

PROMOTION RECOMMENDATION  
The University of Michigan  
Stephen M. Ross School of Business

Iliia D. Dichev, associate professor of accounting, with tenure, Stephen M. Ross School of Business, is recommended for promotion to professor of accounting, with tenure, Stephen M. Ross School of Business.

Academic Degrees

PhD	1995	University of Washington, Graduate School of Business, Seattle, WA
BS	1991	Santa Clara University, Santa Clara, California

Professional Record:

2003-Present	University of Michigan, Stephen M. Ross School of Business Associate Professor of Accounting
1996-2003	University of Michigan, Stephen M. Ross School of Business Assistant Professor of Accounting
1995-1996	Rice University, Assistant Professor of Accounting

Summary of Evaluation:

Teaching: Professor Dichev teaches Financial Reporting and Financial Statement Analysis. His course evaluations have averaged 4.3 on a five point scale over his career at the Ross School, which is approximately the school average. Professor Dichev also teaches the PhD seminar at times and has served on several dissertation committees. Professor Dichev brings many of his research findings into the classroom. Four of his papers were motivated, at least in part, by preparing for and teaching classes.

Research: Professor Dichev focuses on a wide range of financial accounting and finance topics including earnings management, quality of earnings, equity valuation, and market efficiency. One of his early works addressed the question of earnings management. Although many researchers have investigated whether earnings management existed, Professor Dichev developed a simple, yet intuitive, test. He looked at the distribution of earnings and earnings changes for a large sample of firms. Although most of the distribution looks like a classic “bell-shaped” curve, he showed that there were “too many” observations just above zero and “too few” just below zero, consistent with earnings management. This paper had a large impact on earnings management research in particular and more generally on empirical financial accounting research. In 2002, it was selected for the Notable Contributions in Accounting Award by the American Accounting Association.

Professor Dichev’s research is widely sought out by his peers. He has made 15 invited conference presentations and 40 invited university workshop presentations. On average, he is invited to speak at more than one major conference and three universities every year. Clearly his work has caught the attention of the profession. He is also on the editorial board of the *Accounting Review*. With respect to Professor Dichev’s research productivity, he has eight papers published in top-tier journals and has three other minor publications as well as three papers under review. In the accounting field this is an excellent publication record. What is more impressive, however, is that the impact of these papers is greater than average, as measured by citation counts. According to the Scopus database, Professor Dichev has 394 citations from the eight top-tier publications. The citation counts do not include the recent American Economic Review article, which was just published. We believe this article will also generate an above-average number of citations.

### Recent and Significant Publications:

**I. Dichev.** What are stock investors' actual historical returns? Evidence from dollar-weighted returns. *American Economic Review* 97 (March 2007), 386-401.

T. Janes, **I. Dichev.** Lunar cycle effects in stock returns. *Journal of Private Equity* 6 (Fall 2003), 8-29.

**I. Dichev.** Discussion of The differential persistence of accruals and cash flows for future operating income versus future profitability. *Review of Accounting Studies* 8 (June/September 2003), 245-250.

P. Dechow, **I. Dichev.** The quality of accruals and earnings: The role of accrual estimation errors. *The Accounting Review* 77 (Supplement 2002), 35-59.

**I. Dichev, D. J. Skinner.** Large-sample evidence on the debt covenant hypothesis. *Journal of Accounting Research* 40 (September 2002), 1091-1123.

**I. Dichev, V.W. Tang.** Matching and the changing properties of accounting earnings over the last 40 years. **In Review** April 2007, revising for second round at *The Accounting Review*.

Service: Professor Dichev has performed service at the department, school and professional level. At the department level, he served as the coordinator of the PhD program for three years. He has served on numerous dissertation committees. At the school level, he has served on the doctoral studies committee, the research committee, and the community values committee. At the professional level, he is an editorial review member, has participated in the review of conference papers and has presented at doctoral consortia.

### External Reviewers:

#### Reviewer (A)

“Overall, Ilia has a strong research record. His work addresses important and interesting questions (as evidenced by its being cited in the popular press). His research designs are clever, and his analysis is careful and thorough. He has continued to be productive since receiving tenure, with one solo-authored paper published in a leading economics journal and four papers submitted to top accounting journals. Finally, his research, particularly his work on earnings management, has had an important impact on other researchers in his field. Based on these accomplishments I support his promotion to professor.”

#### Reviewer (B)

“I would like to enthusiastically recommend Associate Professor Ilia Dichev for promotion to Professor with tenure. Ilia’s work has been remarkably influential – it’s innovative and thought provoking. He has had a steady output of high-quality research that appears in some of the best journals in accounting, finance and economics. He has been a very good member of the accounting research community as a conscientious, high-quality referee and through his participation in conferences and workshops. Overall, I do not have to belabor the point that Ilia is eminently deserving of a promotion to Full Professor with tenure.”

#### Reviewer (C)

“Simply put, Professor Dichev has a truly outstanding research record. He has focused his research effort on topics of importance to both academic and professional communities and has produced research of uniformly high quality...More importantly, his research has had unquestionable impact in the area of financial accounting research. The strength of his research is further evident from the placement of his work in not only top accounting journals, but also in the top finance and economic journals. In my

opinion, Professor Dichev's scholarly contribution more than warrants promotion to Full Professor with tenure at a top research university in the U.S."

Reviewer (D)

"Ilia has 11 published papers, 1 discussion paper and a paper presented at the most recent *Journal of Accounting and Economics* Conference. Eight of the 11 papers are in top accounting and finance journals. While prima facie this is not a long research record, but as Ilia notes in his research statement, he has adopted a model of high quality, high impact rather than a pure quantity and hope for the best model. All of his papers exhibit a very high level of technical competence and thoroughness while at the same time addressing interesting questions. I have no hesitation in recommending that he should be promoted to Full Professor."

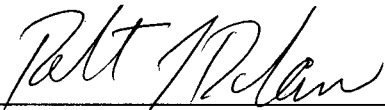
Reviewer (E)

"You also asked whether Ilia's work would meet the requirements for Full Professor at my institution. I think Ilia's work does meet that requirement. I know that several years ago, Ilia was mentioned and discussed as a potential outside hire by my institution. I would be happy to have him here now. In sum, I strongly support the promotion of Ilia Dichev to Full Professor and believe this is an easy call."

Summary of Recommendation:

The outside reviewer's comments and the placement in the top journals in the field attest to the quality of Professor Dichev's research. He is viewed as a creative and thoughtful accounting scholar who may not publish as much as some others, but whose publications are of extraordinary quality and widely read (and cited). This respect for Professor Dichev's work has been consistent throughout his career.

Professor Dichev's case for promotion is made by the quality of his research contributions, very good teaching and service to the Ross community, and contributions to the field of accounting education. With this exceptional record, Ilia has recently received a lucrative offer from Columbia as a tenured professor and is a natural fit for other schools that have expressed interest in recruiting him. With this in mind, the Executive Committee and I strongly recommend Professor Dichev's promotion to professor of accounting, with tenure.



Robert J. Dolan, Dean  
Stephen M. Ross School of Business

May 2008