

Discipline: Accounting and everyone interested from other disciplines

1. Language

English

2. Title

Advanced Topics in Experimental Accounting Research

3. Lecturer

Prof. Dr. Markus C. Arnold, Universität Bern

http://www.iuc.unibe.ch/content/team/markus_c_arnold/index_ger.html

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Markus C. Arnold is professor for managerial accounting and director at the Institute for Accounting at the University of Bern.

His research interests include managerial and financial accounting topics like target setting, transfer price and budget negotiations as well as sustainability reporting, with a focus on behavioral research. His research contributes to a better understanding on human decisions and judgements as well as the success or failure of negotiations within the field of accounting. His research is mainly based on laboratory experiments, institutional economics and economic psychology.

4. Date and Location

Monday, June 24, 2024 until Thursday, June 27, 2024

The course will take place at Kyffhäuser 21, Kyffhäuserstr. 21, 10781 Berlin.

5. Course Description

5.1 Abstract and Learning Objectives

The purpose of this course is to provide advanced insights into current experimental research from managerial accounting and financial accounting. Therefore, this course covers recent experimental studies from these three accounting areas that apply behavioral decision theory, psychology, and economics to address a variety of classical and recent accounting research questions and new topics (like, e.g., artificial intelligence, social media). Each study is intended to provide insights into specific and advanced questions of how to motivate, develop, design and write up an experimental study. Therefore, even though from different accounting disciplines, all studies are relevant to all students as they treat fundamental questions for experimental research. The course includes published research, as well as recent working papers, mainly from leading accounting researchers in the field.

The goals of this course are

- to deepen students' understanding of experimental research in the field of management accounting and financial accounting,
- to give students ideas about new topics in accounting and how they can build on them for their own research,
- to help students develop the skills necessary to critically evaluate such research,
- to help students develop and motivate their own research ideas,
- to help students develop rigorous experimental designs for conducting their own research,
- to challenge the limits of the experimental research method for accounting research questions.

5.2 Content

Course content consists of a sampling of recent research by leading experimentalists in financial accounting, and managerial accounting. Content ranges from cognitive-based research, embedded in institutionally-rich context to economics-based research, embedded in abstract contexts. Most of the papers fall somewhere between these two extremes, and thus, allows the students to observe and critique the pros and cons of various approaches to theory and experimental design.

5.3 Schedule

Day I (24.06.2024):

8:30 – 9:00	Arrival of participants, reception and check-in
9:00 – 10:30	Welcome & Important Fundamentals of Experimental Accounting Research and Developing Predictions
10:30 – 10:45	<i>Coffee break</i>
10:45 – 12:00	Methodological Aspects of Experimental Research in Accounting
12:00 – 13:00	<i>Lunch break</i>
13:00 – 14:30	Management Accounting – Social Mission and CSR
14:30 – 14:45	<i>Short break</i>
14:45 – 16:15	Management Accounting – New Technologies
16:15 – 16:45	<i>Coffee break</i>
16:45 – 17:30	How to Review a Paper

Day II (25.06.2024):

09:00 – 10:30	Management Accounting – Skill Development and Training
10:30 – 10:45	<i>Coffee break</i>
10:45 – 12:15	Management Accounting – Target Setting
12:15 – 13:15	<i>Lunch break</i>
13:15 – 14:45	Management Accounting – Performance Evaluation
14:45 – 15:15	<i>Coffee break</i>
15:15 – 16:15	Economics vs. Psychology Research

Day III (26.06.2024):

09:00 – 10:30	Financial Accounting – Information Provision and Coordination
10:30 – 10:45	<i>Coffee break</i>
10:45 – 12:15	Financial Accounting – Financial Disclosure
12:15 – 13:15	<i>Lunch break</i>
13:15 – 14:45	Financial Accounting – CSR Disclosure
14:45 – 15:15	<i>Coffee break</i>
15:15 – 16:15	Deception in Experimentation

Day IV (27.06.2024):

09:00 – 10:30	Financial Accounting – New Technologies
10:30 – 10:45	<i>Coffee break</i>
10:45 – 12:15	Financial Accounting – Current Issues
12:15 – 13:15	<i>Lunch break</i>
13:15 – 14:45	Presentation of own research projects 1
14:45 – 15:15	<i>Coffee break</i>
15:15 – 16:15	Presentation of own research projects 2
16.15 – 16.45h	Wrap-up & Feedback

5.4 Course format

The course will be conducted in the typical style of a PhD seminar course. There will be presentations by the instructor, but the primary learning will be through open discussion. For each discussion paper, a discussant will be assigned. The discussant should provide a 10 to 15-minute presentation, using 5-10 slides. The discussion should include a brief summary of the theory to be tested and the experimental design as well as a constructive criticism of the paper in general. Any criticism should also always be complemented with practical suggestions for potential improvements of any criticized aspect.

