

Accounting Research Workshop (ARW) – winter 2025/2026

Speaker: Ulrich Schäfer, Assistant Professor of Business Administration
University: University of Vienna
Date: November 11, 2025
Topic: *“Real Effects of Measuring Fair Values”*

Ulrich Schäfer’s presentation at the Accounting Research Workshop explored the implications of fair value measurement for assets without readily observable market prices, focusing on how varying degrees of measurement subjectivity shape firms’ investment efficiency and shareholder value.

Drawing on theoretical insights from the fair value accounting literature, Schäfer examined how objectivity and subjectivity in valuation affect the allocation of capital across projects. When fair values reflect objective market information, they promote efficient investment decisions that align with shareholder interests. In contrast, reliance on subjective valuation inputs can distort incentives, leading to underinvestment in long-term projects and, under certain conditions, overinvestment in short-term ones with more readily verifiable fair values.

The study’s findings highlight a nuanced trade-off: while high subjectivity in fair value estimates can impair investment efficiency, moderately subjective fair values may still enhance shareholder value compared to the absence of fair value measurement altogether. By clarifying these dynamics, Schäfer’s work advances our understanding of how accounting measurement choices influence real economic behavior and corporate decision-making.

The workshop discussion engaged with both the theoretical framing and the analytical setting of the study. Participants discussed the model’s assumptions, the potential for empirical testing using firm-level data, and possible avenues to further develop the project. The lively Q&A underscored the relevance of Schäfer’s research for ongoing debates on the real effects of fair value accounting.