A recent paper by Georg Schneider, Nicole Bastian Johnson (University of Oregon), and Thomas Pfeiffer (University of Vienna) has been published in the Review of Accounting Studies (RASt). In the paper, the authors study two-stage, multi-division budgeting mechanisms that allocate scarce resources among divisions using capital charge rates. Each divisional manager observes private sequential project information and competes for scarce resources over two stages. If the firm faces a resource constraint at only the second stage, a less severe constraint can imply more first-stage project initiation, which can lead to higher second-stage capital charge rates. If resources are constrained at both stages, a decrease in the severity of the constraint at just one stage decreases the capital charge rate at that stage but increases it at the other stage because each constraint affects the intensity of competition at both stages. This result holds regardless of whether the scarce resources are fungible or non-fungible across stages.

The paper written by David Windisch and former CAR member Pietro Perotti (University of Bath) has recently been published in the Journal of Business Finance & Accounting (JBFA). In this paper, the authors examine the relation between managerial discretion in accruals and informational efficiency. They find that informational efficiency, measured by the price deviation from a random walk pattern using stock return variance ratios, increases in the extent to which managers exercise discretion over accruals. The results are consistent with the view that discretionary accruals, on average, convey useful information to investors and facilitate the price convergence to its fundamental value. The findings are robust to a battery of tests, including tests to validate both the measures of informational efficiency and the measure of managerial discretion in accruals.

Harald Hinterecker and Reinhard Schrank have been invited to participate in the highly selective EAA Doctoral Colloquium in Parador de El Saler near Valencia, Spain. Every year, young scholars from all over Europe gather to discuss their research with top international scholars during this four-day event. The Doctoral Colloquium has a reputation for being a memorable experience and a great opportunity for young researchers to establish international contacts. Reinhard Schrank and Harald Hinterecker seized this opportunity to present their current working papers and to draw attention of the international faculty members, who extended invitations to visit their U.S. universities during the next academic year. Reinhard Schrank is going to visit the University of North Carolina at Chapel Hill and Harald Hinterecker is going to visit Emory University in Atlanta, Georgia. In addition, Harald Hinterecker was selected to represent the EAA at the Doctoral Consortium of the American Accounting Association this year at Deloitte University in Dallas, Texas.

In March, Alfred Wagenhofer was selected as a member of EFRAG’s newly founded Academic Panel. The pan-European panel’s aim is to foster EFRAG’s relationship with the academic financial reporting community in order to ensure that solutions to financial reporting issues are developed on a firm foundation of evidence. With many of the IASB projects still in the early stages of standard setting, and EFRAG having its own portfolio of research projects, the new panel should provide support to EFRAG and further strengthen the European voice in the international financial reporting debate.
A large group of CAR and DART scholars presented their current work at this year’s Annual Congress of the European Accounting Association (EAA) in Valencia, Spain, where Ralf Ewert served as Chair of the Scientific Committee. Alfred Wagenhofer was one of three panelists at the “Accounting and Business Research Special Issue Symposium” on the role of accounting information in debt markets, sharing his thoughts on the topic from a theoretical perspective.

Peter Krenn presented his current working paper “Corporate Tax Managers and the Interplay between Tax Avoidance and Tax Compliance”, which uses a multi-task LEN model to address the question of how corporate tax avoidance and the implementation of a tax compliance management system are interrelated. The paper was discussed by Johannes Vogel (University of Mannheim).

David Windisch presented a joint paper with Matthias Breuer (University of Chicago) titled “Dynamic Investment and Earnings-Return Properties: A Structural Approach”, which was discussed by Holger Daske (University of Mannheim). In their paper, they propose the standard neoclassical model of investment with short-run adjustment frictions as a benchmark for economic earnings-return patterns absent accounting influences.

Harald Hinterrecker presented his paper “Disclosure of Non-Financial Information and Green R&D Expenditures”. In this paper, he analyzes the ex-ante incentive of a manufacturer to disclose firm-specific demand information such as environmental or social performance.

Rainer Niemann presented the paper “Does Capital Tax Uncertainty Delay Irreversible Risky Investment?”, co-authored with Caren Sureth (University of Paderborn), in which they study the investment-timing effects of stochastic capital taxes in a real options setting with risky investment opportunities. Elisabeth Plietzsch presented her paper “The Auditor’s Reputation and its Effect on Audit Quality and Audit Premia”, which was jointly written with former DART student Sebastian Kronenberger (University of Hannover). In this paper, they examine the effects of audit reputation on parameters of

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