CURRENT TOPICS IN ACCOUNTING

UNIT 1: FINANCIAL ACCOUNTING
Javier Gomez Biscarri
javier.gomez@upf.edu

UNIT 2: MANAGEMENT ACCOUNTING
Mircea Epure
mircea.epure@upf.edu

This version: January 2014

Objectives
The aim of this course is to:
(a) provide students with the understanding of current topics of interest in financial and managerial accounting, and their implications for research, and
(b) help students to select relevant research questions and develop a research proposal on financial or managerial accounting topics.

This course is grounded in conceptual frameworks frequently used in management, finance and economics, and employs the mainstream methodological tools for empirical research. It thus provides foundations for the modeling and analysis of managerial behavior in accounting (reporting) and the factors that determine the effectiveness of management accounting systems. By reviewing a selection of the existing literature, students are endowed with the knowledge and capabilities to conduct empirical research in a wide variety of accounting fields. Specifically, students will be guided to critically assess research papers, a process aimed at identifying research questions of current interest jointly with the appropriate methods for exploring them.

Course Format
The course is participative, with students expected to prepare assigned papers in advance of each session. Each class, one (or more) student(s) will be assigned to present specific readings and critically assess them. The presenting student(s) should also engage all other students—who are expected to read the papers prior to each session—in debates on the treated topics. Class sessions are thus more similar to seminars than to traditional lectures. Depending on the topic, the professor(s) will give lectures that help introduce the main concepts and summarize the relevant issues for discussion.

Evaluation criteria
Presentations and class participation 50%
Referee report on assigned paper 25%
Research proposal 25%

Resources
Each topic introduces some compulsory readings (See the “Reading list by Topics” section.) In addition to those, instructors may choose to provide students with lecture notes and could send—before the start of the course—literature review or methodological papers that serve as preparation for the core topics. These papers should also be considered required material.
COURSE OUTLINE

UNIT 1 (weeks 1-5): FINANCIAL ACCOUNTING

1. Introduction to the Empirical Analysis of Financial Information
2. Stock prices, returns and earnings
3. Accounting-based market anomalies
   - Post-Earnings-Announcement Drift
   - Accrual anomaly
4. Accounting-Based valuation
5. Value relevance studies
6. Earnings forecasts: Analysts and Managers’ Forecasts
7. Earnings Management (I): Accrual Based Earnings Management
   - Income Smoothing
   - Earnings Thresholds
8. Earnings Management (II)
   - Real Activity-based Earnings Management
   - Management Incentives and Earnings Management
9. International issues
10. Financial accounting in the banking sector
11. Common methodological issues in empirical research in financial accounting

UNIT 2 (weeks 6-10): MANAGEMENT ACCOUNTING

1. Introduction: Some Reviews and Background Materials
2. Divisionalization and Control Systems in Organizations
   - Economic Determinants of Control Systems
   - Behavioral/Organizational Determinants of Control Systems
3. Alternative Research Methods of Performance Measurement
   - Field Research
   - Archival and Survey Research
4. Management Accounting in Financial Services
5. Target Setting and Performance Evaluation
   - Motivation and Control via Target Setting
   - Performance Tests
6. Managerial Decision Making and Information Disclosure
   - Influence of Top Management on Disclosure
   - Corporate Governance and Disclosure
7. Managerial Decision Making and Corporate Social Responsibility
8. Frontier Benchmarking Approaches in Accounting Studies
Reading list by Topics

UNIT 1: FINANCIAL ACCOUNTING

Each of the following numbered items corresponds to one meeting of the class: expect us to meet twice a week for two hours (each meeting) during this unit. Except for the two sessions (1 and 10) where the professor will take up most of the time with a review lecture, the sessions will start with a discussion of a main paper led by one of the participants. The rest of the papers will then be discussed in group. The session will usually finish with a short lecture by the professor introducing the topic of the following session.

1. Introduction to the Empirical Analysis of Financial Information (this session will be mostly lecture-based)


2. Stock prices, returns and earnings


3. Accounting-based market anomalies


Post-Earnings-Announcement Drift

Accrual anomaly
4. Accounting-Based valuation


5. Value relevance studies


6. Earnings forecasts: Analysts and Managers’ Forecasts

Manager's Expectations about earnings

7. Earnings Management (I)


**Income Smoothing**

**Earnings Thresholds**

8. **Earnings Management (II)**

**Real Activity-based Earnings Management**

**Management Incentives and EM**

9. **International issues**

10. **Financial accounting in the banking sector**

11. **Common methodological issues in empirical research in financial accounting (this session will be mostly lecture-based)**


UNIT 2: MANAGEMENT ACCOUNTING

This unit consists of eight topics corresponding to the entries below. The first topic will be treated as an introductory discussion mediated by the professor and in which all students will participate equally. For all other topics, students will be assigned to present specific readings (one reading per student) and critically assess them. The presenting students will have to engage all other students—who are expected to read the papers into detail prior to each session—in debates on the treated topics.

1. Introduction: Some Reviews and Background Materials

Literature reviews


Some related background readings on the next topic: Divisionalization


2. Divisionalization and Control Systems in Organizations


3. Alternative Research Methods of Performance Measurement


4. Management Accounting in Financial Services


5. Target Setting and Performance Evaluation


6. Managerial Decision Making and Information Disclosure


7. **Managerial Decision Making and Corporate Social Responsibility**


8. **Frontier Benchmarking Approaches in Accounting Studies**


