

Prof. Dr. Jochen Bigus

Accounting and Economics

winter term 2018/19

(Tuesdays: 1.00 p.m.-5 p.m., Garystrasse 21, room 108)

ECTS credits: 6

Restriction: In maximum, 18 FU students will be admitted. In case of excess demand, there will be a lottery. Admission will be granted by October 16 **only** and only for students who are present that day. Exchange students will be admitted without lottery. We register the students in Campus Management.

Prüfung und Anrechnung für FU-Master- und Doktoratsstudenten: Es gibt drei Prüfungsleistungen: eine Klausur (55%), eine Präsentation (15 Minuten) mit anschließender Diskussion (15 Minuten) (25%) und das Abfassen eines Research Proposals (20%). Die daraus ermittelte Endnote wird bei guten mündlichen Leistungen um 0,3 nach oben korrigiert. Die Präsentation wird in 2er-Gruppen durchgeführt, wobei die Paare am ersten Termin per Los bestimmt werden; die anderen Leistungen werden alleine verfasst. Das maximal dreiseitige Research Proposal (maximal 9.000 Zeichen incl. Leerzeichen) soll eine neuartige, empirisch testbare Forschungsfrage und die Hypothese(n) definieren, die Forschungsfrage in die bestehende Literatur einbetten, das empirische Modell und die Messung wichtiger Variablen in Grundzügen aufzeigen und die Möglichkeiten der Datenbeschaffung thematisieren. Das Research Proposal kann auch als Grundlage für eine Masterarbeit an meinem Lehrstuhl dienen.

Werden alle drei Teilleistungen bestanden, ist eine Anrechnung für die Module „Hauptseminar Controlling“ oder „Hauptseminar Betriebswirtschaftliche Steuerlehre“ möglich. Sollte eine der Teilleistungen mit mangelhaft bewertet werden, so gilt das Seminar als nicht bestanden, auch wenn die anderen Teilleistungen hervorragend sein sollten. Die Teilnahme am Kurs ist verpflichtend.

Overview examinations for exchange students: Written examination in December (100%). If exchange students choose to present, the presentation/discussion counts 30% and the exam 70%. Attendance is compulsory.

Course prerequisites: The course aims to provide an overview on more recent research results in the field of accounting. Thus, Master and Ph.D. students with an interest in accounting research and in microeconomic or empirical analyses are welcome. Master students should have attended the compulsory courses „Performance Management and Incentives“, „Derivate und ihre Bewertung (Valuation of Derivatives)“, „Steuerwirkungen“ and „Advanced Financial Reporting“ and „Research Methods in FACTS“.

Purpose and content of the Course: The course addresses topics in accounting and auditing from a microeconomic lens. Further, the course provides insights from empirical research. For instance, we will address the question what *decision usefulness* actually means and why corporations voluntarily choose to report conservatively even though the IASB favors rather “neutral” accounting. We will also address the question when a separation of auditing and consulting services is desirable.

Competencies developed: You will learn how to evaluate issues in accounting and auditing from a micro-economic perspective and you will get acquainted with recent empirical research results. This will be useful for writing a Ph.D. thesis.

Course organization: The class will be taught in English from October to December. For each class there will be lecture parts and tutorials (exercises). The following table provides a more detailed overview.

Subject		Literature
October 16 October 23	Information function	Wagenhofer & Ewert 2015, Ch.2, Christensen & Demski 2003, Ch. 6
October 23 October 30	Disclosure theory	Wagenhofer & Ewert 2015, Ch.7 + 8, Beyer et al. 2010
November 6 November 13	Dividend restrictions and accounting conservatism	Brealey et al. 2008, Ch. 17, Watts 2003, Wagenhofer & Ewert 2015, Ch. 4 + 5
November 20	Auditor liability	Shavell 2007, Ch. 2, 4, 6, Wagenhofer & Ewert 2015, Ch. 10, Bigus 2007, 2015, Quick & Solmecke 2007
November 27	Auditor independence	DeAngelo 1981, Wagenhofer & Ewert 2015, Ch. 11+12
December 4	Exam	
December 11	Presentations, Groups 1-5	
December 18	Presentations, Groups 6-9	
January 7	Submission of Research Proposal	

