



**UNI  
GRAZ**

# Center for Accounting Research

## Newsletter March 2013

### CAR Research Seminars

In the Winter semester 2012/2013, CAR hosted three seminars held by faculty members and by international scholars. Thomas Loy from the University of Bielefeld presented a paper, jointly written with Ronny Hoffmann from the University of Western Australia, on the association between accounting numbers and bond returns around the financial crises. Harm Schütt from the University of California at Berkeley presented a paper on the ability of analysts to understand the valuation consequences of investment intensity. Clemens Löffler from the University of Vienna presented a paper, coauthored by Michael Kopel from the Institute of Organization and Economics and by Thomas Pfeiffer from the University of Vienna, on the outsourcing strategies of a multi-product retailer.

### Future Directions of Accounting Research

CAR's Alfred Wagenhofer moderated the opening plenary symposium at the conference "Accounting Research: Diversity Within Unity", organized jointly by the Accounting Section of VHB and the International Association for Accounting Education and Research at the University of Frankfurt in February 2013. The objective of the symposium was to discuss future directions of accounting research. The panelists were Katherine Schipper (Duke University), Christian Leuz (University of Chicago) and Geoffrey Whittington (University of Cambridge). Each of the panelists presented his or her view about the achievements of accounting research, future relevant research issues, and research methodologies.

### Seminar on Real Estate Taxation

In February, the Institute of Accounting and Taxation (led by CAR's Rainer Niemann) organized a seminar – devoted to both academics and practitioners – on Austrian real estate taxation. The seminar was jointly organized with the Institute of Tax Law and the Styrian Chamber of Tax Advi-

sors and Auditors. In the seminar, CAR's Martina Rechbauer and Christine Schultersmandl gave insights into the Austrian real estate taxation for both domestic and foreign companies and Rainer Niemann critically discussed its effects on economic activity.

### Capital Market Consequences of Earnings Quality

Despite the wide body of empirical research on earnings quality, there

**FWF**

Der Wissenschaftsfonds.

is no consensus regarding the interpretation of the information conveyed by the quality measures; thus, there is little guidance on what measure is appropriate to address specific research questions. A stand-alone project financed by the Austrian Science Fund (FWF) at CAR aims at contributing to this debate by examining the capital market consequences of a set of commonly used earnings quality measures. Firstly, the project will concentrate on how the stock and the bond market value earnings quality; secondly, it will focus on the process through which the information in the earnings quality measures is incorporated into prices. CAR's Alfred Wagenhofer is the project leader and CAR's Pietro Perotti is the principal investigator as of March 2013.

### DART Applications

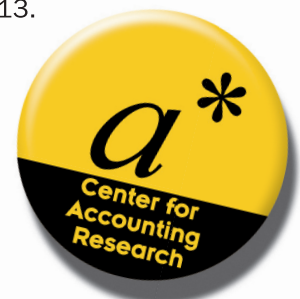
DART has started the application period for its



fourth academic year. Admitted students will be granted a scholarship, financed by the Austrian Science Fund (FWF). DART is designed for an international audience and all the courses are taught in English. Applications for 2013/2014 are invited by April 11, 2013.

For further information visit the website of the Doctoral Program:

[www.dart.ac.at](http://www.dart.ac.at).



## DART Workshop with the University of Mannheim



In January, CAR hosted a joint two-day workshop for PhD students from the University of Graz's Doctoral Program in Accounting, Reporting and Taxation (DART) and from the University of Mannheim's Graduate School of Economics and Social Sciences. This doctoral workshop was organized and moderated by CAR's Rainer Niemann. At his side, University of Mannheim's Prof. Dirk Simons (picture), Christian Riegler from the Vienna University of Economics and Business as well as Ralf Ewert, Michael Kopel and Alfred Wagenhofer from CAR were taking part. In the two days, the PhD candidates and young faculty presented their dissertation projects and research papers, respectively. Moreover, the discussions after each presentation created a conference-like atmosphere and allowed for in-depth analyses of interesting research topics.

## CAR Papers in Recent Workshops and Conferences

Yanmin Gao from the City University of Hong Kong and CAR's Alfred Wagenhofer, in a recent working paper, study the efficiency of the board in monitoring management and its interaction with conservative accounting. Gao and Wagenhofer develop a two-period model, where the board of directors decides to retain or remove the incumbent manager and to monitor the manager. The main result is that if board monitoring is relatively effective, the optimal accounting system generally is conservative. In January, Wagenhofer presented the paper at the Annual Meeting of the Management Accounting Section of the American Accounting Association in New Orleans (Louisiana). He also presented the paper at invited workshops at Rice University (Houston, Texas) and at the University of Tübingen.

A paper by CAR's Pietro Perotti and David Win-

disch from the Institute of Accounting and Controlling examines the relation between managerial discretion in accruals and informational efficiency. Perotti and Windisch find that the magnitude of discretionary accruals is negatively associated with the deviation of the stock price from a random walk pattern. The findings are consistent with the view that managerial discretion in accruals is informative for market participants. In January, Perotti presented the paper at the SoWi Research Seminar at the University of Graz, at invited workshops at Bocconi University (Milan) and at the University of North Carolina at Chapel Hill, and at the Midyear Meeting of the International Section of the American Accounting Association in Savannah (Georgia). In Savannah, he also acted as discussant for a paper on the optimal design of an enforcement system.

### To know more:

Gao, Y., Wagenhofer, A. (2013). Accounting Conservatism and Board Efficiency. Available in the SSRN library.

Perotti, P., Windisch, D. (2013). Managerial Discretion in Accruals and Informational Efficiency. Available in the SSRN library.

## Corporate Governance in Austria

CAR's Alfred Wagenhofer wrote a chapter in the book "Corporate Governance in Österreich", recently published by BankVerlag. The chapter deals with the efficiency of corporate governance regulation. Wagenhofer describes the role of corporate governance in reducing agency costs. He then discusses the advantages and the disadvantages of corporate governance regulation. The chapter also compares different categories of corporate governance rules and evaluates the Austrian corporate governance regulation. Wagenhofer concludes by talking about the differences between a principle-based vs. a rule-based corporate governance framework.

### To know more:

Wagenhofer, Alfred: Wie viel Regulierung der Corporate Governance ist effizient?, in: Schenz, Richard/Eberhartinger, Michael (Hrsg.): Corporate Governance in Österreich, BankVerlag: Wien 2012, pp. 70-98.

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