

## COURSE TITLE

Selected Topics in Experimental Accounting Research

## DATES

Monday, 30 August to Thursday, 2 September, 2021  
9:00 – 16:45 each day

## INSTRUCTOR

Steven Kachelmeier, University of Texas at Austin  
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Steven Kachelmeier holds the Randal B. McDonald Chair in Accounting at the University of Texas at Austin, where he has been on the faculty since earning his doctorate at the University of Florida in 1988. Professor Kachelmeier's research applies experimental methods, most often of the incentivized, interactive variety commonly known as "experimental economics," to accounting issues. Professor Kachelmeier has published a wide variety of accounting articles over the course of his career, with his most recent interests focusing on incentive issues involving auditing and management accounting. From 2008 to 2011, Professor Kachelmeier served as Senior Editor of *The Accounting Review*, and from 2011 to 2015 he served as Vice President for Research on the Board of Directors of the American Accounting Association. Professor Kachelmeier maintains his license as a Certified Public Accountant (New Mexico).

## LOCATION

University of Bern, room to be announced

### **COVID-19 considerations:**

My plan is to conduct our seminar in a traditional, in-person setting with open discussion, as I look forward to returning to a more normal environment instead of the "Zoom fatigue" that has likely affected all of us. I am fully vaccinated, and I have taken appropriate precautions to minimize the risk of COVID-19 exposure. If the University of Bern safety protocol allows, I do not plan to wear a mask when teaching. That being said, I respect the rights of any students who prefer to wear a mask or distance themselves in the classroom to the extent that the facilities allow. I also ask that students not attend the seminar if encountering any symptoms and/or heightened risk of COVID-19 exposure. The University of Bern will have a safety protocol that will be communicated to you in advance, as both the University of Bern and I want you to be safe. If you need to travel to Switzerland, you may need to provide proof of vaccination or of a negative PCR test. You will also be informed about any of these requirements in advance. Please contact me (kach@mail.utexas.edu) if you have any questions or concerns.

## CREDITS

This seminar is eligible for 6.0 ECTS.



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**UNIVERSITÄT  
BERN**

School of Business, Economics and  
Social Sciences

Department of Business  
Administration

**Institute for Accounting (IUC)**

## **COURSE OBJECTIVES**

1. Discuss the relative advantages and disadvantages of experiments for questions of interest not only to academic researchers, but also practitioners and policymakers.
2. Review the validity framework for accounting experiments, including the distinction between threats to internal and construct validity.
3. Address threats to research ethics involving accounting experimentation.
4. Explore recent topical themes that have been covered in experiments involving financial accounting, management accounting, and auditing.
5. Provide a forum for students to discuss and receive feedback on their own research ideas.

## **STRUCTURE**

Each of the four days of this seminar will begin with a short quiz (see below), followed by four discussion blocks, as follows.

- 9:00- 9:20 Brief comprehension quiz over the day's readings
- 9:20-10:45 Discussion block 1
- 10:45-11:00 Break
- 11:00-12:25 Discussion block 2
- 12:25-13:40 Lunch
- 13:40-15:05 Discussion block 3
- 15:05-15:20 Break
- 15:20-16:45 Discussion block 4

Each discussion block will cover a specific theme, as detailed in this syllabus, generally with two assigned readings per block. The seminar will be discussion oriented, with the instructor more as a facilitator than a lecturer.

## **REQUIREMENTS AND ASSESSMENT**

Assessments and course credit will be determined as follows:

Quizzes (one brief quiz per day on that day's assigned readings)	20%
Advocate and critic responsibilities	25%
Participation in group discussions	30%
Discussion of your ideas on Day 4	<u>25%</u>
	100%

Details for each component are explained on the next page.

### *Quizzes (20% of assessment)*

At the beginning of each of our four seminar days, I will administer a brief (20 minute) multiple-choice quiz consisting of ten questions based on that day's assigned readings. The primary purpose of these quizzes is to reward you for your preparation in reading the assigned papers beforehand. I realize fully that doctoral students likely do not need this incentive, and I do not mean to suggest otherwise. Still, these quizzes will provide me with quick "reality checks" to ensure that my sense of the key points from the assigned papers aligns with yours. Accordingly, I will do my best to draw quiz questions from the highlights of each reading rather than minor details. I also recognize that you may miss a question here and there even if you have read the articles carefully. But if several students miss any particular question, that should help to guide what we need to clarify in our discussion. Please note that the quizzes are worth only 20% of the seminar assessment in total, so they are unlikely to "make or break" you. That being said, it is important to come to class prepared, particularly in a discussion-oriented seminar.

