

# ACCT8720--Seminar in Behavioral Accounting Research and Human Information Processing

Spring 2012, 10 a.m.–1 p.m., Fogelman Classroom Bldg 368

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Office Hours: Officially Wednesday 4:00–5:30 and 6:00–7:00 p.m., but you are welcome any time.

## Course Description/Objectives

The content of this seminar encompasses any research relevant to accounting that investigates human cognition, motivation, judgment, limitations, characteristics or behaviors. It provides an introduction primarily to the use of

- Cognitive- and Social-Psychology theories in accounting research, and
- Experimental methods in accounting research.

Even if you plan to be an economics-based archival researcher, you will find it helpful to be a well-informed consumer of psychology-based and experimental research. If we are interested in developing useful knowledge concerning accounting and auditing, the various research methods can complement one another.

The research that we study can encompass any subject area, but much of the extant research is in auditing and managerial contexts. The specific tasks that appear in the experiments, such as profit forecasting, risk judgments, or performance evaluations, are usually relevant in multiple substantive areas. You should consider links across these areas. For example, when reading a paper about auditors' risk judgments, think about whether financial statement preparers and users might behave the same way as auditors in judging risk, and what the implications are for financial reporting and corporate governance.

## Required Materials

Reading material will primarily be in the form of articles available to you through the McWherter Library, as well as working papers that are freely available. If I ask you to buy a book, it will be inexpensive.

I will provide materials through my web site, [www.profbailey.com/seminar](http://www.profbailey.com/seminar). Copyrighted material in pdf files will be password protected by the word “swordfish.” You should check your e-mail daily for important announcements and relevant materials. I welcome e-mail and normally answer promptly even during evenings or weekends.

## Class Procedures and Participation

This is a seminar, which the *Merriam-Webster Unabridged Dictionary* aptly defines as “a group of advanced students studying a subject under a professor, each doing some original research, and all exchanging results by informal lectures, reports, and discussions.” Thus there will be little prepared lecture material. We will primarily read research reports and research-related material, discussing its strengths and weaknesses—and developing ideas for your own research.

Usually the class meetings will follow a **workshop format**. Each class period will generally include both *background* readings and *primary* readings. Everyone is responsible for reading the background and primary readings. The Workshop Format for Research Papers appears on pp. 3–4 below. A **difference** between our “workshops” and a typical paper-presentation forum is that we may feel free to go further afield in our closing discussions. For example, some specific design or analysis issue may strike our interest

and we may spend time discussing it.

### **Data Analysis**

The publication policy of the AAA says that “authors are encouraged to make their data available for use by others in extending or replicating results reported in their articles. Authors of articles which report data dependent results should footnote the status of data availability and, when pertinent, this should be accompanied by information on how the data may be obtained.”

For your “midterm” project, I will ask you to obtain the data from an article of your choice published in a AAA journal and replicate the statistical analysis. Also consider, to the extent possible, other analytical approaches than the ones that the author(s) used.

Please discuss your plans with me before contacting an author for data.

### **Research Proposal**

Each student is required to prepare and present a research proposal on some accounting-related judgment or behavioral issue, using an experimental approach. The proposal should include an introduction, literature review, hypotheses or research questions, and a method section. The method section should specify the design, dependent and independent variables, procedure and probable method of analysis. I suggest extending an existing study and keeping it simple.

### **Grading**

Your overall grade will be assigned as follows, with 90% representing A, 80% B, etc.

Participation as presenter and discussant	50%
Participation in general discussion	20
Midterm exam (data analysis replication)	15
Final exam (research proposal)	<u>15</u>
Total	100%

The Final will be the research proposal, which you will each present on the day of the final exam.

### **Code of Conduct**

Obviously, the University regulations for expected conduct apply. See <http://saweb.memphis.edu/judicialaffairs/pdf/csrr.pdf> for details. Of particular importance in this course, note the following:

- All work on exams and reports must be your own.
- Give credit to your sources for all materials in reports.
- If it’s a direct quote, indicate by quotation marks.
- Give credit for ideas as well as words.
- Your report cannot be the same as submitted for another course, past or future.

### **I look forward to working with you this semester**

**Acknowledgements:** I am grateful to the colleagues who have shared their syllabi on the AAA-ABO website, and have borrowed from those materials. In particular, I have used ideas and material from the syllabi of Hoffman & Moser (University of Pittsburg), Michael Bamber (University of Georgia) and Brad Tuttle (University of South Carolina), who in turn heavily credits Lisa Koonce of the University of Texas.

