

Swiss Doctoral Program Network in Accounting Research (DAR)

PhD Seminar

Analyst Research: What can we learn from them?

May 19-20, 2014

University of Neuchatel

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Course Overview and Objectives:

Research in decision theory and behavioral aspects is often equated with experimental research. However, archival research, often using analysts as a setting, can contribute to the knowledge in these areas. We will review basic principles of decision theory and behavioral economics before discussing some of their application to archival research. That may include (1) analysts decision processes; (2) the nature of analyst expertise and the distributions of earnings forecasts; (3) the information content of analyst research; (4) analyst and market efficiency; (5) analysts' incentives and behavioral biases; (6) the effects of the institutional and regulatory environment (including cross-country comparisons); and (7) research design issues.

The goal of this session is to give a sense of what is possible, what has been done, and what remains an open question at this stage of the archival behavioral literature. Another objective is to gain experience in presenting and discussing research.

Conduct of Course

For the most part, the course will be conducted using a seminar format. Therefore, you are expected to take an active part in discussing and evaluating the state of the analyst literature and the paper presentations.

On the second day, discussion will focus on the participants' own research. The course structure (presentation, discussant, and open discussion) depends on the number of submitted papers.

Course Requirements:

In preparation of the course, all participants should read the background paper by Ramnath, Rock, and Shane (2008). Participants should also skim through additional readings identified in Ramnath, Rock, and Shane (2008) to further insights.

a) Without ECTS points:

Participants who do not require ECTS points can attend the two-days seminar without presenting one of their own research papers and without acting as a discussant for another paper. However, they are strongly encouraged to actively participate in discussions and contribute to the seminar.

b) With 3 ECTS points:

Participants can obtain 3 ECTS points by either (i) presenting their own research (i.e. working papers, research notes, or advanced research proposals) or (ii) leading the discussion on an assigned paper

of a colleague on the second day of the seminar. Own research papers should preferably be in the field of financial analysts but can be also in the broader field of market-based research in accounting or finance.

The presentation of your own research covers your research question and motivation, hypotheses, research design, and results. This should take no more than 20 minutes.

The discussant prepares a presentation that may give other perspectives on the presented topic, discuss critical assumptions, show other research designs that may be well-suited, talk about the connection to the established literature, or find certain drawbacks. The prepared discussion should take no more than 10 minutes.

Registration and Paper Selection Process:

Regardless of the intent to obtain ECTS, you have to register for the DAR course on the DAR homepage. All DAR courses can be found under the following link.

<http://www.dar.uzh.ch/courses/dar.html>.

Applications should state (i) whether you intend to obtain ECTS points, and (ii) whether you would like to present your own research or participate as a discussant. If you would like to present your own research, please submit your working paper, your research note, or your research proposal to kira.facchinetti@unine.ch. **Registration and paper submission deadline is May 1st, 2014.** A limited number of papers will be selected for presentation.

Brown, L. (1993). Earnings forecasting research: Its implications for capital markets research. *International Journal of Forecasting* 9, 295–320.

Ramnath, S., Rock, S., Shane, P., 2008. The financial forecasting literature: A taxonomy with suggestions for future research. *International Journal of Forecasting* 24, 34-75.

Schipper, K. (1991). Analysts' forecasts. *Accounting Horizons* 5, 105–131.

Preliminary Schedule:

Session	Day	Time	Room
1	Monday, 19.05.2014	09.00 – 12.00	Tba
2	Monday, 19.05.2014	13.30 – 16.30	Tba
3	Tuesday, 20.05.2014	08:00 – 12.00	Tba

Session 1 – What can we learn from financial analysts?

Research in decision theory and behavioral aspects is often equated with experimental research. We will see that archival research, often using analysts as a setting, can contribute to our knowledge in these areas. We will review basic principles of decision theory and behavioral economics before discussing some of their application to archival research. The goal of this session is to give a sense of

what is possible, what has been done, and what remains an open question at this stage of the archival behavioral literature.

Session 2 – Analysts and Security Pricing:

In the first part, we will consider some of the links between analyst forecasts and security pricing. In particular, we will consider if trading strategies based on analyst forecasts are possible. We will discuss some methodological aspects associated with answering this question. We will also consider the consequences of analyst coverage on corporate financing policy.

In the second part, we will have a free flowing discussion on the state of the analyst literature. Our starting point will be the review paper by Ramnath, Rock, and Shane (2008).

Session 3 – Paper presentation:

The session will be dedicated to the presentation and the discussion of research papers by participants.

Time permitting; there will also be a session “what I wish I knew about being an accounting faculty when I was a Ph.D. student”.