

STUDIES IN BEHAVIORAL ACCOUNTING RESEARCH OUTLINE

**Aarhus School of Business, University of Aarhus
4 October 2010 at 13.00 – 8 October 2010 at 12.00**

Aim:

The aim of this course is to provide an introduction to studies in behavioural accounting research. Accounting at its core is about the judgment and decision making of individuals such as investors, managers, and auditors. This course examines classic behavioural accounting studies as well as current studies.

The course is part of a PhD Program in Financial Accounting/Auditing provided in collaboration between Aarhus School of Business, Aarhus University, Copenhagen School of Business and Southern Denmark University. The sponsor for the PhD course program is the Danish Council for Independent Research in Social Sciences (FSE).

The course is designed for Ph.D. student in the Accounting and Business Ph.D. degree programs, as the discussions, illustrations and projects will cut across disciplinary boundaries. This course will be especially helpful to students who wish to use the survey, experimental and/or quasi-experimental methods in their dissertations and subsequent research. However, students who plan to use economics-based archival research will also find it helpful to be a well-informed consumer of behavioural research. Archival studies often test hypotheses developed in behavioural research, and behavioural studies provide explanations for anomalies documented in archival research.

“Studies in Behavioural Accounting Research” is a stand alone course (4 ECTS). It is also used as a prerequisite for the Ph.D. course on “Research Design and Analysis in Behavioural Accounting Research” in Bergen (4 ECTS).

New dates for the course in Bergen: 15-19 November 2010.

To register, please submit your application Iris Stuart, Iris.Stuart@nhh.no

Lecturers:

Stephen K. Asare, JD, Ph.D., CFE, KPMG Term Professor
Fisher School of Accounting, Warrington College of Business Administration, University of Florida

Iris Stuart, Professor
Department of Accounting, Auditing and Law
Norwegian School of Economics and Business Administration

Claus Holm, Ph.D., Professor
Accounting Research Centre, Department of Business Studies
Aarhus School of Business, Aarhus University

Learning outcomes:

On completion of this unit successful students will be able to:

- Understand how different behavioural research methods can and should be used to address different accounting issues.
- Critique existing behavioural accounting research papers.
- Recognize key issues in gathering, presenting, and analyzing behavioural data.
- Assess when experimentation is an appropriate way to address an accounting research question, and why.
- Differentiate between conceptual and operational accounting research questions.
- Apply techniques to getting published in accounting journals.
- Develop research projects within the field.

Content:

The course will address a range of behavioural accounting research subjects including:

- Determinants of Auditors' Performance.
- The Audit Process
- The Review Process
- Disclosure
- Accountability and Performance
- Accounting Fraud

Teaching and learning methods:

The course will include lectures to give the background and to provide principles and frameworks for designing successful (i.e., publishable) behavioural accounting research studies. The participants will then take part in discussions in which they critique research papers and present their critiques to other course members. Finally, participants will present a preliminary abstract of a planned behavioural accounting research project and critique proposals presented by other participants.

Students who intend to take the second course "Research Design and Analysis" will present a behavioural research study to be completed in the month between the two classes. This study will be developed under the guidance of instructors for the second course.

Preparation for the course:

Prior to the start of the course, each participant should prepare a one page summary of their research agenda (planned or in process). The summary should identify 1) the nature (purpose and subject area) of the research; 2) the research method(s) planned or already adopted; 3) anticipated limitations or difficulties of conducting the research; and 4) progress, if any, to date. Participants should also include a short paragraph indicating what they consider to be the *most important* learning outcome(s) of

attending this course. Both of the above should be submitted as Word file attachments to Susanne Lannie (sla@asb.dk) no later than 27 September 2010.

The assigned mandatory readings should be read in advance. During the course each participant will be assigned to critic and advocate papers in turn. In each session, presentations of the topic by the lecturers will be combined with talk about the background reading and the topic in general. Then we will discuss the individual papers of the session in depths. The discussion is structured as follows: First, a critic points out weakness of the paper. Second, an advocate defends the paper. Third, we will have a general discussion on the paper. In the remaining time, we will discuss the other mandatory reading.

Provisional course outline:

