European Accounting Review ›
Volume 27, 2018 - Issue 3

Research Note

Corporate Risk Disclosure and Audit Fee: A Text Mining Approach

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Pages 583-594 | Received 01 Feb 2016, Accepted 01 Apr 2017, Published online: 23 May 2017

Cite this article https://doi.org/10.1080/09638180.2017.1329660 Check for updates

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Acknowledgements

We very much appreciate the insightful comments and suggestions of Laurence van Lent (editor) and two anonymous referees of the European Accounting Review that greatly improved this paper. We also thanks for Yi Liang, Botao Chen, Alfred Zhu Liu and seminar participants at the 2016 AAA Annual Conference, Mid-Atlantic Region Meeting and CSWIM Meeting. All authors gratefully acknowledge financial support from Saunders College of Business. All remaining errors or omissions are the authors' responsibility.

Notes

1 Unstructured data refer to information that either does not have a pre-defined data model or is not organized in a pre-defined manner. It is typically text-heavy and often includes multimedia content. While some files may have an internal structure, they are still considered unstructured because the data do not fit in a database (Feldman & Sanger, 2007). In contrast, structured data like spreadsheets are easily searchable by basic algorithms. Therefore, it is more difficult to analyze unstructured textual documents than structured ones.

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3 In the erence between ndustry-median code in a given ye asured as the c remain qualitati

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5 Follow hat had a 404 audit in the initial year of the 404 audit, that is, the fiscal year ending on or after

15 November 2004. Then, we trace back one year to obtain ICMW in year 2003. In untabulated tests, our main results presented in Table 5 remain almost identical no matter we code ICMW using IC weakness under SOX 302 in 2003 or for the entire sample period.

6 For example, one standard deviation of increase in financial risk for a median firm is related to increase in audit fee by $18,256 ($1,005,504*0.001*18.156).

7 The insignificant coefficient on the hazard risk could be the results of imprecise estimation due to the low variance of independent variables.

Additional information

Funding

All authors gratefully acknowledge financial support from Saunders College of Business.