

Template for a Business Research Article

Using the Elsevier Quarto Template

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Abstract

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Keywords: keyword1, keyword2

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1. Introduction

This document is a Quarto template for creating an academic paper formatted for potential publication in Elsevier journals. If you have received this document as a PDF, a live version including the code used to create this document can be found at: <https://github.com/eweisbrod/abr>.

Here are some examples of in-text and parenthetical citations. You can use latex citation styles inside a Quarto PDF. To add citations to the paper, you must add the bibtex reference information to the “Bibliography.bib” file that is part of the Quarto project. The easiest way to do this is to look up the paper you wish to cite on Google scholar, then click on the “cite” link below the paper, select bibtex, and cut and paste the reference info into the bib file. The bibtex reference will include a shorthand way to refer to the paper in the latex cite commands (e.g., “blankespoor2019individual”). [Blankespoor et al. \(2019\)](#) is an in-text cite. There are also parenthetical cites (e.g., [Doyle et al., 2006](#); [Livnat and Mendenhall, 2006](#); [Dirk et al., 2018](#); [Bradshaw et al., 2018](#)).¹

Here is a new sentence with a parenthetical cite at the end ([Easton et al., 2024](#)).

The second time I cite the paper, I think it will use et al ([Easton et al., 2024](#)).

2. Background and Hypotheses Development

This template includes some formatting for declaring formal hypotheses or research questions. I think these commands require some of the definitions that were set in the preamble above. Here is an example hypothesis related to the data example that will be used in the tables.

Hypothesis 1 (H1): *Ceteris paribus, earnings are less persistent for loss firms than profit firms.*

This hypothesis is easy to motivate based on persistent losses driving a firm out of business, curtailments ([Lawrence et al., 2018](#)), the abandonment option ([Hayn, 1995](#)), etc. However, if we want to define a more open-ended “research question” rather than a “hypothesis,” we could format it this way:

Research Question 1 (RQ1): *Are losses less persistent than profits?*

Next, I will provide examples for defining sub-sections and sub-sub-sections.

2.1. Example Sub-Section

2.2. Another sub-section

2.2.1. This one has a sub-sub-section

3. Data and Methodology

3.1. Sample Selection

I downloaded some data from WRDS.

3.2. Methodology

Papers usually have equations. Here is an example DiD equation:

$$\begin{aligned} \ln(\text{Dependent Measure}) = & \alpha + \beta_1 \text{Post} + \beta_2 \text{Treatment} + \beta_3 (\text{Post} \times \text{Treatment}) \\ & + A \times \text{Controls} + B \times \text{FE} + \epsilon, \end{aligned} \tag{1}$$

where *Post* equals 1 for observations in the post-shock period and 0 otherwise, *Treatment* equals 1 for observations with the treatment and 0 otherwise, *Controls* is a vector of variables listed as “Control Variables” in Appendix [?], and *FE* are fixed effects.

Here is the regression equation that we use to test [H@hyp-losses], which was defined in ?@sec-background:

¹There are also footnotes.

Footnote: Note that since we have dynamically defined and referred to [H@hyp-losses], you can click on it to jump to the place in the text where H1 is defined. We can do the same thing for [RQ@researchq-losses].

$$ROA_{i,t+1} = \alpha + \beta_1 ROA_{i,t} + \beta_2 LOSS_{i,t} + \beta_3 (ROA_{i,t} \times LOSS_{i,t}) + A \times Controls_{i,t} + B \times FE + \epsilon_{i,t+1}, \quad (2)$$

where $ROA_{i,t+1}$ ($ROA_{i,t}$) is return on assets for firm i in year $t + 1$ (t), calculated as earnings before special items divided by ending total assets. $LOSS_{i,t}$ is an indicator variable that equals 1 for observations with negative earnings before special items and 0 otherwise, and $Controls$ is a vector of variables listed as “Control Variables” in (Appendix ?). FE are various fixed effects.

3.3.

4. Appendix

4.1. Table A1

Table 1: Variable Definitions

Variable	Definition
Main Dependent and Independent Variables	
$ROA_{\{i,t\}}$	Return on assets for firm i in year t , calculated as earnings before special items divided by ending total assets. In terms of Compustat data items, it is defined as $(ib - spi)/at$.
$LOSS_{\{i,t\}}$	An indicator variable that equals 1 for observations with negative earnings before special items and 0 otherwise.
Control Variables	
SIZE	Market value of equity as of the end of fiscal year t (Source: Compustat).
R&D	Research and development expense scaled by ending total assets (xrd/at).
TA	Ending total assets (at).

Table 2: Sample Selection

Description	THESE ARE NOT REAL NUMBERS
	Observations
First I downloaded some data from WRDS	194728
After removing financial and utility firms	136393
After requiring lead ROA data	127867
After some other requirements	86702
With data from another database available	71408
Less: firm-years missing data to compute control variables defined in Appendix	-3500
Full Sample	163269

This table describes the initial sample selection procedure used to collect the data analyzed in our study. Data requirements specific to individual tables or analyses are provided in the descriptions of those analyses.

Table 3: Summary of Firms by Decade

Year	Total Firms	Loss Firms	Pct. Losses
1970 - 1979	25,101	1,978	7.88%
1980 - 1989	29,125	5,315	18.25%

1990 - 1999	38,024	9,579	25.19%
2000 - 2009	37,100	12,822	34.56%
2010 - 2019	28,434	9,671	34.01%
2020 - 2022	5,514	2,516	45.63%
Total	163,298	41,881	25.65%

Table 4: Descriptive Statistics Table

	N	Mean	SD	Min	P25	Median	P75	Max
roa_lead_1	163,298	-0.002	0.173	-0.898	-0.009	0.040	0.078	0.237
roa	163,298	0.006	0.159	-0.803	-0.003	0.042	0.079	0.243
loss	163,298	0.256	0.437	0.000	0.000	0.000	1.000	1.000
rd	163,298	0.040	0.086	0.000	0.000	0.000	0.038	0.511
at	163,298	1449.837	4555.996	11.021	41.910	142.534	679.370	33637.256
mve	163,298	1568.688	5317.423	2.127	29.790	125.510	651.281	40596.033

Table 5: Pearson (Upper Triangle) and Spearman (Lower Triangle) Correlations

	roa_lead_1	roa	loss	rd	at	mve
roa_lead_1	1.000	0.771	-0.569	-0.506	0.096	0.118
roa	0.771	1.000	-0.688	-0.570	0.094	0.119
loss	-0.594	-0.756	1.000	0.354	-0.106	-0.114
rd	-0.105	-0.111	0.202	1.000	-0.068	-0.017
at	0.159	0.153	-0.201	-0.067	1.000	0.854
mve	0.252	0.268	-0.197	0.122	0.852	1.000

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