Audit Analytics database

Due to a recently signed contract between CAR and Audit Analytics, faculty and students at the School of Business, Economics, and Social Sciences of the University of Graz have access to the Audit Analytics Europe Database. The data are used frequently in empirical research in Accounting and Auditing. The database contains information as regards audit fees, audit opinions, auditor changes, auditor engagements, critical audit matters, transparency reports, etc., furthermore, Audit Analytics frequently provides summaries and reports about certain topical areas based on these data. Login credentials are given individually by Audit Analytics. Persons interested in access to the database should contact Mrs. Elke Efferl at the Institute of Accounting and Auditing.

Defensio of Davi Simon

On July 22, 2020, Davi Souza Simon successfully defended his Doctoral thesis titled "Impairment Losses and Debt Characteristics: A Multi-country IFRS Study" at the Universidade do Vale do Rio Dos Sinos - Unisinos, advised by Professor Dr. Clea Beatriz Macagnan. CAR's Alfred Wagenhofer was part of the examination committee, alongside with Professor Rodrigo S. Verdi from the Sloan School of Management at MIT, and local professors Cristiano Machado Costa, Roberto Frota Decourt, and Daniel Francisco Vancin. Davi spent last year as a visiting scholar at CAR and participated in the DART program. Within this period, in addition to taking classes and attending research seminars, he complemented his literature review, developed the theoretical aspects, and did much of the empirical analyses for his doctoral thesis.

Davi's doctoral thesis investigates the association between debt characteristics and the probability of impairment recognition for firms that have been through economic shocks. With a broad sample of IFRS reporting stock-listed firms from 16 countries, likely economic shocks were identified through a combination of persistently high book-to-market ratios, low returns on assets, and low F-Scores. Results suggest that the probability of recognizing impairment losses increases when the firm has exchange-traded debt, and it also increases when leverage increases, even though in some specifications it increases at decreasing rates. Results also show that the ratio of short-term debt to total debt and the amount of net debt issued in the period do not have a consistently significant association with impairment recognition, even though theory predicts these variables should affect the probability of recognizing impairment losses. The thesis contributes to the impairment and conditional conservatism literature by showing that the difference in levels of asymmetry of information between the firm and its creditors influences the demand for conditional accounting conservatism.

"Viel hilft viel?" (Expert Focus)

CAR's Ralf Ewert has published the article „Viel hilft viel? – Kritische Anmerkungen zum Regulierungshype bei Wirtschaftsprüfung und Governance" in Issue 8/2020 of *Expert Focus*. The paper is based on his speech at the ACA-symposium in November 2019 at the University of St. Gallen (Switzerland) where Ewert was awarded the ACA-Prize in Financial Governance 2019. The paper shows "defining moments" of the recent trends in auditing regulation worldwide and critically discusses the implicit assumption that stricter rules and standards are always beneficial for accounting and/or audit quality.

DAR&DART Accounting Theory Seminars

On August 19, 2020, the third web seminar took place, which was jointly organized by the Doctoral Program in Accounting, Reporting, and Taxation (DART) and the Swiss Doctoral Program Network in Accounting Research (DAR). The guest speaker was Professor Paul Fischer from the University of Pennsylvania, who presented his new paper "A theory of rational investment screens." After the presentation, a thirty-minute lively discussion with DAR and DART doctoral students and post-docs took place. All DAR and DART doctoral students had the opportunity to ask questions and benefit from his expertise, experience, and advice. The next seminar on September 9, 2020 featured Professor Jeremy Bertomeu from the Washington University in St. Louis, who presented his paper „Disclosure and Investor Inattention". Another web seminar is scheduled for September 30, 2020. The guest speaker will be Professor Ilan Guttman from New York University.

Visiting Scholar in Zurich: Negin Attar

In June 2020, the DART program gave me the opportunity to spend a month as a visiting scholar at the University of Zürich, where Professor Robert Göx kindly agreed to serve as my academic advisor. Although most of the researchers were in home office due to the COVID-19 pandemic, Professor Göx provided me with a comfortable office space. I had exceptional opportunities to discuss my research with faculty members and other researchers weekly through online meetings. Additionally, I presented my recent research in one of the weekly meetings and received constructive feedback from the faculty members, other researchers, and Ph.D. students. Even though my visiting period was affected by COVID-19 such that the visit was shorter and face-to-face meetings were not possible, I had a very productive stay at the University of Zürich. I am very grateful to the academic staff at the University of Zürich, especially Professor Göx, and to the DART program for this experience, which was valuable for improving my research skills and expanding my international network.

"Deterrence of financial misreporting when public and private enforcement strategically interact" (JAE)

In this article, published in the August issue of the *Journal of Accounting and Economics* (JAE), CAR's Alfred Wagenhofer and Stefan Schantl (University of Melbourne and former DART student) study strategic interactions between public and private enforcement of accounting regulation and their consequences for the deterrence of financial misreporting. They develop an economic model with a manager, a public enforcement agency, and an investor and derive equilibrium strategies for manipulative effort, routine investigative effort, and costly private litigation. The main results of the model are that strengthening private enforcement unambiguously enhances deterrence, whereas strengthening public enforcement can exacerbate misreporting, due to a crowding out of private enforcement. They provide conditions under which the enforcer's investigation incentives first increase and then decrease in the strength of private enforcement, public and private enforcement are strategic substitutes, the number of enforcement actions is misleading about public enforcement effectiveness, and strengthening private enforcement decreases litigation risk. Lastly, the model discusses empirical implications.