### *Advocate and critic responsibilities (25% of assessment)*

Once I have the enrollment roster, I will randomly assign students to serve as *advocate* or *critic* for selected articles, beginning on Day 2. The advocate and critic are responsible for leading our discussion, as explained below. I will communicate these assignments as soon as possible. (Day 1 is different, as I will lead the discussion of the background material we cover on Day 1.)

To save time, I do not expect advocates and critics to use PowerPoint slides. Just come prepared to lead the discussion, as directed below.

**ADVOCATE:** If you are the assigned advocate for an article or paper, take 10 to 15 minutes at the beginning of our discussion to refresh us about the study, and more importantly to highlight why the study's contribution is important to the theory and practice of accounting. Advocates should start by modeling the study in "Libby Box" format (ideally on the whiteboard in the classroom). Then summarize the study in an upbeat manner that takes the authors' perspective, pointing out what we learn from the article. The advocate's primary responsibility is to keep our seminar from becoming an "article bashing" exercise in which all we do is point out flaws. Too much negativity in a seminar can make new scholars too critical, which can then lead to excessive negativity in the journal review process. Ideally, the benefits of any research study outweigh the limitations, and it is the advocate's job to make that case.

**CRITIC:** If you are the assigned critic for an article or paper, take about 10 minutes to point out in a constructive manner the study's limitations. Limitations can either be contribution issues (i.e., if the research question is overly narrow or the conclusion is somewhat self-evident), or validity issues (i.e., if the study does not necessarily support its stated conclusions). Constructive criticism is an essential part of the research process, and should never be taken personally. The key is to direct criticisms to the research rather than the researcher. No study is perfect! A good critic often also suggests possible ways to overcome the criticism(s) raised.

*Participation in group discussions (30% of assessment)*

My intent is to save about 20 minutes for each article/paper covered on Days 2, 3, and 4 for a general discussion involving all seminar participants, including the instructor. It is important to take an active role in the discussion even if you are not the assigned advocate or critic. Indeed, it is my hope that students will engage the advocate and critic with a healthy interchange of ideas, points of agreement, and points of disagreement.

*Discussion of your ideas (Day 4) (25% of assessment)*

The last two discussion blocks on Day 4 will be for *your* ideas. Given that students in this seminar are likely to be at various stages of their respective doctoral programs, I encourage you to be “selfish” and propose the idea that best fits the needs you currently face. That is, students at or near the dissertation phase are welcome to discuss their dissertation ideas, whereas newer students can pursue a more exploratory idea, perhaps one that is stimulated from one of the seminar readings.

Student research ideas do not have to be directly related to seminar readings, nor do they even have to be an experiment if your own interests are nonexperimental. The primary purpose of these discussions is to benefit *you* and provide you with constructive feedback on the idea that interests you most at this point in your program. That being said, it is my hope that your ideas will benefit from the topics we discuss in this seminar.

I will distribute a schedule of discussion slots when I have the enrollment roster and can determine appropriate slots for each student. Discussions of student ideas will take place in Discussion Blocks 3 and 4 (i.e., from 13:40 – 16:45) on Day 4 (Thursday, 2 September). Time allotments will depend on the number of students, but I anticipate allotting about 20 minutes per student (plus or minus depending on the number of students we need to fit). This includes time for questions and suggestions from the class, so you should plan to summarize the basics (see list below) in no more than 10 minutes.

To manage your workload (and mine), do *not* prepare written proposals for your research ideas. All I ask is that you prepare a *brief and succinct* slide deck using PowerPoint or equivalent technology to facilitate the discussion of your ideas. We will likely not have much time, so keep it on point! Your slides should cover the following:

1. What exactly is the research question, in the form of “What is the effect of X on Y”?
2. Why is that question important to the theory and practice of accounting, broadly defined?
3. Model your question and its operationalization in “Libby Box” format. (We will cover this on Day 1.)
4. Summarize your predictions and what you expect to learn.

Send your PowerPoint slide deck to me ([kach@mail.utexas.edu](mailto:kach@mail.utexas.edu)), which I will take into account along with your discussion during class to assess this component.

The remainder of this syllabus lists the readings for each day.