Discussion papers cover a variety of topics and research designs in order to expose the students to a wide array of acceptable approaches to experimental research. The course seems to cover a lot of papers. However, every paper is treated to discuss a specific issue regarding, e.g., the experimental design, its contribution or its theory development. Thus, rather than at a theoretical level, we treat specific questions at the concrete practical example of papers. Students will be expected to have read the assigned papers intensively before class and to fully participate in the critique of the papers.

Predictive Validity Boxes: Students also will be required to turn in for one of two discussion papers in each session (on days 2 through 4 only) the “predictive validity boxes” (See template at the back of this syllabus.) These will be turned in on the day that the paper is discussed. On day 1, you will receive further instruction on how to complete the Predictive Validity Boxes.

Presentations: The afternoon of the final day of the course is reserved for participants to present their own research ideas. These presentations are voluntary. During these presentations, the instructor will provide specific feedback on the research ideas, but will also focus with the class on how to present research and on how to critique work in an interactive setting. Moreover, the idea of these presentations is to apply the skills and knowledge gained in the first three and a half days to your own research projects.

6. Preparation and Literature

6.1 Prerequisites

Master-level education in business, economics, or psychology. Students should have read accounting research published in the premier academic journals. Students benefit most when they have already taken courses in experimental design and data analyses. At least, they are expected to have dealt in-depth with the essential basic reading materials. At the first day, we will spend half a day discussing important issues of experiments and research design.

6.2 Essential Reading Material

Day 1

Welcome & Important Fundamentals of Experimental Accounting Research and Developing Predictions

Libby, R. 1981. *Accounting and Human Information Processing: Theory and Applications*. Englewood Cliffs NJ: Prentice Hall. pages 10-15 only.

Brown, J. L., J. H. Evans III, and D. V. Moser. 2009. Agency Theory and Participative Budgeting Experiments. *Journal of Management Accounting Research* 21: 317-345.

Methodological Aspects of Experimental Research in Accounting

Elliott, W. B., Hodge, F. D., Kennedy, J. J., and M. Pronk. 2007. Are M.B.A. students a good proxy for nonprofessional investors? *The Accounting Review* 82: 139-168.

Bentley, J. W. 2021. Improving the Statistical Power and Reliability of Research Using Amazon Mechanical Turk. *Accounting Horizons* 35 (4): 45-62.

Asay, H. S., R. D. Guggenmos, K. Kadous, L. Koonce, and R. Libby. 2022. Theory Testing and Process Evidence in Accounting Experiments. *The Accounting Review* 97 (6): 23-43.

Managerial Accounting – Social Mission and CSR

Hobson, J. L., R. D. Sommerfeldt, and L. W. Wang. 2021. Cheating for the cause: The effects of performance-based pay on socially oriented misreporting. *The Accounting Review*, 96(5), 317-336.

Lill, J., A. Muncy, and W. Olczak. 2023. Carbon Pricing: How Disclosure of Internal Carbon Pricing Affects Managerial Honesty. Working Paper. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4541520

Managerial Accounting – New Technologies

Pickard, M. D., R. Schuetzler, J. S. Valacich, and D. A. Wood. 2020. Innovative accounting interviewing: A comparison of real and virtual accounting interviewers. *The Accounting Review*, 95(6), 339-366.

Hu, W. 2022. Trust versus Rewards: Revisiting Managerial Discretion in Incomplete Contracts, Working Paper.

How to Review a Paper

Kachelmeier, S. J. (2004). Reviewing the review process. *The Journal of the American Taxation Association*, 26, 143.

Berk, J., Harvey, C. R., & Hirshleifer, D. A. (2016). Preparing a referee report: guidelines and perspectives. Working paper. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2547191

Day 2

Managerial Accounting – Skill Development and Training

Arnold, M. C., B. Shi, I. D. Tafkov, and E. Voermans. 2023. The Effects of Relative Performance Information and Work-Training Tradeoff on Employees' Skill Development: An Experimental Investigation. Working Paper. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4320039.

Cardinaels, E., J. W. Choi, and Q. Ruan. 2023. All Show and No Know? The Effects of Outcome Transparency and Learning Path on Employee (In)effective Learning. Working Paper, Tilburg University.

Managerial Accounting – Target Setting

Arnold, M.C., M. Artz, and I. Tafkov. 2023. The Effect of Target Transparency on Managers' Target Setting Decisions. Working Paper, University of Bern.