MONDAY 4 OCTOBER 2010, Introduction to Behavioural Accounting Research	
13.00-16.00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapters 1 and 2 -Libby, Bloomfield, and Nelson (2002), p. 775-780. "Experimental Research in Financial Accounting." <i>Accounting, Organizations and Society</i>. -Nelson and Tan (2005), p. 41-71. "Judgment and Decision Making Research in Auditing: A Task, Person, and Interpersonal Interaction Perspective." <i>Auditing: A Journal of Practice & Theory</i> 24 (Supplement). -Peecher and Solomon (2001) p. 193-203. "Theory and Experimentation in Studies of Audit Judgments and Decisions: Avoiding Common Research Traps." <i>International Journal of Auditing</i> 5(3).
TUESDAY 5 OCTOBER 2010, Determinants of Auditors' Performance	
9.00-12.00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapters 3 and 4 -Bonner and Lewis (1990), p. 1-20, "Determinants of Auditor Expertise". <i>Journal of Accounting Research</i> (Supplement). -Tan and Libby (1997), p. 97-114. "Tacit Managerial versus Technical Knowledge as Determinants of Audit Expertise in the Field". <i>Journal of Accounting Research</i> 35(1). -Hammersley (2006), p. 309-336. "Pattern Identification and Industry-Specialist Auditors." <i>The Accounting Review</i> 81.
TUESDAY 5 OCTOBER 2010, The Audit Process	
13.00-16.00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapter 5 and 6 -Koonce, L. M. Mercer. (2005), p. 175-214 "Using Psychology Theories in Archival Financial Accounting Research," <i>Journal of Accounting Literature</i>. -Frederick, Heiman-Hoffman, and Libby. 1994, p. 1-21. "The Structure of Auditors' Knowledge of Financial Statement Errors." <i>Auditing: A Journal of Practice and Theory</i> 13(1). -Kadous, Kennedy, and Peecher (2003), p. 759-778. "The Effect of Quality Assessment and Directional Goal Commitment on Auditors' Acceptance of Client-Preferred Accounting Methods." <i>The Accounting Review</i> 78.

WEDNESDAY 6 OCTOBER 2010, The Review Process	
9.00-12.00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapter 7 -Tan and Troutman (2003), p. 581-604. "Reviewers' Responses to Anticipated Stylization Attempts by Preparers and Audit Workpapers." <i>The Accounting Review</i> 40(1) -Wilks (2002). "Predecisional Distortion of Evidence as a Consequence of Real-Time Audit Review." <i>The Accounting Review</i> 77(1). -Brazel, Agoglia, and Hatfield (2004), p. 949-966. "Electronic Versus Face-to-Face Review: The Effects of Alternative Forms of Review on Auditors' Performance." <i>The Accounting Review</i> 79(4).
WEDNESDAY 6 OCTOBER 2010, Disclosure	
13.00-16.00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapter 8 -Elliot (2006), p. 113-133. "Are Investors Influenced by Pro Forma Emphasis and Reconciliations in Earnings Announcements?" <i>The Accounting Review</i> 81. -Hunton, Libby, and Mazza (2006), p. 135-157. "Financial Reporting Transparency and Earnings Management." <i>The Accounting Review</i> 81. -Koonce, Lipe, and McNally (2005), p. 871-895. "Judging the Risk of Financial Instruments: Problems and Potential Remedies." <i>The Accounting Review</i> 80(3). -Tversky and Kahneman (1974), p. 1124-1131. "Judgment Under Uncertainty: Heuristics and Biases." <i>Science</i> 185 (4157).
THURSDAY 7 OCTOBER 2010, Accountability and Performance	
9:00-12:00	<ul style="list-style-type: none"> -Bonner, Sarah E., (2008), <i>Judgment and Decision Making in Accounting</i>, Pearson Prentice Hall, Chapter 9 -Peecher (1996), p. 125-140. "The Influence of Auditors' Justification Processes on their Decisions: A Cognitive Model and Experimental Evidence." <i>Journal of Accounting Research</i> 34(1). -Hackenbrack and Nelson (1996), p. 43-59. "Auditors' Incentives and Their Application of Financial Accounting Standards." <i>The Accounting Review</i> 71(1). -DeZoort, Harrison, and Taylor (2006), p. 373-390. "Accountability and Auditors' Materiality Judgments: The Effects of Differential Pressure Strength on Conservatism, Variability, and Effort." <i>Accounting, Organizations, and Society</i> 31(4/5).
THURSDAY 7 OCTOBER 2010, Accounting Fraud	
13.00-16.00	<ul style="list-style-type: none"> - Auditors' Use of Brainstorming in the Consideration of Fraud: Reports from the Field. Joseph F. Brazel et al., <i>The Accounting Review</i> 85, 1273 (2010) -A Field Experiment Comparing the Outcomes of Three Fraud Brainstorming Procedures: Nominal Group, Round Robin, and Open Discussion. James E. Hunton et al., <i>The Accounting Review</i> 85, 911 (2010) -The Influence of Documentation Specificity and Priming on Auditors' Fraud Risk Assessments and Evidence Evaluation Decisions. Jacqueline S. Hammersley et al., <i>The Accounting Review</i> 85, 547 (2010) -Hoffman, V. B., and M. F. Zimbelman. 2009. Do Strategic Reasoning and Brainstorming Help Auditors Change Their Standard Audit Procedures in Response to Fraud Risk? <i>The Accounting Review</i> 84 (3): 811-837.

FRIDAY 8 OCTOBER 2010, Presentation and Discussion of Research Proposals	
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9.00-12.00	
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