HUMBOLDT-UNIVERSITÄT ZU BERLIN

Syllabus
Empirical Methods in Accounting and Finance

Summer semester 2011
Tuesdays, 18:15-19:45, Room 23, SPA1 (First class: April 12, 2011)

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Course Outline

This course aims at equipping students with the skill-set to design and conduct empirical studies based on observational (archival) data in the fields of accounting and finance. After successful completion of the course students should

- understand the fundamentals and common pitfalls of quasi-experimental research design,
- be familiar with matching mechanisms, instrumental variable and panel data approaches which help with causal inference,
- be aware of limitations of these research designs,
- and, using the statistical software packages STATA and/or SAS, have gathered experiences in designing and conducting large-scale research projects.

Course format

The course consists of a combination of lectures, practical exercises, and student presentations of homework assignments. Lectures will be based on the relevant literature and on seminal as well as recent journal articles. Participants are responsible for reading the assigned materials before class and to hand in the homework assignments on time. The homework assignments will be group-based.

Targeted audience

This course is designed for Doctoral level and Master students. The complexity of the assignments will vary across the level of the enrolled students. For Master students, this course will be included in the elective module “Accounting Courses” as “Research Seminar Empirical Methods in Accounting and Finance”. The course will account for 6 ECTS. Master students with no further interests in Accounting can complete the module “Accounting Courses” with only this course. Diploma students will also be welcomed in this course (3 KP). The teaching language of the course is English.

Assessment

The final grade will be based on the assignments (40 % combined) and on the written exam (60 %). Students need to achieve satisfactory grades in all assignments and the exam to pass the course.

Relevant literature

Angrist, Joshua D. and Jörn-Steffen Pischke (2009): Mostly Harmless Econometrics: An Empiricist's Companion, Princeton University Press.

Morgan. Stephen L. and Christopher Winship (2007): Counterfactuals and Causal Inference: Methods and Principles for Social Research, Cambridge University Press.

Wooldridge, Jeffrey M. (2010): Econometric Analysis of Cross Section and Panel Data, The MIT Press.

Relevant chapters and additional material will be announced throughout the course.

Preliminary schedule

Week	Topic
1	Organizational details, Who cares about causality?
2	Data gathering, organization, and handling
3	Counterfactual models and treatment effects
4	Matching mechanisms
5	Regression design
6	Omitted variables problems and measurement error
7	Getting things done: A project walk-through
8	Assignment: Voluntary disclosure and stock price informativeness
9	Instrumental variable approaches
10	Simultaneous equation models
11	Panel data methodology
12	Assignment: Financing constraints and investment
13	Putting the pieces together: Intelligent research design
14	Exam