Martin, R., and T. Thomas. 2022. Target setting with compensation discretion: How are ex ante targets affected when superiors have ex post discretion? *Accounting, Organizations and Society* 97: 1-19.

Management Accounting – Performance Evaluation

Chan, E. 2018. Promotion, Relative Performance Information, and the Peter Principle. *The Accounting Review* 93(3): 83-103.

Mecham, N. 2023. Social Comparison and Impression Management: The Joint Effect of RPI and Supervisor Presence on Employee Performance. Working Paper, Christopher Newport University.

Economics vs. Psychology Research

No reading required

Day 3

Information Provision and Coordination

Anctil, R. M., J. Dickhaut, C. Kanodia, and B. Shapiro. 2004. Information Transparency and Coordination Failure: Theory and Experiment. *Journal of Accounting Research* 42 (2): 159-195.

Qu, H. 2013. How Do Market Prices and Cheap Talk Affect Coordination? *Journal of Accounting Research* 51 (5): 1221-1260.

Financial Accounting – Financial Disclosure

Hobson, J. L., and S. J. Kachelmeier. 2005. Strategic disclosure of risky prospects: A laboratory experiment. *The Accounting Review* 80: 825-846.

Chakravarthy, J., and T. Shields. 2024. The Conservatism Principle and Asymmetric Preferences over Reporting Errors. *Behavioral Research in Accounting*, forthcoming.

Financial Accounting – CSR Disclosure

Martin, P. R., and D. V. Moser. 2016. Managers' Green Investment Disclosures and Investors' Reaction. *Journal of Accounting and Economics* 61: 239-254.

Fanning, K., R. C. Hatfield, and C. L. Sealy. 2022. Corporate CSR Disclosures and Regulatory Mandates: The Role of Investors' Perceptions of Greenwashing. Working paper, DePaul University.

Deception in Experimentation

No reading required

Day 4

Financial Accounting – New Technologies

Estep, C., E. E. Griffith, and N. L. MacKenzie. 2024. How do financial executives respond to the use of artificial intelligence in financial reporting and auditing? *Review of Accounting Studies*, forthcoming.

Aghazadeh, S. S., T. A. Lambert, and J. W. Ulla. 2023. Differences in Algorithm Reliance for Operating and Reporting Decisions: The Influence of Accuracy Rates on Weight of Advice. Working Paper, Louisiana State University.

Financial Accounting – Current Issues

Barcellos, L. P., and K. Kadous. 2022. Do Managers' Nonnative Accents Influence Investment Decisions? *The Accounting Review* 97 (3): 51-75.

Jackson, S. C., C. P. Agoglia, and M. D. Piercey. 2022. Do Investors Prefer Female CEOs in Activist-Targeted Firms? The Role of CEO Gender, Shareholder Activism Type, and Earning Guidance Disclosure. Working Paper, University of South Dakota.

6.3 Additional Reading Material

The following background materials are optional and will not be provided to the students.

Bonner, S. E., 2007. *Judgment and Decision Making in Accounting*. Pearson Prentice Hall: Upper Saddle River NJ.

Bonner, S. E., and G. B. Sprinkle. 2002. The effects of monetary incentives on effort and task performance: Theories, evidence, and a framework for research. *Accounting, Organizations, and Society* 27: 303-345.

Libby, R., Bloomfield, R., and M. W. Nelson. 2002. Experimental research in financial accounting. *Accounting, Organizations and Society* 27: 775-810.

Luft, J. and M. Shields. 2003. Mapping management accounting: Graphics and guidelines for theory-consistent empirical research. *Accounting, Organizations and Society* 28(2-3):169-279.

Maines, L. A., G. L. Salamon, and G. B. Sprinkle (2006). An Information Economic Perspective on Experimental Research in Accounting. *Behavioral Research in Accounting* 18: 85-102

Sprinkle, G. 2003. Perspectives on experimental research in managerial accounting. *Accounting, Organizations and Society* 28(2-3): 287-318.

6.4 To prepare

All participants are required to read the essential reading material prior to the course and prepare the short discussion for their assigned papers. It is also suggested that students attempt to complete the Predictive Validity Boxes for all papers prior to the course, though it is likely that they will update these during the week. (For instructions, see the Libby reading on Day 1 and the template at the back of this syllabus.)

7. Administration

7.1 Max. number of participants / Maximale Teilnehmerzahl

The number of participants is limited to 20.

7.2 Assignments / Aufgaben

Students are required to serve as a discussant for some papers. The discussant should provide a 15-minute presentation, using 5-10 slides and focusing on the specific issue indicated for each paper, as described above.

Additionally, students are required to turn in for one of two discussion papers in each session (on days 2 through 4 only) the “predictive validity boxes” (See template at the back of this syllabus.) These will be turned in on the day that the paper is discussed.