## **Day 1 (Monday, 30 August, 2021)**

This day is different from the others. My intent for Day 1 is to review some important background material for experimental research in accounting, including the relative advantages of experiments for policy-relevant research questions, the validity framework for evaluating experiments, and research ethics. I will lead the discussion on Day 1, but I expect students to participate.

**9:00 – 9:20:** Quiz over assigned readings for Day 1 (ten multiple choice questions)

### **9:20 – 10:45: Discussion block 1: Introductions**

(No assigned readings for this block)

### **11:00 – 12:25: Discussion block 2: Making research relevant to accounting practice**

**Reading 1:** Leuz, C. 2018. Evidence-based policymaking: Promise, challenges and opportunities for accounting and financial markets research. *Accounting and Business Research* 48 (5): 582-608.

**12:25 – 13:40:** Lunch

### **13:40 – 15:05: Discussion block 3: Demystifying research validity**

I will use my own slide deck for this segment, based on a presentation I gave before the U.S. Financial Accounting Standards Board in April 2021. I will also draw on the two readings below to illustrate internal validity and construct validity, respectively.

**Reading 2 (to illustrate internal validity):** Bell, T. B., T. J. Frecka, and I. Solomon. 1993. The relation between research productivity and teaching effectiveness: Empirical evidence for accounting educators. *Accounting Horizons* 7 (4): 33-49.

**Reading 3 (to illustrate construct validity):** Marino, L. 2012. Construct validity of animal-assisted therapy and activities: How important is the animal in AAT? *Anthrozoös* 25 (Supplement): S139-S151.

### **15:20 – 16:45: Discussion block 4: Research ethics**

**Reading 4:** Malone, J. A. 2014. *Report of Judith A. Malone, Bentley University Ethics Officer, Concerning Dr. James E. Hunton*. Bentley University public report. Available at: <https://aaahq.org/Portals/0/documents/BentleyReportrepublishpermission6.pdf>.

**Reading 5:** Bailey, C. D. 2015. Psychopathy, academic accountants' attitudes toward unethical research practices, and publication success. *The Accounting Review* 90 (4): 1307-1332.

## Day 2 (Tuesday, 31 August, 2021)

**9:00 – 9:20:** Quiz over assigned readings for Day 2 (ten multiple choice questions)

### **9:20 – 10:45: Discussion block 1: Technology in financial accounting and auditing**

**Reading 6:** Cardinaels, E., S. Hollander, and B. J. White. 2019. Automatic summarization of earnings releases: Attributes and effects on investors' judgments. *Review of Accounting Studies* 24 (3): 860-890.

**Reading 7:** Emett, S. A., S. E. Kaplan, E. G. Mauldin, and J. S. Pickerd. 2021. Auditing with data and analytics: External reviewers' judgments of audit quality and effort. Working paper, Arizona State University, University of Missouri-Columbia, and the University of Mississippi. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3544973](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3544973).

### **11:00 – 12:25: Discussion block 2: Communicating/compensating inputs and outputs**

**Reading 8:** Arnold, M. C., R. L. Hannan, and I. D. Tafkov. 2020. Mutual monitoring and team member communication in teams. *The Accounting Review* 95 (5): 1-21.

**Reading 9:** Chan, E. W., S. J. Kachelmeier, and X. Zhang. 2021. Working longer but not harder: The effects of incentivizing inputs versus outputs in a heterogeneous workforce. *The Accounting Review* 96: forthcoming.

**Reading 10:** Neilson, K. 2020. *Your Employees Could Be Growing to Resent Their Jobs—This Research Explains Why*. Human Resource Management Institute of Australia. Available at <https://www.hrmonline.com.au/performance/reward-and-recognition/employees-resent-jobs-compensation/>.

**12:25 – 13:40:** Lunch

### **13:40 – 15:05: Discussion block 3: Information choice**

**Reading 11:** Smith, S. D., W. B. Tayler, and D. F. Prawitt. 2016. The effect of information choice on auditors' judgments and confidence. *Accounting Horizons* 30 (3): 393-408.

**Reading 12:** Kachelmeier, S. J., and D. Rimkus. 2021. Does seeking audit evidence impede the willingness to impose audit adjustments? Working paper, University of Texas at Austin and University of Florida. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3469748](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3469748).

