

## Lecture

# Basic Readings in Accounting and Finance

## General Information

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<u>Lecturers:</u>	<b>Prof. Dr. Johannes Jaspersen (e-mail: <a href="mailto:jaspersen@lmu.de">jaspersen@lmu.de</a>)</b>
<u>Time &amp; Location:</u>	17.04.2024 – 10.06.2024
<u>Credits:</u>	MBR course (A/I module or B modules), counts as 2 contact hours. Grades will be based on discussion participation and a presentation assignment.

## Course Description

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This course is meant to serve as an introduction to research in Accounting and Finance. The students will read a list of fundamental works in the field and discuss them in the group. The basic concepts of economic decision-making, incentives and agency conflicts will provide a basis for the discussion of more topic specific papers.

## Assignment/Grades

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Students are expected to actively participate in the discussions, as well as to prepare a presentation about one of the papers. The reading list is comprised of some fundamental as well as some more recent papers in accounting and finance. Students will be assigned one of these papers and will prepare a 30-minute presentation for it. Students are also expected to read all papers which will be presented in class. The presentation will be followed by 15 to 30 minutes of discussion on the paper. Students can give a preference ordering over the papers and papers are going to be assigned accordingly. The deadline for handing in the presentation is May 31<sup>st</sup>, 2024, 12:00. Please submit an electronic copy (.pdf) of the presentation to [jaspersen@lmu.de](mailto:jaspersen@lmu.de).

## Schedule

The class sessions will be on the dates listed below. Room 314 is located on the third floor of Schackstr. 4, 80539 Munich. Classes are carried out in person. Attendance to all scheduled meetings of the course is mandatory.

Date	Time	Place	Content
17.04.2024	10:00 – 12:00	314	Kick-Off
31.05.2024	12:00	Email	Submission deadline presentations
03.06.2024	12:00 – 17:00	314	Presentations and Discussions
10.06.2024	09:00 – 13:00	314	Presentations and Discussions

## Reading List

- Arrow, K. J. (1963). Uncertainty and the welfare economics of medical care. *The American Economic Review*, 53(5), 941-973.
- Bhargava, S., Loewenstein, G., & Sydnor, J. (2017). Choose to lose: Health plan choices from a menu with dominated option. *The Quarterly Journal of Economics*, 132(3), 1319-1372.
- Demski, J. S., & Feltham, G. A. (1978). Economic incentives in budgetary control systems. *The Accounting Review*, 53(2), 336-359.
- Frydman, C., & Wang, B. (2020). The impact of salience on investor behavior: Evidence from a natural experiment. *The Journal of Finance*, 75(1), 229-276.
- Hanlon, M. & Heitzman, S. (2010). A review of tax research. *Journal of Accounting and Economics*, 50(2-3), 127-178
- Hendershott, T., Jones, C. M., & Menkveld, A. J. (2011). Does algorithmic trading improve liquidity?. *The Journal of Finance*, 66(1), 1-33.
- Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica*, 47(2), 263-292.
- Koijen, R. S., & Yogo, M. (2016). Shadow insurance. *Econometrica*, 84(3), 1265-1287.
- Malmendier, U., & Tate, G. (2005). CEO overconfidence and corporate investment. *The Journal of Finance*, 60(6), 2661-2700.
- Nielsen, K., & John Rehbeck, J. (2022). When Choices Are Mistakes. *American Economic Review*, 112 (7): 2237-2268.
- Oprea, R. (2024). Simplicity equivalents. *Working Paper*.
- Shleifer, A., & Vishny, R. W. (1997). The limits of arbitrage. *The Journal of Finance*, 52(1), 35-55.
- Watts, R. L., & Zimmerman, J. L. (1978). Towards a positive theory of the determination of accounting standards. *The Accounting Review*, 53(1), 112-134.