



Spring Term 2023 (FS 2023)

**Doctoral Seminar
“Empirical Research in Financial Accounting:
A Path to Credible Inferences”**

Course schedule and reading list

1) Session schedule

| Session | Day | Time | Location |
|------------------|-----------------------|---------------|---------------------------|
| 1 | Monday, 26.06.2023 | 10:30 – 12:00 | KOL-G-212 |
| 2 | Monday, 26.06.2023 | 13:30 – 15:00 | KOL-G-212 |
| 3 | Monday, 26.06.2023 | 15:30 – 17:00 | KOL-G-212 |
| 4 | Tuesday, 27.06.2023 | 10:30 – 12:00 | RAI-F-041 |
| 5 | Tuesday, 27.06.2023 | 13:30 – 15:00 | RAI-F-041 |
| Research Seminar | Tuesday, 27.06.2023 | 16:15 – 17:45 | RAI-F-041 |
| 6 | Wednesday, 28.06.2023 | 10:30 – 12:00 | KOL-G-212 |
| 7 | Wednesday, 28.06.2023 | 13:30 – 15:00 | KOL-G-212 |
| 8 | Wednesday, 28.06.2023 | 15:30 – 17:00 | KOL-G-212 |

On Tuesday, 27.06.2023, 16:15-17:45 Prof. Taylor will present his latest research paper in the Department’s Research Seminar in Accounting, Auditing & Governance (AAG). The seminar talk is considered as a part of the doctoral seminar. See: <https://www.business.uzh.ch/de/research/professorships/managerialaccounting/lehre/aag.html>

2) Seminar content (Prof. Daniel Taylor)

A popular refrain common in empirical accounting research, and much of applied microeconomics, is that the application of state-of-the-art econometric methods provides a sort of “credibility revolution.” However, econometric methods are not sufficient to draw credible inferences. One also needs theory and an appropriate empirical setting. These are two main ingredients to drawing credible inferences that you will not see discussed in econometric texts. These topics are often field specific, and shape how one approaches empirical work. I have written up my philosophical approach to empirical work that discusses these issues within the context of accounting research:

- C. Armstrong; J. Kepler, D. Samuels; D. Taylor. 2022. Causality Redux: The Evolution of Empirical Methods in Accounting Research. *Journal of Accounting and Economics*
[Referred to as **AKST**]
- J. Bertomeu; A. Beyer, D. Taylor. 2016. From Casual to Causal Inference in Accounting Research: The Need for Theoretical Foundations. *Foundations and Trends in Accounting*.





You can replicate 99% of my current thinking by reading and understanding these survey papers. It was compiled from my PhD lecture notes I use at Wharton, and guest PhD seminars at Stanford and Northwestern.

Below is a schedule of topics I will cover over 8, 90-minute seminars. I have organized the seminars in pairs, and assigned one homework assignment per pair. Each assignment is out of 100 points. Grade for the seminar will be 80% assignments (equal-weighted) and 20% participation.

ASSIGNMENTS SHOULD BE COMPLETED PRIOR TO CLASS

Sessions 1 + 2. OLS. Correlated Omitteds. Difference-in-Differences.

Read AKST—Section 3 and 4.2. Review Assignment #1.

The below papers will only be discussed in the context of the homework assignment

- W. Guay; D. Samuels; D. Taylor; 2016. Guiding through the fog: Financial statement complexity and voluntary disclosure. *Journal of Accounting and Economics*. **Section 3.3**
- D. Samuels; D. Taylor; R. Verrecchia; 2019. The Economics of Public Scrutiny and Financial Misreporting. *Journal of Accounting and Economics*. **Section 5.5**
- A. Jagolinzer; D. Larcker; G. Ormazabal; D. Taylor, 2020. Political Connections and the Informativeness of Insider Trades. *Journal of Finance*. **SKIM**
- D. Larcker; G. Ormazabal; D. Taylor, 2010. The Market Reaction to Corporate Governance Regulation. *Journal of Financial Economics*. **SKIM**
- M. Barth; W. Landsman; D. Taylor, 2017. The JOBS Act and Information Uncertainty in IPO Firms. *The Accounting Review*. **SKIM**

Session 3 + 4. Thinking Carefully About Exogenous Shocks I

Read AKST—Section 3.3 and 4.1. Review Assignment #2.

Causal diagrams

- C. Armstrong; J. Core; W. Guay; 2013. Do Independent Directors Cause Improvement in Firm Transparency? *Journal of Financial Economics*. **SKIM**
- D. Acemoglu; S. Johnson; J. Robinson; 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review*. **SKIM**
- T. Andersen; J. Bentzen, C. Dalgaard; P. Selaya; 2012. Lightning, IT Diffusion, and Economic Growth Across US States. *Review of Economic Studies*. **SKIM**
- E. Miguel; S. Satyanath; E. Sergenti; 2004. Economic shocks and civil conflict an instrument variables approach. *Journal of Political Economy*. **SKIM**



M. Bruckner; A. Ciccone; 2011. Rain and the Democratic Window of Opportunity. *Econometrica*. **SKIM**

Session 5 + 6. Thinking Carefully About Exogenous Shocks II

Read B. Kelly; A. Ljungqvist; 2012. Testing Asymmetric-Information Asset Pricing Models. *Review of Financial Studies*.

Review Assignment #3.

Background:

F. Derrien; A. Kecskes; 2013. The real effects of financial shocks: Evidence from exogenous changes in analyst coverage. *Journal of Finance*. Intro only

R. Irani; D. Oesch; 2013. Monitoring and corporate disclosure: Evidence from a natural experiment. *Journal of Financial Economics*. Intro only

K. Balakrishnan; M. Billings; B. Kelly; A. Ljungqvist; 2014. Shaping liquidity: On the causal effects of voluntary disclosure. *Journal of Finance*. Intro only

Session 7 + 8. False Positives: Measurement Error + Fixed Effects

Read AKST—Section 4.3 and Review Assignment #4.

J. Jennings, J. Kim, J. Lee, and D. Taylor. 2023. Measurement Error, Fixed Effects, and False Positives in Accounting Research. *Review of Accounting Studies*.

D. Donelson, L. Kettell, J. McInnis, S. Toynebee. 2021. The Need to Validate Exogenous Shocks. *Journal of Accounting and Economics*