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UNIVERSITÄT
BERN



IX. Summer School on Accounting 2013

Perspectives on Financial Decision Making

with

Professor Steven Huddart
(Penn State University)

Bern, July 17-19, 2013

Funding provided by the



Introduction

This course is designed for PhD students and post-doctoral researchers who would like to extend and deepen their expertise on current research issues in accounting.

The course investigates financial decision-making by corporate managers from a range of theoretical and methodological perspectives. Three specific topics will be considered:

- social norms and ethical motivations for honest accounting;
- responses to insider trading regulation; and
- the decision to exercise, purchase, or sell financial instruments.

Each of these topics will be considered from two or more theoretical perspectives using two or more research methods, so that the insights from specific economic models, laboratory experiments, and archival studies on related questions can be assembled. Economic, psychological, institutional, and sociological theories will be considered as foundations for understanding and predicting behavior.

Participants will be challenged to develop models, laboratory experiments, and archival/empirical tests that are logical and interesting next steps in these streams of research.

The course encourages young scholars in accounting to explore combinations of



paradigms and methods with the aim of advancing their own research agendas.

Course Schedule

Students should read the papers assigned for each lecture and be ready to engage in discussion and problem-solving.



We will go over selected papers and one or two illustrative problems during each lecture. The illustrative problems are intended to highlight the critical tensions and insights extracted from the papers.

Accordingly, lectures will generally revolve around these problems.

After the morning sessions, there will be periods of time in which students break out and work on problems related to the work presented in the morning. Generally, these problems stem from existing papers in the literature, which build upon the frameworks developed in the papers discussed in the morning session.

Venue

The course will be held on the premises of the University of Bern in Switzerland. For further information on the city of Bern, see <http://www.bern.com/en>.

Organisation

The seminar leader is **Prof. Steven Huddart** (Penn State University), an internationally recognized colleague.

For more details, see: <http://www.personal.psu.edu/sjh11/>.

The summer school is jointly organised by

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

Course language

The course language is English.



Fees and Funding

No enrolment fees apply.

The **European Accounting Association** provides special funding for students from Eastern and Southern Europe of up to € 750 per student.

Admission requirements

The course focuses on accounting issues at an advanced level. The participants should therefore exhibit, apart from analytic abilities, knowledge within the range of these topics. Moreover, a close relation of the topic of your own scientific work to the studied issues is desirable. The number of participants is limited to 35 persons.

Application deadline

The deadline for applications is March 11, 2013. A complete application includes (i) a short personal record (Curriculum Vi-

tae), (ii) a list of visited lectures in accounting, control or finance and (iii) a short description of the thesis and/or postdoctoral lecture qualification in English.

Please mail the documents as a pdf file (yourname_yourUniversity.pdf) to andrea.probst@iuc.unibe.ch. Participants will be informed upon their acceptance by email (at the latest by March 22, 2013).



Accommodation

Below you find a list of hotels which we can recommend and which are closely located to the University of Bern. We recommend that you book early, especially if you would like to reserve a room in the youth hostel.

Hotels

Sorell Hotel Ador

<http://www.hotelador.ch/en/home.asp>

Sorell Hotel Arabelle

<http://www.arabelle.ch/en/home.asp>

Hotel National

<http://www.nationalbern.ch/hotel/inhalte/main.html>

Hotel City

<http://www.fassbindhotels.com/en-hotel-city-am-bahnhof-hotel.html>

Hotel Glocke, Backpackers Bern

<https://www.bernbackpackers.ch/english.htm>

Youth Hostel

<http://www.youthhostel.ch/en/hostels/berne>



History of the Summer School

The summer school takes place each year alternating between Bern, Munich, and Vienna. Previous summer courses were held by

- Joel Demski (University of Florida),
- Paul E. Fischer (Penn State University),
- Raffi J. Indjejikian (University of Michigan) and DJ Nanda (University of Miami),
- Chris Ittner (University of Pennsylvania),
- Madhav Rajan (Stanford University),
- Stefan Reichelstein (Stanford University).

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Prof. Dr. Alexis H. Kunz
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Prof. Dr. Christian Hofmann
Institut für Unternehmensrechnung und Controlling, LMU München

Prof. Dr. Thomas Pfeiffer
Lehrstuhl für Controlling, Universität Wien



Detailed Program

Day 1: Social Norms and Ethical Motivations for Honest Accounting

Pre-Reading

Paul Fischer and Steven Huddart, Optimal Contracting with Endogenous Social Norms, *American Economic Review*, Volume 98, Number 4, 1459-1475, September 2008.

Steven Huddart and Hong Qu, Peer influences on honesty in managerial reporting: the role of social norms and social references, *Working Paper*, Penn State University, 2012.

9:00 AM to 12:30 PM: Presentation and Discussion

12:30 PM to 2:00 PM Lunch

2:00 PM to 4:00 PM: Problem Sets

4:00 PM to 5:00 PM: Discussion of Problem Sets

8:00 PM Dinner

Day 2: Responses to Insider Trading Regulations

Pre-Reading

Steven Huddart, John S. Hughes, and Carolyn B. Levine, Public Disclosure and Dissimulation of Insider Trades, *Econometrica*, Volume 69, Number 3, 665-681, May 2001.

Alan D. Jagolinzer, SEC Rule 10b5-1 and Insiders' Strategic Trade, *Management Science*, Volume 55, Number 2, 224-239, February 2009.

Zahn Bozanic, Mark Dirsmith, and Steven Huddart, The Social Constitution of Regulations: The Endogenization of Insider Trading Laws, *Accounting, Organizations & Society*, Forthcoming.

9:00 AM to 12:30 PM: Presentation and Discussion

12:30 PM to 2:00 PM Lunch

2:00 PM to 4:00 PM: Problem Sets

4:00 PM to 5:00 PM: Discussion of Problem Sets

8:00 PM Dinner

Day 3: Stock Options

Pre-Reading

Steven Huddart, Employee stock options, *Journal of Accounting & Economics*, Volume 18, Number 2, 207-231, September 1994.

Chip Heath, Steven Huddart, and Mark Lang, Psychological factors and stock option exercise, *Quarterly Journal of Economics*, Volume 114, Number 2, 601-627, May 1999.

Steven Huddart, Mark Lang, and Michelle Yetman, Volume and Price Patterns Around a Stock's 52-Week Highs and Lows: Theory and Evidence, *Management Science*, Volume 55, Number 1, 16-31, January 2009.

9:00 AM to 12:30 PM: Discussion and Presentation

12:30 PM to 2:00 PM Lunch

2:00 PM to 4:00 PM: Problem Sets

4:00 PM to 5:00 PM: Discussion of Problem Sets

8:00 PM Dinner



All pictures are provided by the courtesy of © Bern Tourismus, <http://www.bern.com/en>.