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## Faculty Research - Chad Simon

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## Faculty Research - Chad Simon

During the era when the Sarbanes-Oxley Act (SOX) was passed, audit committees were given heightened responsibility and faced more stringent requirements. However, according to new research by Huntsman accounting professor Chad Simon and his co-authors (see cite below), Congress and others may have overlooked one potentially important incentive with these updated requirements. The research team found an association between barely achieving or surpassing an analyst forecast benchmark and the stock options audit committee members hold or their annual stock option receipts.

"While these are an on-average effects, I believe we have some interesting findings and it may be worthwhile for standard setters to consider the potential effects of incentivizing audit committee members in this way moving forward."

Citation: Campbell, J. L., J. Hansen, C. A. Simon, and J. L. Smith. 2014. Audit Committee Stock Options and Financial Reporting Quality after the Sarbanes-Oxley Act of 2002. *AUDITING: A Journal of Practice & Theory* 34 (2): 91-120. doi: <http://dx.doi.org/10.2308/ajpt-50931>.