



**Doktorandenprogramme
Verband der Hochschul-
lehrer für Betriebswirt-
schaft e. V.**



**HUMBOLDT
GRADUATE SCHOOL OF BUSINESS**

Syllabus

Empirical Accounting Research

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Course Outline

This course focuses on empirical archival accounting research, covering theoretical, methodological and technical aspects of this research program. After this course, participants should

- have a clear understanding about the theoretical foundations of positive and capital market-linked accounting research,
- understand the methodological approaches to and common pitfalls of empirical archival research designs,
- have acquired information about the concept, usability and inter-operability of different data sources, like Compustat, CRSP, Worldscope, Datastream and I/B/E/S,
- and, using the statistical software packages STATA and/or SAS, have gathered first experiences in designing and conducting a large-scale research project.

Course format

The course will consist of a combination of lectures, paper presentations by students, and a project conducted by the students in a lab-style atmosphere. Lectures will be based on seminal as well as recent journal articles to teach the participants the state-of-the-art of empirical accounting research. Participants are responsible for reading the assigned materials before class and to prepare the assigned papers for presentation. In order to participate in the practical part of the lecture, students are expected to bring their own laptop, preferably with a suitable statistical programming environment (e.g. STATA or SAS) installed. Data access during this seminar will be provided by the Collaborative Research Center 649 (Economic Risk) for students who successfully apply for a visitor status with the CRC before the seminar.

Selected overview literature

Fields, T., Lys, T., and Vincent, L. (2001): Empirical research on accounting choice. In: Journal of Accounting and Economics 32: 255-307.

Kothari, S. P. (2001): Capital markets research in accounting. In: Journal of Accounting and Economics 31: 105-231.

Leuz, C. and Wysocki, P. (2008): Economic Consequences of Financial Reporting and Disclosure Regulation: A Review and Suggestions for Future Research, SSRN Working Paper.

Schedule

14.09.2010 (Day 1)

Theoretical Framework: Positive Accounting Research

- The positive accounting research paradigm
- microeconomic foundations
- equity-related incentives
- debt-related incentives
- the role of the auditing process
- management compensation
- other stakeholders

15.09.2010 (Day 2)

Theoretical Framework: Accounting and Capital Markets

- capital market consequences of disclosure
- accounting and cost of capital
- The role of financial analysts and institutional investors
- Accounting and market micro-structure

Methodological Issues

- data quality (extreme observations and non-normal data)
- Panel data
- Choice models, limited dependent variables
- Sample selection
- Endogeneity concerns

16.09.2010 (Day 3)

Empirical Accounting Research Lab

- Choosing software
- Data sources and gathering data
- Lab session 1: Getting started with data

17.09.2010 (Day 4)

Empirical Accounting Research Lab

- Research design
- Sample preparation and descriptives
- Test design and robustness tests
- Lab session 2: Running tests and presenting results

Location

Humboldt-Universität zu Berlin, School of Business and Economics,
Spandauer Str. 1, Rooms 22, 21a and 21b

Max. number of participants

The number of participants is limited to 20.

Content

Empirical research in accounting is taking a leading position in international academic journals. It encompasses different research approaches, ranging from behavioral experimental and field surveys to archival studies. This course concentrates on empirical archival research, which makes use of data available from databases or other sources. This data is then used to test predictions of theories in the areas of positive accounting theory or capital market-based accounting research. Topics in the area of positive accounting research cover issues like accounting choice, (voluntary) disclosure quality, earnings management as well as governance-related accounting questions. Capital market-based accounting research focuses on topics like the pricing impact of financial accounting disclosure on capital markets, the connection between accounting and the cost of capital or the interplay of financial accounting and corporate finance decisions.

This course concentrates on financial accounting but also touches upon auditing topics. The lectures of the first two days are linked to a reading list containing a mix of seminal as well as current articles. The latter two days will be used to discuss methodological and practical research design issues in a lab-style atmosphere where students are provided with data for a proto-typical archival research project. During this workshop, a walk-through of this project will be presented, starting with data gathering and sample preparation and ending with discussing the results.

Prerequisites

The course requires basic skills in statistics and econometrics as well as a solid background in financial accounting. Also, the students should be at least somewhat familiar with the fundamental concepts of information economics and asset pricing as well as corporate finance. Topics like OLS regression, contract theory, and arbitrage pricing theory should sound familiar to the participants. Programming experience is a plus but surely not a must.

Reading List

The reading list will be distributed to participants three months before class starts.

To prepare

All participants are required to read the complete reading list prior to the course. Every student will be assigned three papers for which (s)he is requested to hand in review reports two weeks prior class. Also, (s)he needs to be prepared to present these papers in class.

Assessment

The final grade will be based on the review reports (40 %), on class participation (30 %) and on the performance in the empirical accounting research lab (30 %).

Credits

The course is eligible for 6 ECTS.