

National Taiwan University
Ph.D. Seminar in Analytical and Behavioral Accounting Research
Fall 2014

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Objectives

Various methods exist for conducting accounting research. While many researchers use field-archival data for empirical investigations, other alternatives such as analytical methods, case studies, survey research, and laboratory experiments can be adopted. In this course, we will offer students with a different perspective on how to formulate an accounting research in an analytical setting and derive the meaningful accounting insights and theories, and how an empirical research can be conducted with data coming from survey or experiments. Students are expected to broaden their perspective and open their mind in doing accounting research. They also are expected to be flexible in using various methods to examine interesting and important accounting issues. Confining one's research skill to the field-archival method can have two undesirable consequences. One is that an important issue cannot be investigated when field-archival data are not available. The other is limiting the review of literature to only a subset rather than a complete set due to inability to appreciate research using other methods.

Couse Description

This course consists of two parts: analytical modeling, and behavioral research. The first part will be conducted by Professor Duh, and the second part by Professors Wang and Liao

Part I: Behavioral Research

Format of conducting class

Except for the first day of class, this course will be conducted in a manner that discussion and debate is the primary mode. Due to the time constraints, we will not be able to cover all the papers indicated in the reading list. Students are urged to read through all the papers by themselves as Ph.D. students are expected to do research independently.

Grading

Class participation (including critiques)	30 percent
Term project	30 percent
Final exam	40 percent

Schedule and readings for behavioral accounting research

Session 1

Overview of research methods

- *Abdel-Khalik A.R., and B.B. Ajinkya. 1979. Empirical Research in Accounting: A Methodological Viewpoint. American Accounting Association.
- *Bonner, S.E. 2008. *Judgment and Decision Making in Accounting and Auditing*. Pearson-Prentice Hall. Chapter 1.
- Libby, R. 1981. *Accounting and Human Information Processing*. Prentice-Hall. Chapter 1.
- *Libby, R., R.J. Bloomfield, M.W. Nelson. 2002. Experimental research in financial accounting. *Accounting, Organizations and Society* 27: 775-810.
- *Merchant, K.A., and W. A. Van der Stede. 2003. Disciplinary constraints on the advancement of knowledge: The case of organizational incentive systems. *Accounting, Organizations and Society* 28: 251-286.
- *Nelson, M.W., and H.T. Tan. 2005. Judgment and decision making research in auditing: A task, person, and interpersonal interaction perspective. *Auditing: A Journal of Practice & Theory* 24 (Supplement): 41-72.
- Sprinkle, G.B. 2003. Perspectives on experimental research in managerial accounting. *Accounting, Organizations and Society* 28: 287-318.
- *Van der Stede, W.A., S.M. Young, and C.X. Chen. 2003. Assessing the quality of evidence in empirical management research: The case of survey studies. *Accounting, Organizations and Society* 30: 655-684.
- *Chow, C.W. and R.R. Duh. 2013. On why and how to break down the silos in accounting research (with an illustrative study at the interface between financial

and management accounting). *China Journal of Accounting Studies* 1(2): 63-90.

Session 2

Survey research in management accounting: Methodological discussions

Bisbe, J., Batista-Fogut, J-M, and R. Chenhall. 2007. Defining management accounting constructs: A methodological note on the risks of conceptual misspecification. *Accounting, Organizations and Society* 32: 789-820.

*Gerdin, J., and J. Greve. 2004. Forms of contingency fit in management accounting research—A critical review. *Accounting, Organizations and Society* 29: 303-326.

*Shields, M.D., F.J. Deng, and Y. Kato. 2000. The design and effects of control systems: Tests of direct- and indirect-effects models. *Accounting, Organizations and Society* 25: 185-202.

Birnberg, J.G., J. Luft, and M.D. Shields. 2007. Psychology theory in management accounting research. In C.S. Chapman, A.G. Hopwood, and M.D. Shields (eds.) *Handbook of Management Accounting Research (Volume 1)*. Elsevier.

Session 3

Theoretical background

Ashton, R.H. 1982. *Human Information Processing in Accounting*, Chapter 2. American Accounting Association.

Hogarth, R.M., and E.J. Einhorn. 1992. Order effects in belief updating: The belief adjustment model. *Cognitive Psychology* 24: 1-55.

Kunda, Z. 1990. The case for motivated reasoning. *Psychological Bulletin* 108(3): 480-498.