Finally, students should actively participate in the class discussions.

7.3 Exam / Prüfungsleistung

The grade will depend on

- Participation in class discussion: 30%
- Prepared discussions: 40%
- Predictive validity boxes: 30%

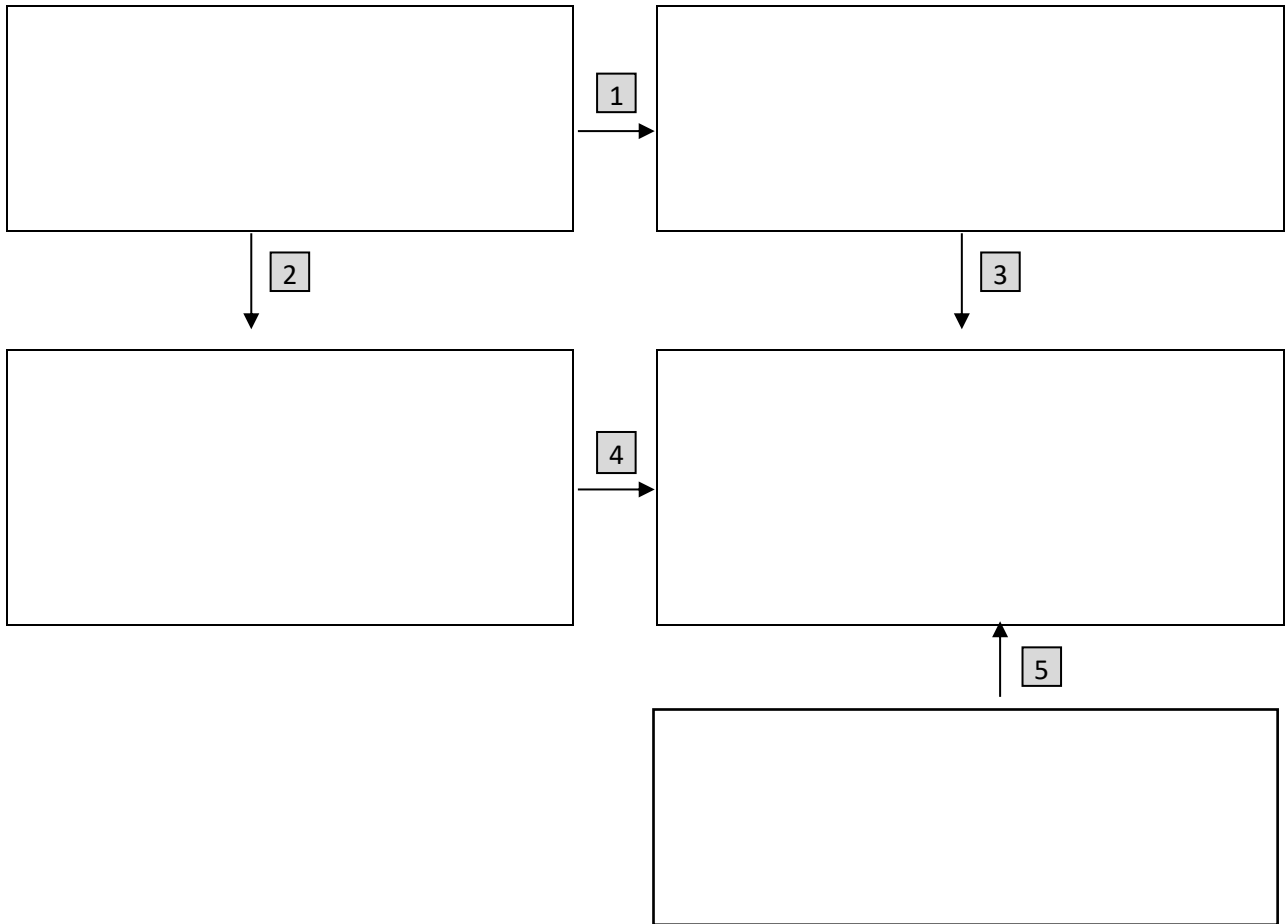
7.4 Credits / Punkte

The course (including the exam) corresponds to a scope of 6 LP/ECTS.

8. Working hours

Working Hours / Aufteilung der Arbeitsstunden	Stunden
<i>Preparation of course materials</i>	114
<i>Preparation of discussions</i>	24h
<i>Active participation</i>	34h
<i>Preparation of Libby boxes during the seminar week</i>	8h
TOTAL	180 h

Template for Predictive Validity Boxes



Comments (if needed):

Link 1:	
Link 2:	
Link 3:	
Link 4:	
Link 5:	