

ACCT8720--Seminar in Accounting Research and Human Information Processing

Fall 2008, Thursday, 9:00 a.m.-12:00 p.m., Fogelman Classroom Bldg 361

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Office Hours: Officially Thursday 8:00-9:00 and 1:00-2:00, but you are welcome other times.

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 to the use of

- Non-economic (mostly psychology) theories in accounting research, and
- Experimental methods in accounting research.

Accounting researchers have used a mix of economic and other theories, and archival and experimental research often inform each other. Archival studies test hypotheses developed in experimental research, and experimental studies provide explanations for anomalies documented in archival research. Thus, 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.

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

The following book is required:

Bonner, S. E., *Judgment and Decision Making in Accounting*, Pearson Prentice-Hall 2008. **ISBN-10:** 0138638950 **ISBN-13:** 978-0138638955

Other material will be in the form of articles available to you through the McWherter Library, as well as working papers that are freely available.

I will provide materials through my web site, www.profbailey.com/seminar. 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, a discussion leader will be assigned in advance for each reading or topic. This leader should be prepared to summarize the main points and clarify some of the more complex or technical points. They also should have a list of important questions that need to be raised during the discussion, and should have

explored some of the literature related to the assigned readings. For research reports (most of the readings) the specific procedure is outlined below.

The rest of the group will, of course, have read and studied the material. They may, however, feel free to pursue some particular facets that pique their interest. For example, they might question the propriety of some statistical procedure; or they might wish to know more about some body of knowledge to which the author refers. The resulting excursions into related literature should enrich the seminar. We will strive to gain an understanding of the major paradigms and emerging trends in behavioral and human-information-processing research. We also want to place them into perspective, both historically and with respect to other accounting research, other disciplines, and the philosophy of science. Perhaps most importantly, new ideas for research should emerge.

Workshop Format for Research Papers

When the primary readings concern experimental studies, 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 (knowing the detail and thinking “**deeply**” about the issues). The *primary readings* will be the focus for discussion. For each of the primary readings I will assign one of you to the role of the presenter (advocate) and someone else to the role of the critic. Generally, the role assignments will include the following:

(1) **Presenter (advocate)**. This student has primary responsibility for the primary reading being discussed, including formal presentation and responses to comments and questions. Put yourself in the role of the author and defend the paper accordingly. You will have **25 minutes** to present the paper and to provide the relevant theoretical background. Assume that everyone has read the paper **carefully** and **not repeat what is written in the paper**. You *should* consult related articles in the reference list to the assigned articles, to the extent that you feel it is necessary to put the contribution of the assigned paper in perspective. Consider the questions left unanswered by the assigned papers, and suggest how future research might approach such questions. You will also have **5 to 10 minutes** to respond to the *specific critic comments* and provide relevant counter arguments or explanations. Ex ante communication between the critic and presenter is not allowed. Such communication would defeat the objective of this role-playing, since for in the “real world” you will not have advance notice of the comments. However, you know the paper inside and out and you should be able to give reasonable responses to most any comment on “your” paper.

(2) **Discussant (critic)**. The critic reviews the paper as a journal referee might do. However, you should not attempt to summarize the paper (since this would have previously been done by the advocate and everyone has already carefully read the paper). You will have **20 minutes** to present your critique. You may want to structure your critique using one of the frameworks (questions to think about when reading an article) provided to you for the first class period. Your review should consider the strength of the motivation, design, analysis, presentation, theoretical (as well as practical) development and implications. If you observe flaws, consider the weight of these flaws **relative** to the benefits of the research contribution, and suggest any possible ways that the researcher might have avoided any problems encountered. Always endeavor to be **constructive**, in this class and in your future experience as reviewers. However, remember you only have a limited time for your role and you need to be sure to consider the big issues; do not get bogged down on minor issues.

(3) **Participants and General Discussion**. Students not assigned the responsibilities of the presenter or discussant (for each individual paper) will assume the role of workshop participants. After the advocate briefly responds to the discussant’s comments, the class will be open to general discussion. The participants will ask questions and make comments to either the presenter or the discussant. The discussant will be in charge of the discussion. Both the presenter and discussant are expected to be able to respond to the participant’s comments/questions. The discussant may wish to have some pre-prepared material to stimulate discussion beyond points previously covered. **As in other workshop settings, the participants have a major impact on the level of discussion and bear a significant responsibility for the success of**

the learning experience. Hence, they are expected to be actively involved. You are expected to come to class prepared (i.e., with written notes). If you consistently remain silent on papers which you are not the presenter, you will learn little and your participation grade and overall grade will suffer.

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.

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	55%
Participation in general discussion	15
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 Alan G. Mayper (University of North Texas), who in turn heavily credits Lisa Koonce of the University of Texas.