

Syllabus for the PhD module „Readings in Empirical Accounting Research“

Faculty

Prof. Dr. Jürgen Ernstberger (ernstberger@tum.de)

Registration

Please write an e-mail to benedikt.downar@tum.de by October 15th, 2018 at the latest.

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

- know of state-of-the art accounting literature
- understand the methodological approaches to empirical archival accounting research
- know (and avoid!) common pitfalls of empirical archival research designs
- have a feeling for the most important aspects for publishing in top-journals in accounting
- be able to identifying interesting, important, and researchable topics in financial accounting
- be able to formulate testable hypotheses about research topics
- be able to empirically test hypotheses using valid, powerful, and otherwise well-chosen research designs
- be able to identify topics and settings for your own research/PhD projects

Course format

The course will consist of paper presentations by students and discussions of these papers. Lectures will be based on seminal as well as recent journal articles to teach state-of-the-art of empirical accounting research. Participants are expected to read the assigned materials before class and to prepare the assigned papers for presentation. Moreover, they should actively contribute actively to class discussions. Discussions are based on the following criteria:

- contribution to the literature
- contribution to practice
- research setting
- conceptual soundness
- methodological issues
- measurement issues

Skimming or reading review papers or other significant background papers which are closely related to the paper discussed is also desirable. The session leader's job is to shortly summarize the papers. A possible template for summarizing papers is the following:

- (1) What is the **research question**? Be concise; you usually should be able to do this in a few sentences.
- (2) Why is the research question **important**? Summarize each potential **contribution** of the paper in a sentence. Order the potential contributions in terms of their significance.
- (3) Describe the research question in more detail.
 - i. Theory. Tell the "**story**" that generates the authors' hypotheses. Be concise; you usually should be able to do this in a paragraph.
 - ii. Key **related literature**. Identify the three most relevant prior or contemporaneous papers to the study.
 - iii. Hypotheses. List the **hypotheses**. Did the authors phrase them in a way that allows for empirical test?
 - iv. What are the **primary theoretical constructs** involved in the theory/hypotheses?
- (4) Describe the **research design** methodology and empirical methods.
 - i. Identify the sample and primary data sources and discuss statistical conclusion and external validity issues.
 - ii. Identify the empirical constructs used to capture the theoretical constructs and discuss construct validity issues.

- iii. Empirical Analyses. Describe in detail how the authors empirically test each hypothesis. Identify the key research design decisions. Discuss statistical conclusion and internal validity issues.
- (5) Results. Describe the **findings** in the paper, both those that conform to the hypotheses and those that do not. Evaluate whether and how the results convincingly support the story.
- (6) Step back and summarize the contributions of the paper in a paragraph.
- (7) Identify at least one specific, researchable question related to the paper's contributions.

(Source: Stephen Ryan and Brooke Billings)

In addition, the session leader is expected to evaluate and/or pose questions regarding the critical aspects of the paper, which include:

- Research question (which is asked and which is successfully answered?)
- importance of the topic (relevant for literature and practitioners?)
- testability of the hypotheses (too broad or too narrow?)
- validity and power of the research design (appropriate setting, identifications of relationships, measures?)
- the interpretability of the empirical results (possible alternative interpretations?)
- Outlook to future research (interesting and testable questions suggested?)

Selected overview literature

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

Leuz, C., & Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of Accounting Research*, 54(2), 525-622.

Schedule

Every Tuesday from 4.30 p.m. till 6.00 p.m.

Sometimes other dates (will be provided in the course)

Kick-off: October 16th, 2018, **2.00 p.m.**

Location

TUM School of Management, 0505

Room 3546 (entrance opposite to Luisenstraße 57, 3rd floor)

Max. number of participants

The number of participants is limited to 20.

Content

Empirical research is an important methodology to examine real-world problems. It includes field studies, experimental studies as well as archival studies. This module focusses on archival studies which uses data which are available from databases or other sources. This data is used to test hypotheses which are developed based on existing theories. Topics include accounting choice, (voluntary) disclosure quality, earnings management, real effects of accounting, and governance-related accounting questions.

The first session provides an overview of important criteria for assessing the quality of empirical accounting research papers. In the following sessions, we discuss overview papers, seminal papers on specific topics or state-of-the-art papers. Students can make suggestions for suitable papers which are related to their dissertation topics. In a few sessions, we discuss current working papers which are presented in research seminars at TUM or LMU and we participate in these seminars to learn how to present and to discuss a paper.

Prerequisites

The course requires intermediate skills in statistics and econometrics as well as a solid background in financial accounting. Moreover, the participants should be somewhat familiar with the fundamental concepts of information economics (e.g. information

asymmetry, market efficiency), corporate governance (responsibilities of boards, auditors, audit committees, analysts) and the institutional framework of financial accounting (standard setters, addressees, intermediaries).

Reading List

The papers to read will be assigned in the course (one week in advance of each session).

Credits

The course is eligible for 3 ECTS.