Lerner, J.S., and P.E. Tetlock. 1999. Accounting for the effects of accountability. *Psychological Bulletin* 125(2): 255-275.

Nickerson, R.S. 1999. How we know—and sometimes misjudge—what others know: Imputing one's own knowledge to others. *Psychological Bulletin* 125(6): 737-759.

Tetlock, P.E. 1983. Accountability and complexity of thought. *Journal of Personality and Social Psychology*. 45: 74-83.

Tetlock, P.E., L. Skitka, and R. Boettger. 1989. Social and cognitive strategies for coping with accountability: Conformity, complexity and bolstering. *Journal of Personality and Social Psychology* 57: 632-640.

Kahneman, D. P. Slovic, and A. Tversky (Eds.). 1982. *Judgment under Uncertainty: Heuristics and Biases*. Cambridge, UK: Cambridge University Press.

Tversky, A., and D. Kahneman. 1974. Judgment under uncertainty: Heuristics and biases. *Science* 185: 1124-1131.

Session 4

Experimental research in management accounting

- *Chow, C.W. 1983. The effects of job standard tightness, compensation scheme on performance: An exploration of linkages. *The Accounting Review* 58: 667-685.
- Gupta, M., and R.R. King. 1997. An experimental investigation of the effect of cost information and feedback on product cost decisions. *Contemporary Accounting Research* 14: 99-127.
- *Lipe, M.G., and S. Salterio. 2000. The balanced scorecard: Judgmental effects of common and unique performance measures. *The Accounting Review* 75: 283-298.
- Sprinkle, G. B. 2000. The effect of incentive contracts on learning and performance. *The Accounting Review* 75: 29-326.
- *Kachelmeier, S. J., B.E. Reichert, and M.G. Williamson. 2008. Measuring and motivating quantity, creativity, or both. *Journal of Accounting Research* 46(2): 341-373.
- Taylor, W.B. 2010. The balanced scorecard as a strategy-evaluation tool: The effects of implementation involvement and a causal-chain focus. *The Accounting Review* 85(3): 1095-1117.

Session 5

Experimental research in auditing: Audit task

Overview

- *Bonner (2008), Chapter 6

Risk assessment and audit planning

- *Joyce (1976, *JAR*); Houston, Peters and Pratt (1999, *TAR*)

Materiality judgment

- *Nelson, Smith and Palmrose (2005, *TAR*)

Session 6

Experimental research in auditing: Audit task

Analytical review

- Libby (1985, *JAR*); *Koonce (1992; *TAR*)

Correction decisions

- *Hackenbrack and Nelson (1996; *TAR*); Libby and Kinney (2000, *TAR*)

Session 7

Experimental research in auditing: Audit task

Going concern judgment and audit opinion formation

- *Joyce and Biddle (1981, *JAR*); *Asare (1992, *TAR*)

Session 8

Experimental research in auditing: The auditor

Overview

*Bonner (2008), Chapter 3 and 4.

Experience, knowledge and expertise

*Bonner (1990, *TAR*); *Bonner and Lewis (1990, *JAR* supplement); Libby and Luft (1993, *AOS*); *Tan (1995, *JAR*); Tan and Libby (1997, *JAR*); *Owhoso, Messier and Lynch (2002, *JAR*)

Session 9

Experimental research in auditing: The auditor

Cognitive limitations and debiasing

*Kennedy (1995, *JAR*); Shelton (1999, *JAR*)

Session 10

Experimental research in auditing: Interpersonal interactions

Trotman (1985, *JAR*); *Libby and Trotman (1993, *AOS*); Peecher (1997, *JAR*); Kennedy, Kleimuntz, and Peecher (1997, *JAR*); *Jamal and Tan (2001, *JAR*); *Trotman, Wright and Wright (2005, *TAR*), *Hatfield, Houston, Stefaniak, and Usrey (2010, *TAR*), *Agoglia, Douppnik, and Tsakumis (2011, *TAR*),

Session 11

Experimental research in financial accounting

Hirst and Hopkins (1998, *JAR*, supplement), Hirst et al. (1999, *JAR*, supplement), Tan et al. (2002, *JAR*), Hirst et al. (2004, *TAR*), Kadous et al. (2006, *TAR*), Koonce et al. (2012, *AOS*), Libby et al. (2012, *JAR*)

Part II: Analytical Research (To be provided by Professors Wang and Liao)