## Workshop Format for Research Papers

Each class will involve a presentation and discussion of the assigned readings. For each class, I will, for two or more of the assigned articles, assign someone the role of critic and someone the role of advocate. The other articles, if time permits, will be discussed in the class (i.e., without anybody serving as a critic or advocate). The roles of critic and advocate are as follows:

*Critic:* The critic begins the discussion of an article by taking no more than 15 minutes to provide a critical evaluation of the study. To be succinct, the critic should organize his/her presentation to communicate clearly to the class his/her ideas, such as by using Libby boxes (see next page), procedure flow diagrams, etc. The critic should not spend much time summarizing the article (maybe 1 minute devoted to this), because everyone will have read the paper. Some questions you should ask while preparing your critique include:

1. What is the research question addressed by the paper?
2. What is the contribution of the paper?
3. Are the hypotheses supported by theory?
4. Does the research method and design test the hypotheses?
5. Does the analysis test the hypotheses and is it appropriate for the data?
6. Are the conclusions appropriate?
7. What did you learn from the paper? If the answer is nothing, why not?

Keep in mind that the critic only has 15 minutes so s/he will need to “get to the point about the big stuff.” To do this, you might categorize your remarks into major comments and minor comments. Then only give us those that you believe are major.

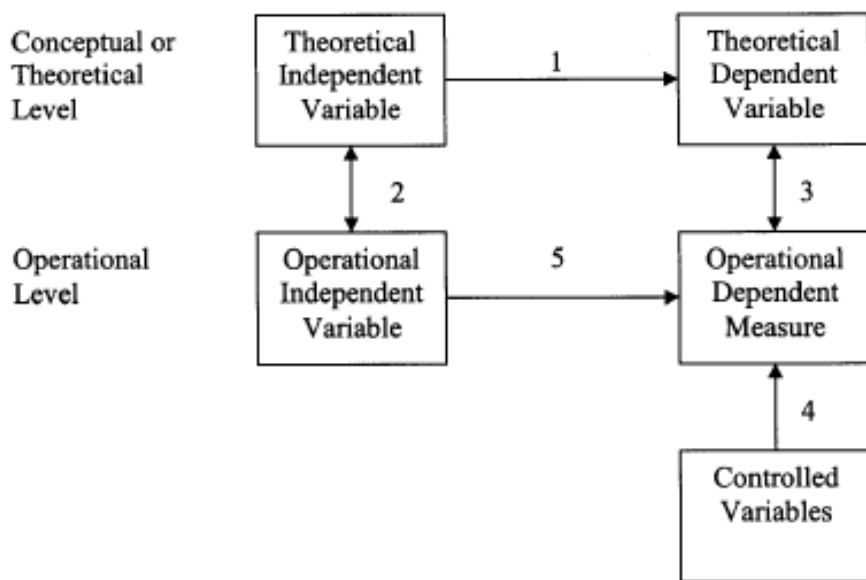
*Advocate:* The advocate puts him/her self in the author(s)’ shoes and defends the paper accordingly. You will have 10 minutes after the critic makes his/her comments to counter-argue the specific criticisms of the critic. The advocate can bring up their own positive thoughts on the paper (that do not necessarily relate to a specific critic comment), but I do not want a “previously prepared presentation” that does not even acknowledge the points made by the critic. Keep in mind that the role of the advocate may be harder for most of you than the role of the critic. *Ex ante* communication between the critic and advocate is not allowed. Such communication defeats the objective of these roles (i.e., you cannot learn how to defend your own work when presenting papers if you know all of the points ahead of time - because, in the real world, you will never know all of the points ahead of time).

*General discussion:* After the presentation by the critic and the follow-up remarks by the advocate, the class will be open to general discussion with the critic in charge of the discussion-that is, audience members will ask questions of the critic (and perhaps even the advocate). The critic will want to have some prepared material to bring up points that s/he did not have time to cover in the first 15 minutes. The advocate also retains his/her role as well for the remainder of the discussion, and interjects comments as necessary. Even though the critic and advocate are fully prepared, it is critical that the all students read all of the assigned papers. If you consistently remain silent on papers for which you are not the advocate or critic, this will lessen your participation grade. If, over time, the discussion becomes sufficiently “thin,” I will impose a written-critique requirement.

*Grading:* You will be graded for your participation. Participation consists of adequate out of class preparation followed by in-class presentations. The roles of critics and advocates are explained above. When you are not assigned a critic or reviewer role, read the article carefully and consider its strengths, weaknesses, and contributions. Your comments will be graded based primarily on a quality with an adjustment for quantity as well.

Libby Boxes provide a useful framework for understanding validity issues, and we will discuss these at the beginning of the course:

**Threats to Validity  
Libby Boxes**



Types of validity by Libby link:

- 1. External Validity
- 2. Construct Validity
- 3. Construct Validity
- 4. Internal Validity
- 5. Statistical Validity

(Libby Boxes are a widely-recognized technique attributed to Prof. Robert Libby.)