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XVI. Summer School on
Accounting 2020

Accounting for Capacity Investments

Instructors

Stefan Reichelstein
Anna Rohlfing-Bastian

Vienna, October 2-3, 2020

Course Description

In order to supply goods and services to their customers, most firms need to make upfront investments in productive capacity. These investments can occur once or have to be made on an ongoing basis. They comprise both tangible and intangible components.

Accounting for the firm's capital stock is essential for both planning and management control purposes. Good accounting provides guidance for management to make value-maximizing investment decisions and to allocate existing capacity efficiently.

The primary objective of the course is to introduce graduate students and freshly minted post-doctoral fellows to current research related to the accounting for capacity investments, and to identify promising avenues for future research. The course readings feature mostly recent theoretical and empirical papers.



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Course requirements

The course readings will be sent to the participants in time. It will be each student's responsibility to read the assigned papers prior to the course, and to be ready to engage in discussion. We expect active participation.

Venue

The course will be held at the University of Vienna, Faculty of Business, Economics and Statistics, Oskar-Morgenstern-Platz 1, 1090 Wien.

There is also the possibility to join the course online.

Instructors

The course will be taught by **Stefan Reichelstein** (University of Mannheim) and **Anna Rohlfing-Bastian** (Goethe University, Frankfurt).



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Fees

No enrolment fee is required.

Responsibilities

The organizers anticipate that a limited number of participants can attend this summer school in person. Prospective participants may apply to attend either in person or to join the sessions via online media. The course follows safety rules for Covid-19 imposed by the Austrian State and by the City of Vienna. The organizers assume no responsibility in case the live part of the course must be cancelled (e.g., due to Covid-19). It is the individual participant's responsibility to be compliant with both Austrian and home country's travel regulations. All participants attend at their own risk.

<https://www.austria.info/en/service-and-facts/coronavirus-information>

Admission requirements

Participants should have a sound understanding of information economics

and some prior knowledge of managerial accounting. The number of participants is limited.

Application

The deadline for applications is **August, 30, 2020**. A complete application includes (i) a short bio, (ii) a list of courses taken in accounting, economics, or finance and (iii) a short description of the thesis or research projects in English.

Please mail the documents as a *single* pdf file (yourname_youruniversity.pdf) to karin.steinbrecher@univie.ac.at.

Please indicate whether you plan to participate online or in person.

Participants will be informed upon their acceptance by e-mail until mid-September, 2020.

Brief history and organization

The Summer School on Accounting is designed for PhD students and young post-doctoral researchers in accounting who would like to extend and deepen their knowledge on current research issues in accounting. The summer school is held annually and is organized jointly by

- Alexis H. Kunz (University of Bern)
- Thomas Pfeiffer (University of Vienna)
- Christian Hofmann (LMU Munich).

The venue alternates between the three hosts. Internationally renowned

researchers in accounting are invited as instructors. Previous summer courses were held by:

- Qi Chen (Duke)
- John Christensen (Southern Denmark)
- Joel Demski (Florida)
- Paul Fischer (Wharton)
- Jonathan Glover (Columbia)
- Steven Huddart (Penn State)
- Raffi Indjejikian (Michigan)
- Chris Ittner (Wharton)
- Kristina Rennekamp (Cornell)
- DJ Nanda (Miami)
- Madhav Rajan (Chicago).

Information

Accommodations in walking distance to the Summer School venue:

- www.strudlhof.at
- www.hotelboltzmann.at
- www.meininger-hotels.com
- www.hotelatlanta.at

Subway stations near the Summer School venue:

- U4 - Rossauer Lände
- U4/U2 - Schottenring

Contact

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Course Readings

Part I: Planning Capacity Investment Decisions

Gramlich and Ray. 2016. Reconciling Full-Cost and Marginal-Cost Pricing. *Journal of Management Accounting Research*.

Reichelstein and Rohlfig-Bastian. 2015. Levelized Product Cost: Concept and Decision Relevance. *The Accounting Review*.

Rogerson. 2011. On the Relationship Between Historic Cost, Forward Looking Cost and Long-Run Marginal Cost. *Review of Network Economics*.

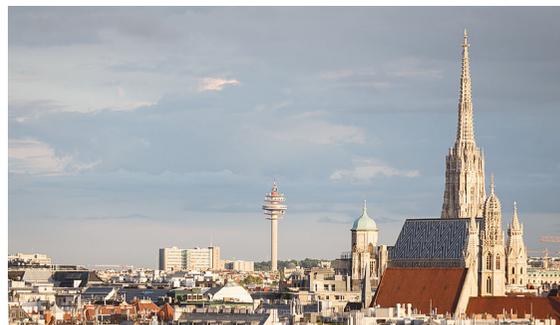
Rajan and Reichelstein. 2009. Depreciation Rules and the Relation between Marginal- and Historical Cost. *Journal of Accounting Research*.

Reichelstein and Sahoo. 2018. Relating Product Prices to Long-Run Marginal Cost: Evidence from Solar Photovoltaic Modules. *Contemporary Accounting Research*.

Ederhof, Nagar and Rajan. 2019. How Economically Significant Are Unused Capacity Cost? A Large Scale Empirical Analysis. *Management Science*, forthcoming.



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Part II: Measuring and Controlling the Profitability of Capacity Investments

Baldenius. 2009. Internal Pricing. *Foundations and Trends in Accounting*.

Dutta. 2008. Dynamic Performance Measurement. *Foundations and Trends in Accounting*.

Baldenius, Nezlobin and Vaysman. 2016. Managerial Performance Evaluation and Real Options. *The Accounting Review*.

Rogerson. 2008. Intertemporal Cost Allocation and Investment Incentives. *Journal of Political Economy*.

Nezlobin, Reichelstein and Wang. 2015. Managerial Performance Evaluation for Capacity Investments. *Review of Accounting Studies*.

Pfeiffer, Schiller and Wagner. 2009. Cost-based Transfer Pricing. *Review of Accounting Studies*.

Dutta and Reichelstein. 2010. Decentralized Capacity Management and Internal Pricing. *Review of Accounting Studies*.

Dutta and Reichelstein. 2020. Capacity Rights and Full Cost Transfer Pricing. *Management Science*, forthcoming.