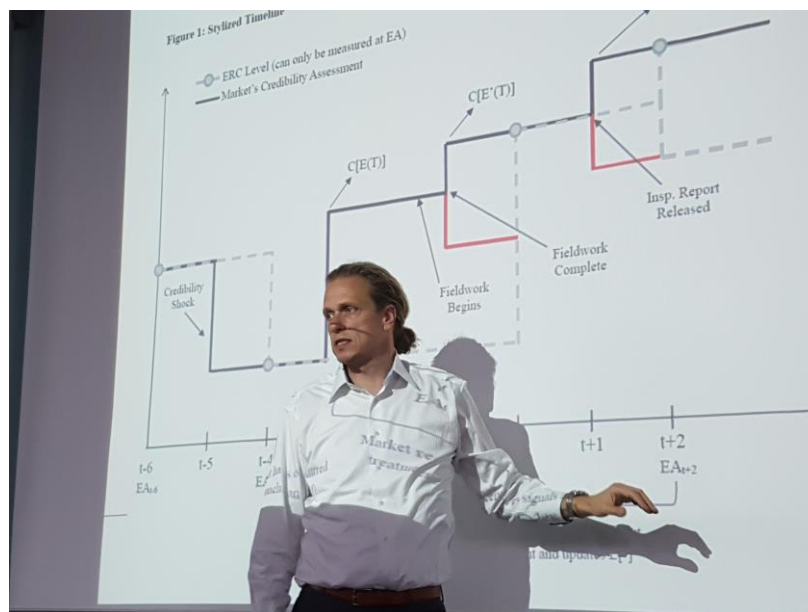


Accounting Research Workshop (ARW) - WT2016/2017

- Speaker:** Christian Leuz
- University:** Professor of International Economics, Finance and Accounting, University of Chicago's Booth School of Business
- Research:** Financial disclosure and capital markets, financial transparency and corporate governance, cost of capital, international accounting, securities regulation
- Date:** September 16, 2016
- Topic:** “Public Audit Oversight and Reporting Credibility: Evidence from the PCAOB Inspection Regime”
- Abstract:** “This paper examines how audit oversight by a public-sector regulator affects investors’ assessments of reporting credibility. We analyze whether market responses to unexpected earnings releases increase following the introduction of the Public Company Accounting Oversight Board (PCAOB), as predicted by theory if the new regime enhances reporting credibility. To identify the effects, we use a difference-in-differences design that exploits the staggered introduction of the inspection regime, which affects firms at different points in time depending on their fiscal year-ends, auditors, and the timing of PCAOB inspections. We find that market responses to unexpected earnings increase significantly following the introduction of the PCAOB inspection regime. Corroborating these findings, we also find an increase in abnormal volume responses to firms’ 10-K filings after the new regime is in place. Overall, our results are consistent with public audit oversight increasing the credibility of financial reporting.”



We are very pleased that we had the chance to welcome Prof. Leuz for this interesting presentation of his research project in our Accounting Research Workshop. We wish him all the best for his further work on this research project.