

# Regulator preferences and managers' manipulation choices

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Propositions

accompanying the dissertation

## **Regulator Preferences and Managers' Manipulation Choices**

by

Jonas Heese

Maastricht, June 13, 2014

1. In contrast to the traditional assumption in accounting research, economic theory does not assume that regulators are passive machines that merely implement regulatory rules. (Chapter 2)
2. Differentiated enforcement of regulation can reveal regulators' preferences. (Chapter 2)
3. Regulatory behavior influences managers' trade-off decisions across different tools for manipulating a firm's performance. (Chapter 3)
4. Firms that enjoy a preferential treatment by the SEC exploit this treatment by engaging in more aggressive accounting choices. (Chapter 4)
5. After studying regulators' enforcement preferences and managers' reactions to these preferences, one can infer that firms are given regulatory leeway if their behavior is potentially beneficial for the economy or society as a whole.
6. Economists are all too often preoccupied with petty mathematical problems of interest only to themselves. This obsession with mathematics is an easy way of acquiring the appearance of scientificity without having to answer the far more complex questions posed by the world we live in. (Thomas Piketty)
7. Doing a PhD is like running a marathon; it takes a very long time, hard work and discipline, it is rich of ups and downs and finishing it is a great accomplishment.
8. Nur wer bereit zu Aufbruch ist und Reise, mag lähmender Gewöhnung sich entrafen. (Stufen, Hermann Hesse)
9. Success is stumbling from failure to failure with no loss of enthusiasm. (Winston Churchill)