

SANGMOK LEE

Eli Broad College of Business, Michigan State University
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[SSRN Author Page](#) | [Webpage](#)

EDUCATION

Michigan State University Ph.D. in Accounting	East Lansing, MI May 2024 (expected)
Seoul National University M.S. in Business Administration, concentration in Accounting B.S. in Business Administration, <i>summa cum laude</i>	Seoul, South Korea February 2019 February 2010

RESEARCH INTERESTS

Management control systems, cost behavior, corporate investments

WORKING PAPERS

*: scheduled †: presented by a co-author

“CEO Activism as a Value-based Control” (Ph.D. dissertation / Job market paper)

Committee: Kyonghee Kim (Chair), Ranjani Krishnan, Mario Schabus, and Jeffrey Wooldridge (Department of Economics, Michigan State University)

2024 AAA MAS Midyear Meeting* · AAA FARS Midyear Meeting*

2023 Michigan State University, Korean American Accounting Professors Association (KAAPA) Ph.D. Conference

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

Under review at *Review of Accounting Studies*

Developed from the first-year summer paper

2023 Kent State University†

2022 University of Waterloo

2021 AAA Annual Meeting, University of California, Riverside†, AAA MAS Midyear Meeting

2020 Michigan State University

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

Revise and Resubmit 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 Lee)

2019 Asian Accounting Associations Conference

WORK-IN-PROGRESS

“Organizational Hierarchy and Innovation” (with Martin Holzacker, 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

Eli Broad College of Business, Michigan State University

HCM802: Cost Analysis in Healthcare

Instructor (Summer 2022)

ACC301: Intermediate Financial Accounting II

Instructor (Spring 2022)

ACC201: Principles of Financial Accounting

Teaching assistant (Fall 2020 and Spring 2021)

College of Business Administration, Seoul National University

Financial Accounting (MBA)

Teaching assistant (Summer 2017 and Summer 2018)

Financial Statement Analysis (Undergraduate)

Teaching assistant (Fall 2017)

Advanced Accounting (Undergraduate)

Teaching assistant (Spring 2017)

Joint Forces Staff College, Republic of Korea Armed Forces

Military English (a part of Advanced Joint Program offered to students of O-5 or equivalent ranks)

Lecturer (2015)

AWARDS, GRANTS, AND HONORS

2023	Best Paper Award, KAAPA Ph.D. Conference - awarded annually to two of 10+ job candidates in KAAPA
2023	Ph.D. Student Outstanding Research Award, Department of Accounting and Information Systems, Michigan State University - awarded annually to one of the 14 Ph.D. students in the department
2022	Summer research grant, The Eli Broad College of Business, Michigan State University
2021	Best Management Accounting Reviewers - Annual Meeting, AAA
2019-2023	Accounting Doctoral Program Scholarship, Michigan State University
2019	Marlys and Jack Gray Endowed Scholarship, Michigan State University - awarded annually to one of the incoming Accounting Ph.D. students

CONFERENCE PARTICIPATIONS ^P: presenter ^{*}: scheduled

2024

AAA MAS Doctoral Colloquium^{*}, AAA MAS Midyear Meeting^{P*}, AAA FARS Midyear Meeting^{P*}

2023

Accounting PhD Rookie Recruiting and Research Camp^{P*}, KAAPA Ph.D. Conference^P, 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^P, Global Management Accounting Research Symposium, Midwest Accounting Research Conference, AAA MAS Midyear Meeting^P, AAA MAS Doctoral Consortium

2020

AAA MAS Midyear Meeting

2019

Asian Accounting Associations Conference^P

ACADEMIC SERVICE

2024	Reviewer	AAA MAS Midyear Meeting
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

PROFESSIONAL EXPERIENCE

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

ABSTRACT OF RESEARCH PAPERS

CEO Activism as a Value-based Control Mechanism (Ph.D. Dissertation)

CEO activism — CEOs publicly taking stances on 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. Prior studies on management control systems document that managers use values and belief systems to influence employees' behavior ("value-based control"). However, managers may look for additional mechanisms to ingrain and communicate the values to employees because formally communicated values are generic. Using novel datasets, I find that in the short run, CEO activism negatively affects employee sentiment related to beliefs and values. However, CEO activism facilitates the churning of employees and is positively associated with the firm's operating performance in the longer run. Additional analyses reveal that the inflow of better-educated

employees increases after CEO activism. These results collectively imply that CEO activism functions as a component of a firm's value-based controls.

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 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

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

PROFESSIONAL REFERENCES

Dr. Kyonghee Kim

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