



Spring Term 2025 (FS 2025)

**Doctoral Seminar
«Selected Topics in Accounting Theory»**

Course schedule and reading list

1) Session schedule

Session	Day	Time	Location
1	Monday, 16.6.2025	10:30 – 12:00	PLM-F-103/104
2	Monday, 16.6.2025	13:30 – 15:00	RAA-E-29
3	Monday, 16.6.2025	15:30 – 17:00	RAA-E-29
4	Tuesday, 17.6.2025	10:30 – 12:00	PLM-F-103/104
5	Tuesday, 17.6.2025	13:30 – 15:00	PLM-F-103/104
6	Tuesday, 17.6.2025	15:30 – 17:00	PLM-F-103/104
7	Wednesday, 18.6.2025	10:30 – 12:00	PLM-F-103/104
8	Wednesday, 18.6.2025	13:30 – 15:00	PLM-F-103/104
9	Wednesday, 18.6.2025	15:30 – 17:00	RAA-E-29

2) Seminar content and reading list

Tentative reading list by sessions (including class-notes to be delivered). For sessions 7-9: papers marked with an asterisk (*) will be discussed in more detail relative to others.

Sessions 1-6: Lectures on Double Entry Bookkeeping (Pierre Jinghong Liang)

Session 1: Background, History and Philosophy

- Hatfield, Henry Rand. "An historical defense of bookkeeping." *Journal of Accountancy (pre-1986)* 37, no. 000004 (1924): 241.
- Demski, Joel S., John C. Fellingham, Yuji Ijiri, and Shyam Sunder. "Some thoughts on the intellectual foundations of accounting." *Accounting Horizons* 16, no. 2 (2002): 157-168.
- Chapter 1 and 2 of Paton, W. A. & Littleton, A. C. (1940). Monograph No.3. *An introduction to corporate accounting standards*. American Accounting Association (AAA).
- Ijiri, Yuji. "An introduction to corporate accounting standards: A review." *Accounting Review* (1980): 620-628.
- Demski, Joel S. "The general impossibility of normative accounting standards." *The Accounting Review* 48, no. 4 (1973): 718-723.
- Demski, Joel S. "Choice among financial reporting alternatives." *The Accounting Review* 49, no. 2 (1974): 221-232.
- Beaver, William H., and Joel S. Demski. "The nature of income measurement." *Accounting Review* (1979): 38-46.



Session 2: Double Entry Bookkeeping

- Fellingham, John C. "Is accounting an academic discipline?." *Accounting horizons* 21, no. 2 (2007): 159.
- Demski, Joel S. "Is accounting an academic discipline?." *Accounting horizons* 21, no. 2 (2007).
- Basu, Sudipta and Waymire, Gregory B., The Evolution of Double-Entry Bookkeeping (September 03, 2024). <http://dx.doi.org/10.2139/ssrn.3093303>

Session 3: Bookkeeping Graphs Construction

- Liang PhD class notes (to be supplied)
- Butterworth, John E. "The accounting system as an information function." *Journal of Accounting Research* (1972): 1-27.
- Ijiri, Yuji. "The beauty of double-entry bookkeeping and its impact on the nature of accounting information." *ECONOMIC NOTES-SIENA- 22* (1993): 265-265.
- Arya, Anil, John C. Fellingham, Jonathan C. Glover, Douglas A. Schroeder, and Gilbert Strang. "Inferring transactions from financial statements." *Contemporary Accounting Research* 17, no. 3 (2000): 366-385.

Session 4: Information Theory I (Entropy, KL Divergence, Mutual Information)

- (to be distributed) Liang PhD class notes
- Theil, Henri. "On the use of information theory concepts in the analysis of financial statements." *Management science* 15, no. 9 (1969): 459-480.
- (to be distributed) A recent working paper by Nan Li, Pierre Liang, Jane Pyo, and Gaoqing Zhang

Session 5: Information Theory II (Code-length, Complexity and MDL)

- (to be distributed) Liang PhD class notes
- (to be distributed) Liang, Pierre Jinghong, Aluna Wang, Leman Akoglu, and Christos Faloutsos. "Pattern recognition and anomaly detection in bookkeeping data." *Asian Bureau of Finance and Economic Research Working Papers* (2021).

Session 6: Unsolved Problems

- Ijiri, Yuji. "The Nature of Accounting Research" in Robert Sterling, (Eds.) *Research Methodology in Accounting* (1972): 59-73.
- Basu, Sudipta. "Panel on big unanswered questions in accounting—Synopsis." *Accounting Horizons* 22, no. 4 (2008): 449-451.
 - Panelist remarks by Venky Nagar, Rob Bloomfield, Yoshi Fukui, Steve Huddart, Ray Ball
- Basu, Sudipta. "Is there a scientific basis for accounting? Implications for practice, research, and education." *Journal of International Accounting Research* 14, no. 2 (2015): 235-265.

