

Graduate Program in Accounting Research

Strategic Disclosure of Accounting Information

Instructor: Professor Andreas Scholze, Universität Osnabrück

Organisatorisches

Die Veranstaltung findet am **15. März 2016 von 11.00–17.30 Uhr** sowie am **16. März 2016 von 9.30–17.00 Uhr** an der Universität Osnabrück statt. Veranstaltungsort ist der **Raum 29/E13** in der Rolandstr. 8. Für den 15. März ist ein gemeinsames Abendessen geplant.

Für einen Lageplan der Universität Osnabrück sowie Informationen zu Busverbindungen vom Hauptbahnhof zum Veranstaltungsort gehen Sie bitte auf internationalaccounting.uos.de und klicken Sie links auf "Kontakt".

Bitte melden Sie sich bis zum **31. Januar 2016** bei mir per E-Mail (ascholze@uni-osnabrueck.de) an. Vermerken Sie bei Ihrer Anmeldung bitte auch, ob Sie am Abendessen teilnehmen wollen. Sollten Sie weitere inhaltliche oder organisatorische Fragen haben (z.B. zu Übernachtungsmöglichkeiten), so können Sie sich ebenfalls gern an mich wenden.

Prüfungsleistung

Sie erhalten nach Ablauf der Veranstaltung eine Klausur mit einigen Aufgaben, die Sie zuhause zu bearbeiten haben. Senden Sie mir die Lösungen bitte per E-Mail bis zum 31. März 2016. Ich möchte Sie ermuntern, die Aufgaben gemeinsam in einer

Gruppe zu lösen. Bitte notieren Sie dann auf nur einem Lösungszettel sämtliche Gruppenmitglieder (E-Mailadressen und Namen); anderenfalls geben Sie auf der ersten Seite nur Ihren Namen an.

Vorlesungssprache

Die Vorlesungssprache ist Deutsch.

Overview

The well known paper on the market for “lemons” by *Akerlof* (1970) implies that in an asymmetric information environment in which an informed sender cannot credibly communicate any of its information to an uninformed receiver, an adverse selection problem results in which the market collapses. Hence, for capital markets to exist, informed market participants or firms must be able to, at least partially, communicate their information to uninformed investors.

This course is designed for PhD students in accounting and related areas who would like to extend and deepen their knowledge on the strategic mandatory and voluntary disclosure literature. The focus is on the decision-facilitating role of accounting information, with emphasis on the impact of private information on the equilibria and investor welfare in capital and product markets. We will study classic papers, which provide an analytical foundation upon which a large part of subsequent work in accounting has been conducted.

We assume the firm’s manager may have private information relative to the market participants. We consider a number of models that examine the manager’s incentives to reveal their information to others, particularly to investors in the capital market or competitors in the firm’s product market. Within this area of literature, we discuss three types of models. In the first part, the firm can misreport the information but only at some cost (e.g. earnings management). In the second part, the firm’s report is restricted to be truthful through verified reports (e.g. audited accounting statements) although the firm may withhold information. In the third part, the firm is free to issue vague or even misleading information through unverified reports (e.g. earnings forecasts).

Preliminary Reading

In preparing for the course, please do *not* print out all the papers of the References. Instead, I would be glad if you read *Wagenhofer* (1990), p. 18–84; *Stocken* (2012), p. 198–211 and 226–235 and *Ewert and Wagenhofer* (2011), p. 73–114.

Course Outline

I *Earnings Management*

1. The Basic Rational Expectations Model
2. Uncertainty about the Manager's Price Sensitivity
3. Accounting and Real Earnings Management

II *Voluntary Disclosure*

1. Costless Information Acquisition and Full Revelation
2. Costly Information Acquisition and Incomplete Revelation
3. Exogenous Disclosure Costs and Incomplete Revelation
4. Endogenous Disclosure Costs and Full Revelation

III *Cheap Talk*

Literatur

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Christensen, Peter O. and Feltham, Gerald A. (2003) *Economics of Accounting* Volume I: Information in Markets, Kluwer, Dordrecht.

Crawford, Vincent P. and Sobel, Joel (1982) "Strategic Information Transmission", *Econometrica*, 50 (6), 1431–1451.

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