

PhD in Economics and Management
- Empirical Tools in Accounting & Finance -
[Syllabus 2024]

Instructor: Prof. Michele Fabrizi

COURSE OBJECTIVES & LEARNING OUTCOMES

The objective of this course is to introduce students to the execution of empirical archival research in accounting and finance. The course has a very strong operative focus and - by using the software STATA – participants will learn how to carry out a rigorous empirical analysis starting from the raw data until the final results. The course will combine applicative sessions to theory sessions in which specific accounting/finance topics and the connected empirical challenges are investigated.

Upon completion of this unit, students should be able to:

1. Start from a database containing raw data and conduct an empirical analysis to test an hypothesis
2. Identify strengths and weaknesses of an empirical study published in an accounting/finance journal
3. Evaluate different techniques to test an hypothesis and identifying the methodology more suited in a specific research setting

SCHEDULING, TIMETABLE AND VENUES:

Classes will comprise 7 sessions, included the project discussion as scheduled below.

Students must attend class with their own laptop and they must have a working access to STATA (not needed the first day of class). Information on how to get access to STATA using the virtual machine can be obtained by sending an email to informatica.economia@unipd.it

Date	Time	Class	Topic / Activity	Readings	Background Readings
April 5th	9.30-12.30	#1	Introduction. Anatomy of an Empirical Study.	Bloomfield, Nelson & Soltes (2016 JAR); Chow and Harrison (2002, JAccEdu)	Frankel et al. (2002, TAR); Kinney & Libby (2002, TAR); Baum (2009)
April 11th	15.30-18.30	#2	Empirical Lab (I): Data management	Introductory Guide to Using Stata in Empirical Financial Accounting Research by David Veenman	
May 2nd	9.30-12.30	#3	Empirical Lab (II): Model and variables		
May 9th	9.30-12.30	#4	IFRS Adoption: Theory and Application	Daske et al. (2008), Cohen et al. (2008, TAR)	Leuz & Wysocki (2016, JAR, Only Intro and section 5); Daske; Hail, Leuz & Verdi (2012, JAR, Only Intro)
May 23rd	9.30-12.30	#5	Earnings Management: Theory and Applications	Leuz Nanda & Wysocky (2003, JoFE); Brown and Caylor (2005, TAR)	Dechow, Sloan and & Sweeney (1995, TAR)
May 24th	9.30-12.30	#6	Analysts: Theory and Applications	Brown (2001, JAR); Simpson (2010, CAR)	Ramnath, Rock & Shane (2008, IJFo)



May 30th	9.30-12.30	#7	Plenary discussion of the replication project
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- Assigned to **GRETA**
- Assigned to **MELIKE**
- ASSIGNED TO **SINA**
- ASSIGNED TO **IRFAN**
- ASSIGNED TO **MARIA RITA**
- ASSIGNED TO **EVERYONE**

All students are expected to study the reading material **before** class and be ready to discuss it.

EXAMINATION METHOD & ASSESSMENT CRITERIA

Evaluation will be made on the basis of three components:

- SEMINAR PRESENTATION: 30% => SEE PAPER ASSIGNED ABOVE
- IN-CLASS PARTICIPATION: 20%
- REPLICATION PROJECT AND DISCUSSION: 50%

The replication project is an individual piece of assessment aiming at testing your ability to:

- use a statistical software such as STATA, in order to
- perform a replication of a previously published study.

You will be provided with the databases needed to replicate the following paper:

- Cheng, S. (2004). R&D Expenditures and CEO Compensation, *The Accounting Review*, 79 (2), 305-328.

Using the software STATA and the data provided by the instructor, each student is required to individually replicate Table 1, Table 2, and Table 3 (Panel A) in Cheng (2004). More details on the projects will be given in class. Please notice that students can consult with each other on the main issues faced during the replication study, but the execution of the project must be carried out **individually**. The project will be discussed in class during the last session.

OFFICE HOURS & STUDENT CONSULTATION

Any time by appointment via email to michele.fabrizi@unipd.it

REFERENCE LIST

- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008). Mandatory IFRS reporting around the world: Early evidence on the economic consequences. *Journal of accounting research*, 46(5), 1085-1142.
- Cohen, D. A., Dey, A., & Lys, T. Z. (2008). Real and accrual-based earnings management in the pre-and post-Sarbanes-Oxley periods. *The accounting review*, 83(3), 757-787.



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- Leuz, C., Nanda, D., & Wysocki, P. D. (2003). Earnings management and investor protection: an international comparison. *Journal of financial economics*, 69(3), 505-527.
 - Brown, L. D., & Caylor, M. L. (2005). A temporal analysis of quarterly earnings thresholds: Propensities and valuation consequences. *The Accounting Review*, 80(2), 423-440.
 - Brown, L. D. (2001). A temporal analysis of earnings surprises: Profits versus losses. *Journal of accounting research*, 39(2), 221-241.
 - Simpson, A. V. (2010). Analysts' use of non-financial information disclosures. *Contemporary accounting research*, 27(1).