Irina M. Luneva

The Wharton School • Accounting Department
360 Steinberg Hall-Dietrich Hall, 3620 Locust Walk, 19104
iluneva@wharton.upenn.edu • iluneva.com

Education

The Wharton School, University of Pennsylvania   *2019 - Present (Expected 2024)*
Ph.D.: Accounting

Lomonosov Moscow State University   *2015 - 2019*
B. Sc.: Economics; Cum Laude

Research Interests

Debt contracting, information quality, earnings management, disclosure

Working Papers

A theoretical framework for ESG reporting to investors   *2021 - Present*
with H. Friedman and M. Heinle

Revise & resubmit - Journal of Accounting Research

FARS best paper award

We provide a theoretical framework for reporting of firms' environmental, social, and governance (ESG) activities to investors. In our model, investors receive an ESG report and use it to price the firm. Because the manager is interested in the firm's price, disclosing an ESG report provides effort and greenwashing incentives. We analyze the impact of different reporting characteristics on the firm's price, cash flows, and ESG performance. In particular, we investigate the consequences of whether the report captures ESG inputs or outcomes, how the report aggregates different ESG dimensions, and the manager's tradeoffs regarding ESG efforts and reporting bias. We find that, for example, an ESG report that weights efforts by their impact on the firm's cash flows tends to have a stronger price reaction than an ESG report that focuses on the ESG impact per se. ESG reports aligned with investors' aggregate preferences provide stronger incentives and lead to higher cash flows and ESG than reports that focus on either ESG or cash flow effects individually. Additionally, in the presence of informative financial reporting, ESG reports that focus on ESG impacts lead to the same cash flow and better ESG results than reports focusing on cash flow impacts alone.

Presented at: NBER Conference Measuring and Reporting Corporate Carbon Footprints and Climate Risk Exposure*, Accounting PhD Rookie Recruiting and Research Camp*, FARS 2022 Midyear Meeting, Utah Winter Accounting Conference*, Columbia Georgetown ADP*, DAR & DART Accounting Theory Seminar*, UC Riverside Accounting Workshop*
* denotes presented by a co-author

What does the market know? *2021 - Present*

I measure how much information market participants have about (1) firm fundamentals and (2) managers' misreporting incentives, and the effects of the market's information on earnings quality and price efficiency. The market knows 76.5% of fundamental and 36.8% of misreporting incentives information contained in current earnings reports before managers issue their current earnings reports. A 1% increase in the market's fundamental information will increase earnings quality by 0.89% and price efficiency by 1.25%. A 1% increase in the market's misreporting incentives information will decrease earnings quality by 0.16% and increase price efficiency by 0.07%. Reported earnings differ from true earnings by 74.1% of the standard deviation of true earnings. An average firm is mispriced by $0.38 billion due to information asymmetry.

Presented at: Duke Accounting Theory Summer Camp, Melbourne Accounting Research Seminar, Wharton-INSEAD Doctoral Consortium, Financial Markets and Corporate Governance Conference

Financial information and diverging beliefs *2020 - Present*
with C. Armstrong and M. Heinle

Standard Bayesians' beliefs converge when they receive the same piece of new information. However, when agents have uncertainty about the precision of a signal, their beliefs might instead diverge more despite receiving the same information. We demonstrate that this divergence leads to a unimodal effect of the absolute surprise in the signal on trading volume. We show that this prediction is consistent with the empirical evidence using trading volume around earnings announcements of US firms. We find evidence of elevated volume following moderate surprises and depressed volume following more extreme surprises, a pattern that is more pronounced when investors are more uncertain about earnings' precision. Because investors can disagree even further after receiving the same piece of news, the relationship between news and trading volume is not necessarily linear, suggesting that trading volume may not be an appropriate proxy for market liquidity.

Presented at: Twelfth Accounting Research Workshop, World Finance Conference

Work-in-progress

ESG lending: does the market react? *2021 - Present*
with S. Sarkisyan

Voluntary disclosure in the face of information leaks *2021 - Present*
with M. Bloomfield and M. Heinle

Dynamics of costly persuasion *2020 - Present*
with F. Zhou

Conference and Seminar Presentations

2022: EIASM 14th Workshop on Accounting & Economics (scheduled), AAA 2022 Annual Meeting (scheduled), Duke Accounting Theory Summer Camp, Melbourne Accounting Research Seminar, Wharton-INSEAD Doctoral Consortium, Financial Markets and Corporate Governance Conference, FARS Midyear Meeting

2021: Twelfth Accounting Research Workshop, World Finance Conference

Invited Seminar Participations

2022: UNC Tax Doctoral Consortium

Invited Discussions

2022: EIASM 14th Workshop on Accounting & Economics (scheduled), AAA 2022 Annual Meeting (scheduled)

2021: World Finance Conference

Teaching

2021: Research in Accounting (graduate, Lomonosov MSU), Strategic Cost Analysis (undergraduate)

Service

Ad hoc referee
FARS, AAA

Honors and Awards

2022: Financial Accounting and Reporting Section (FARS) Best Paper Award, FARS Excellence in Reviewing Award

2021: Jacobs Levy Equity Management Center for Quantitative Financial Research Grant, Mack Institute for Innovation Management Research Grant

2020: Jacobs Levy Equity Management Center for Quantitative Financial Research Grant

Certifications

Accounting and Economics Society, Summer School in Accounting and Structural Estimation	*2020*
Center for Teaching and Learning, Teaching Certificate	*2021*

Membership

European Finance Association	*2021, 2022*
American Accounting Association	*2021, 2022*

Employment

The Central Bank of Russia	*2018-2019*
First category economist	

Personal Information

Citizenship: Russia

Languages: Russian (native), English, Spanish, Armenian

Interests: traveling (38 countries), yoga, Russian literature