Sessions 7-9: (Nadya Malenko)

Session 7: Communication, information flows, and allocation of decision-making authority

- Aghion, P., J. Tirole, 1997. Formal and real authority in organizations. *Journal of Political Economy* 105, 1-29.
- Baldenius, T., Yang, L., 2023. Innovation in Firms: Experimentation and Strategic Communication. Working paper.
- (*) Crawford, V. P., and J. Sobel, 1982. Strategic information transmission. *Econometrica* 50, 1431-51.

- (*) Dessein, W., 2002. Authority and communication in organizations. *Review of Economic Studies* 69, 811-838.
- Grenadier, S. R., A. Malenko, and N. Malenko, 2016. Timing decisions in organizations: Communication and authority in a dynamic environment. *American Economic Review* 106, 2552-81.
- Harris, M., and A. Raviv, 2008. A theory of board control and size. *Review of Financial Studies* 21, 1797-1832.
- Levit, D., 2020. Words speak louder without actions. *Journal of Finance* 75, 91-131.
- Malenko, N., 2023. Information flows, organizational structure, and corporate governance. *In Handbook of Corporate Finance*, pp. 511-546.

Session 8: How well do corporate decisions aggregate agents' information?

- Austen-Smith, D., Banks, J.S., 1996. Information aggregation, rationality, and the Condorcet Jury Theorem. *American Political Science Review* 90, 34-45.
- Adams, R.B., D. Ferreira, 2007. A theory of friendly boards. *Journal of Finance* 62, 217-250.
- Baldenius, T., Melumad, N., Meng, X., 2014. Board composition and CEO power. *Journal of Financial Economics* 112, 53-68.
- Baldenius, T., Meng, X., Qiu, L., 2019. Biased boards. *Accounting Review* 94, 1-27.
- Baldenius, T., Meng, X., Qiu, L., 2021. The value of board commitment. *Review of Accounting Studies* 26, 1587-1622.
- Bar-Isaac, H., J. D. Shapiro, 2020. Blockholder voting. *Journal of Financial Economics* 136, 695-717.
- Chakraborty, A., Yilmaz, B., 2017. Authority, consensus, and governance. *Review of Financial Studies* 30, 4267-4316.
- (*) Feddersen, T.J., W. Pesendorfer, 1997. Voting behavior and information aggregation in elections with private information. *Econometrica* 65, 1029-58.
- Kakhbod, A., Loginova, U., Malenko, A., Malenko, N., 2023. Advising the management: A theory of shareholder engagement. *Review of Financial Studies* 36, 1319-1363.
- Jiang, X. and Laux, V., 2024. What Role do Boards Play in Companies with Visionary CEOs? *Journal of Accounting Research* 62, 981-1005.
- Levit, D., Malenko, N., 2011. Nonbinding voting for shareholder proposals. *Journal of Finance* 66, 1579-1614.
- (*) Malenko, A., Malenko, N., 2019. Proxy advisory firms: The economics of selling information to voters. *Journal of Finance* 74, 2441-2490.
- Malenko, N., 2014. Communication and decision-making in corporate boards. *Review of Financial Studies* 27, 1486-1532.

Session 9: Heterogeneous preferences and their implications for corporate decisions

- Bisceglia, M., Piccolo, A., Schneemeier, J., 2022. Externalities of responsible investments, Working paper.
- Bolton, P., Li, T., Ravina, E., Rosenthal, H., 2020. Investor ideology. *Journal of Financial Economics* 137, 320-352.
- Donaldson, J.R., Malenko, N., Piacentino, G., 2020. Deadlock on the board. *Review of Financial Studies* 33, 4445-4488.
- Garlappi, L., R. Giammarino, and A. Lazrak, 2022. Group-managed real options. *Review of Financial Studies* 35, 4105-4151.
- (*) Levit, D., Malenko, N., Maug, E., 2024. Trading and shareholder democracy. *Journal of Finance* 79, 257-304.
- Levit, D., Malenko, N., Maug, E., 2025. The voting premium. Working paper.
- Malenko, A., Malenko, N., 2024. Voting choice. Working paper.
- Warther, V. A., 1998. Board effectiveness and board dissent: A model of the board's relationship to management and shareholders. *Journal of Corporate Finance* 4, 53-70.

3) Exam

Grading is based on a take-home assignment (3 ECTS).