### **15:20 – 16:45: Discussion block 4: Depletion**

**Reading 13:** Bhaskar, L. S., T. M. Majors, and A. Vitalis. 2020. Are auditor negotiations impaired during depleting times? The importance of client interactions and individual attributes. Working paper, Indiana University, University of Southern California, and University of Waterloo. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3373379](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3373379).

**Reading 14:** Hurley, P. J. 2021. Making sense of ego depletion: The replication crisis, a path forward, and lessons for accounting researchers. Working paper, Northeastern Univ. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3794259](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3794259).

### **Day 3 (Wednesday, 1 September, 2021)**

**9:00 – 9:20:** Quiz over assigned readings for Day 3 (ten multiple choice questions)

#### **9:20 – 10:45: Discussion block 1: Forewarnings**

**Reading 15:** Kachelmeier, S. J., D. Rimkus, J. J. Schmidt, and K. Valentine. 2020. The forewarning effect of critical audit matter disclosures involving measurement uncertainty. *Contemporary Accounting Research* 37 (4): 2186-2122.

**Reading 16:** Tan, H.-T., and F. Yeo. 2021. You have been forewarned! The effects of risk management disclosures and disclosure tone on investors' judgments. Working paper, Nanyang Technological University and University of South Carolina. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3804021](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3804021).

#### **11:00 – 12:25: Discussion block 2: Gender biases in accounting**

**Reading 17:** Fanning, K., J. Williams, and M. G. Williamson. 2021. Group recruiting events and gender stereotypes in employee selection. Working paper, DePaul University, Utah Valley University, and University of Illinois at Urbana-Champaign. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3275631](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3275631).

**Reading 18:** Bloomfield, R. J., K. Rennekamp, B. Steenhoven, and S. Stewart. 2021. Penalties for unexpected behavior: Double standards for women in finance. *The Accounting Review* 96 (2): 107-125.

**12:25 – 13:40:** Lunch

#### **13:40 – 15:05: Discussion block 3: Creativity, innovation, and divergent thinking**

**Reading 19:** Kachelmeier, S. J., R. A. Webb, and M. G. Williamson. 2020. Do performance-contingent incentives help or hinder divergent thinking? Working paper, University of Texas at Austin, University of Waterloo, and University of Illinois at Urbana-Champaign. Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3745282](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3745282).

**Reading 20:** Guggenmos, R. D. 2020. The effects of creative culture on real earnings management. *Contemporary Accounting Research* 37 (4): 2319-2348.

#### **15:20 – 16:45: Discussion block 4: Amazon's Mechanical Turk—A blessing or curse?**

**Reading 21:** Ahler, D. J., C. E. Roush, and G. Sood. 2020. The micro-task market for lemons: Data quality on Amazon's Mechanical Turk. Working paper, Florida State University. Available at <https://www.gsood.com/research/papers/turk.pdf>.

**Reading 22:** Bentley, J. W. 2021. Improving the statistical power and reliability of research using Amazon Mechanical Turk. *Accounting Horizons* 35: forthcoming.

**Day 4 (Thursday, 2 September, 2021)**

**9:00 – 9:20:** Quiz over assigned readings for Day 4 (ten multiple choice questions)

**9:20 – 10:45: Discussion block 1: Field experiments**

**Reading 23:** Eyring, H., P. J. Ferguson, and S. Koppers. 2021. Less information, more comparison, and better performance: Evidence from a field experiment. *Journal of Accounting Research* 59 (2): 657-711.

**Reading 24:** Cascino, S., M. Clatworthy, B. García Osma, J. Gassen, and S. Imam. 2021. The usefulness of financial accounting information: Evidence from the field. *The Accounting Review*: forthcoming.

**11:00 – 12:25: Discussion block 2: Who wants to be an accountant?**

**Reading 25:** Blay, A. D., and M. G. Fennema. 2017. Are accountants made or born? An analysis of self-selection into the accounting major and performance in accounting courses and on the CPA exam. *Issues in Accounting Education* 32 (3): 33-50.

**Reading 26:** Leiby, J., and P. E. Madsen. 2017. Margin of safety: Life history strategies and the effects of socioeconomic status on self-selection into accounting. *Accounting, Organizations and Society* 60: 21-36.

**12:25 – 13:40:** Lunch

**13:40 – 15:05: Discussion block 3: Student research ideas**

(Schedule to be announced)

**15:20 – 16:45: Discussion block 4: More student research ideas**

(Schedule to be announced)