.47/5])

HCM802: Cost Analysis in Healthcare  
Instructor (Summer 2022 [4.75/5])

**College of Business Administration, Seoul National University**  
Financial Accounting (MBA)  
Teaching assistant (Summer 2017 and Summer 2018. Evaluations not applicable)

Financial Statement Analysis (Undergraduate)  
Teaching assistant (Fall 2017. Evaluations not applicable)

Advanced Accounting (Undergraduate)  
Teaching assistant (Spring 2017. Evaluations not applicable)

**Joint Forces Staff College, Republic of Korea Armed Forces**  
Military English (a fixed part of Advanced Joint Program offered to students of O-5 or equivalent ranks)  
Lecturer (2015. Evaluations not applicable)

## Professional experience

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**Apex Defense Services Inc.**  
CEO (2015-2016)  
Director of Customer Support (2014)

Seoul, South Korea  
May 2014 – December 2016

**Korea Defense Intelligence Agency**  
Aide-de-Camp to the Director

Seoul, South Korea  
November 2011 – June 2013

**Republic of Korea Air Force**  
Linguist

Osan, South Korea  
July 2010 – November 2011

## Conference presentations

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2021	AAA Annual Meeting
2021	AAA MAS Midyear Meeting
2019	Korean Accounting Association Annual Conference and Asian Accounting Associations Conference

## Conference participations

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2023  
AAA Annual Meeting, Midwest Accounting Research Conference, AAA MAS Doctoral Colloquium, AAA MAS Midyear Meeting

2022  
AAA Annual Meeting, Global Management Accounting Research Symposium, Midwest Accounting Research Conference, AAA FARS Midyear Meeting, AAA FARS Doctoral Colloquium, AAA MAS Midyear Meeting, AAA MAS Doctoral Colloquium

2021  
AAA Annual Meeting, Global Management Accounting Research Symposium, Midwest Accounting Research Conference, AAA MAS Midyear Meeting, AAA MAS Doctoral Consortium

2020  
AAA MAS Midyear Meeting

2019  
Korean Accounting Association Annual Conference and Asian Accounting Associations Conference

## Academic service

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2023	Reviewer	Global Management Accounting Research Symposium
2023	Reviewer, Discussant	AAA MAS Midyear Meeting, AAA Annual Meeting
2022	Reviewer, Discussant	Global Management Accounting Research Symposium
2022	Reviewer, Discussant	AAA MAS Midyear Meeting
2021	Reviewer, Discussant	AAA Annual Meeting
2021	Reviewer	Global Management Accounting Research Symposium
2021	Reviewer, Discussant	AAA MAS Midyear Meeting

## Awards, grants, and honors

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2022	Summer research grant, The Eli Broad College of Business, Michigan State University
2021	Best Management Accounting Reviewers - Annual Meeting, AAA
2019	Marlys and Jack Gray Endowed Scholarship, Michigan State University

## Abstract of research papers

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### **CEO Activism as a Value-based Control Mechanism** (PhD Dissertation)

CEO activism — a CEO wading into social or political issues not directly related to their firms' businesses — is increasingly becoming a common practice. In this paper, I propose that CEO activism functions as an informal control mechanism. Prior studies on management control systems document that managers use values and belief systems to control employees' behavior ("value-based control"). Formally stated values (e.g., corporate missions, credos) tend to be generic and are limited in conveying contextual information about alignments of values and beliefs between the

firm and employees. Managers, therefore, need alternative mechanisms to ingrain and communicate the values to employees. I utilize novel datasets and find that CEO activism negatively affects employee sentiment in the short run and amplifies churning of employees in the long run. Finally, I show that CEO activism is positively associated with the firm's operating performance. These results collectively imply that CEO activism functions as a control component by facilitating employee sorting.

### **Cost Structure and Discretionary Investment** (with Kyonghee Kim and Sukesh Patro)

This study empirically examines the association between a firm's cost structure and the discretionary investment (i.e., underinvestment or overinvestment) it makes in the short run. Consistent with higher fixed costs making managers more conservative in their investment behavior, we find that the proportion of fixed costs is negatively associated with discretionary investment. Cost structure acts via a reduction in overinvestment rather than amplified underinvestment. Tests of cash holdings and investment sensitivity to operating cash flows further suggest that the rigidity of fixed costs encourages managers to carry larger cash holdings and reduces managers' incentive to overinvest in the presence of excess cash flows. Taken together, the findings suggest a disciplining effect of fixed costs on overinvestment, similar to the effect of debt in mitigating the agency costs of free cash flows.

### **The Effect of Operating Leverage on Managers' Capital Investment Decisions** (solo-authored)

Holding all else constant, a larger proportion of fixed costs in the cost structure (i.e., higher operating leverage) implies more rigid costs and greater volatility of profits for a given level of demand fluctuation. Using a setting where operating leverage is irrelevant to investment options, I experimentally examine whether managers under high operating leverage (as opposed to low operating leverage) are willing to choose a less profitable option instead of a more profitable option for lower variability in anticipated earnings. Inconsistent with the hypothesis, I find that the level of operating leverage has an insignificant impact on the managers' investment choice, suggesting that they correctly identify the operating leverage information as irrelevant. Notably, providing operating leverage information to managers, regardless of whether it pertains to high or low operating leverage, increases the probability that the managers choose the more profitable investment. Based on the path analysis, managers who receive operating leverage information spend more time on assessing the investment options, which in turn helps them identify the more profitable investment option. Collectively, these findings suggest that providing an information cue about operating risk leads managers to scrutinize their assessment of investment options, thereby improving their investment decisions, even when it does not have relevant information for the investment options.

### **Banks' Information Acquisition and Value-relevance of Fair Value Hierarchy** (with Bok Baik and Kwangjin "KJ" Lee)

Prior studies examining consequences of SFAS 157 Fair Value Measurements document decreased value-relevance in opaque components of the fair value hierarchy. This study examines whether banks' information acquisition activity proxied by EDGAR downloads affects the value-relevance of fair-value disclosures under the statement. Using US banks data and EDGAR log file data from Q4 2009 to Q3 2014, we present evidence that (i) banks that hold larger amount of opaque components of the fair value hierarchy acquire more information on equities; and that (ii) the observed decrease in value-relevance of these opaque components documented in prior studies is attenuated when banks acquire more up-to-date information on equities than do peers. The findings are consistent with the view that banks' information acquisition via EDGAR increases the reliability of fair value disclosures, which reduces market participants' discounting of opaque components of financial instruments. These results remain robust to alternative sample periods and constructions.

## **Other skills**

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Programing languages: Python (data processing, textual analyses, and scraping), Stata, and SAS