Presentations (and basic literature):

- 1) Overview on disclosure theory (Beyer et al. 2010)
- 2) Measurement of disclosure and general effects (Wagenhofer & Dücker 2007, Wallmeier 2010)
- 3) Disclosure and investor protection (LaPorta et al. 2000, Leuz et al. 2003)
- 4) Disclosure in private vs. public firms (Burgstahler et al. 2006, Ball & Shivakumar 2006)
- 5) Earnings properties with private firms (Bernard et al. 2018, Bonacchi et al. 2017)
- 6) Financial reporting and debt contracting (Nikolaev 2010, Christensen & Nikolaev 2012)
- 7) Creditors' demands on financial accounting: international evidence (Ball et al. 2008, Peek et al. 2010)
- 8) Effects of IFRS reporting (Daske et al. 2008, Christensen et al. 2013)
- 9) IFRS reporting with banks (Fiechter 2010, Gebhardt & Novotny-Farkas 2011)
- 10) Financial reporting and product market competition (Datta et al. 2013, Goncharov & Peter, 2018)
- 11) Financial reporting and politics (Ramanna & Roychowdhury 2010, Correia 2014)
- 12) Cost-based versus negotiation-based transfer pricing (Göx & Schiller 2007, Ewert & Wagenhofer 2014)
- 13) Transfer pricing and managerial incentives (Göx & Schiller 2007, Ewert & Wagenhofer 2014)

Literature:

Ball, R., Robin, A. & Sadka, G. (2008): Is Financial Reporting shaped by Equity Markets or by Debt Markets? An International Study of Timeliness and Conservatism, *Review of Accounting Studies*, 13, 168-205.

Bernard, D., Burgstahler, D.C. & Kaya, D. (2018): Size Management by European Private Firms to Minimize Proprietary Costs of Disclosure, forthcoming *Journal of Accounting and Economics*.

- Beyer, A., Cohen, D.A., Lys, T.Z. & Walther, B.R. (2010): The financial reporting environment: Review of the recent literature. *Journal of Accounting and Economics*, 50, 296–343.
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- Brealey, R.A., Myers, S. & Allen, F. (2008): *Principles of Corporate Finance*, 9th ed., McGraw-Hill, Boston et al.
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- Datta, S., Iskandar-Datta, M. & Singh, V. (2013): Product Market Power, Industry Structure, and Corporate Earnings Management, *Journal of Banking & Finance*, 37(8), 3273-3285.
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- Ewert, R. & Wagenhofer, A. (2014): *Interne Unternehmensrechnung*, 8th ed., Springer, Berlin et al.
- Fiechter, P. (2010): Reclassification of Financial Assets under IAS 39: Impact on European Banks' Financial Statements, *Accounting in Europe*, 8, 49-67.
- Gebhardt, G., Novotny-Farkas, Z. (2011): Mandatory IFRS Adoption and Accounting Quality of European Banks, *Journal of Business Finance & Accounting*, 38, 289-333.
- Goncharov, I. & Peter, C. D. (2018): Does reporting transparency affect industry coordination? Evidence from the duration of international cartels, forthcoming *The Accounting Review*.
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- Nikolaev, V.V. (2010). Debt Covenants and Accounting Conservatism. *Journal of Accounting Research*, 48, 137–175.
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Wagenhofer, A. & Dücker, H. (2007): Die Messung von „Earnings“-Qualität, *Journal für Betriebswirtschaft*, 57, 263-297.

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Wallmeier, M. (2010): Lohnt sich gute Berichterstattung am Kapitalmarkt?, *Zeitschrift für Betriebswirtschaft*, 80, Special Issue 3, 105-112.

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