

Ralf Ewert receives eminent award for his research



CAR's Ralf Ewert received the "ACA-Prize in Financial Governance 2019" from the University of St. Gallen. The Prize is among the highest endowed awards in the German-speaking area and is awarded for extraordinary accomplishments in academic research in the areas of Accounting, Control, Corporate Finance and Auditing. The prize was awarded to him on November 28th, 2019, during the annual symposium of the Institute for Accounting, Control and Auditing (ACA) of the University of St. Gallen for his "fundamental and policy-relevant research on regulation in Auditing".

Ewert's research basically covers many areas in Accounting and Auditing. The main focus is on asymmetric information in Auditing and its implications for the design of proper regulations to foster the quality of Financial Accounting and Auditing. The most direct impact of his work on regulation in Auditing is documented by the "Study on the Economic Impact of Auditors' Liability Regimes (2006)", which was conducted jointly with London Economics and commissioned by the European Union related to article 31 of the EU-Directive 2006/43/EC on Auditing. The aim of this study was to comprehensively examine the rules for auditors' liability for statutory audits in the EU member states, to analyze the insurance conditions and to come up with proposals for designing a degree of auditor liability taking into account the impact on both audit quality and the audit market. The study concluded that auditor liability should be limited and suggested several ways how this could be implemented. The EU eventually followed this conclusion by publishing two recommendations in

2008, one recommending the limitation of auditors' liability for statutory audits and the second recommending a system of independent inspections to assure audit quality.

Ewert published numerous papers (single- and co-authored) in leading international journals, two monographs and two textbooks (jointly with CAR's Alfred Wagenhofer). In 2001, he was awarded the "Financial Innovation Prize of the Bethmann Bank" for his paper "Determinants of Bank Lending Performance in Germany" (jointly with Gerald Schenk and Andrea Szczesny). Since 2007, he is co-founder and co-editor-in-chief of "Review of Managerial Science", an international journal related to General Management and Business Administration. He has fulfilled various tasks in academic leadership, amongst others as chair of the Standing Scientific Committee of the European Accounting Association from 2016-2019.

"Vertical Boundaries and Endogenous Intensity of Social Comparison" (JITE)



In this paper, CAR's Michael Kopel and Anna Ressi study how interfirm social comparison can alter the choice of two competing manufacturers between vertical integration and vertical separation if retailers are status-concerned. Status is determined by the difference in retailers' market

shares. In line with empirical evidence, the intensity of social comparison (i) depends on the distance between retail outlets, and (ii) can be influenced by the manufacturers by adjusting their outlets' locations. In contrast to the commonly studied case of a distance-independent intensity of status concern, they show that social comparison with a distance-dependent intensity of status concern might predict different vertical boundaries of the firms.

19th GEABA Conference in Vallendar

The 19th GEABA Conference took place at the WHU – Otto Beisheim School of Management in Vallendar



(Germany) on September 19-20, 2019. CAR's Ralf Ewert and Alfred Wagenhofer were invited speakers of the plenary session on the importance of microeconomic methods in management research. Furthermore, four DART-Students participated at the conference this year. Their working papers covered the topics of mandatory audit firm rotation, corporate governance, and PCAOB regulation. Elisabeth Plietzsch presented her working paper with the title "The role of client concentration on the effects of mandatory audit firm rotation." The second working paper by Sandra Hinteregger (coauthored with Robert Eder) was entitled "Board of directors' project acceptance decision and its reliance on outside experts." Negin Attar presented the third working paper with the title "The role of the audit portfolio in the optimal setting of standards and enforcement." Moreover, CAR members Ewert, Michael Kopel and Wagenhofer, as well as DART student Eva Putz participated as discussants at the GEABA Conference. The GEABA conference was very well organized and provided novel insights into the theme and ideas for future research.

Participation in DAR Courses

In the mid of October, DART's Swiss partner network, DAR, organized a three-day-lasting seminar on "Empirical Research in Financial Accounting: Market-Based Research in International Accounting" at the University of Zurich. Several DART students had the opportunity to participate in the seminar held by Luzi Hail (Wharton School, University of Pennsylvania). The class format was a mixture of lectures and discussions based on paper presentations held by the course participants. The focus was primarily on contribution and research design issues of the selected papers. The course topics covered identification in empirical research, the impact of institutional factors on accounting outcomes, voluntary and mandatory adoption of IFRS, the role of enforcement, and

securities regulation. Further, Hail put a strong emphasis on appreciating the role of theory in applied work. Moreover, he provided first-hand insights into the development and review process of several of his papers.

Shortly after, Thomas Hemmer (Jones Graduate School of Business, Rice University) gave a course in "Analytical Research in Managerial Accounting: Agency Models in Accounting." DART students Negin Attar and Felix Niggemann were fortunate to participate in the course and benefited greatly from Hemmer's expertise. The course laid out general agency-model structures from the field of economics and their applications in theoretical accounting research.

IASB&EFRAG@AFRAC



On December 06, 2019, several DART students participated in the annual event organized by AFRAC – IASB & EFRAG @ AFRAC 2019. The event provided an opportunity to discuss recent accounting developments. As in previous years, CAR's Alfred Wagenhofer, chairman of AFRAC's International Financial Reporting working group, chaired the event. This year's opening session speakers were Ann Tarca (IASB member) and Jean-Paul Gauzes (Board President of EFRAG). The event was organized around two discussion topics. Ann Tarca talked about Primary Financial Statements and IASB's latest technical update. Saskia Slomp (CEO of EFRAG) and Chiara Del Prete (chair of EFRAG-TEG) discussed EFRAG's contribution to sustainable finance.

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