

**Limperg Course on Experimental Accounting Research
May 28-29 2020 (Part A) & June 10-12, 15-16 2020 (Part B)**

INSTRUCTORS

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PART A (Bart Dierynck & Eddy Cardinaels)

COURSE OBJECTIVES

The overall objective of Part A is to (1) provide every participant with a solid background in research design in general and experimental research design in particular and (2) help participants with structuring their research ideas. To realize the course objective, Part A will cover three parts. In the first part, core topics about research design in general and designing and running experiments in particular will be covered. In the second part, we will discuss two core aspects to generate and advance knowledge by means of experiments. Specifically, we will discuss the role of replications and multi-method research in accounting research. In the third part, participants present about their own research project in a structured way.

COURSE REQUIREMENTS

The course objectives will be realized through interactive teaching and group discussions. A solid preparation is thus core to facilitate the learning process.

Replication: Carefully read the paper of Dierynck, van der Geest, and van Pelt (2020), which replicates the paper of Maas, van Rinsum, and Towry (2012, The Accounting Review), and submit at least 1 discussion point about Dierynck, van der Geest, and van Pelt (2020). A discussion point should address the strengths and/or weaknesses related to the paper's motivation/contribution, theory, research design, or data analyses. Also, come up with one paper that you would like to replicate. Give the citation of this paper and explain in one-two paragraphs (1) why you want to replicate this paper, (2) which design choice you would like to change in your replication, and (3) the theoretical foundation underlying the changed design choice. **The discussion point about Dierynck, van der Geest, and van Pelt (2020), the citation of the paper you would like to replicate, and the one-two paragraphs are due May 27 and should be sent to Bart Dierynck (b.dierynck@tilburguniversity.edu).**

Multi-method research and online participant pools: Read the paper of Cardinaels, Hollander and White (2019, Review of Accounting Studies). Also have a look at the paper of Asay, Elliot and Rennekamp (2017). You can pick one of the papers and raise a discussion point on either the participant pool, the internal validity, the external validity of the research question. This could relate to both the use of the method for theory testing as well as issues that may limit or strengthen the contribution. This discussion point can be sent to Eddy Cardinaels (e.cardinaels@tilburguniversity.edu) also at May 27th.

Own research project: Prepare a short presentation (at maximum 5 slides) and discuss (1) the main motivation of this research project, (2) the predictive validity framework of this research project, (3) two points you are currently struggling with when developing or executing this research project. The research project you discuss could be in the data development phase, data collection phase, or write-up phase. Depending on the phase of your research project, your struggling points will differ. **This presentation is due May 29. You should not send the presentation on beforehand.**

COURSE SCHEDULE AND OUTLINE

The schedule for each day will proceed as follows:

Day 1: Thursday, May 28, 2020

09:00-10:30 Session 1
10:30-10:45 Break
10:45-12:15 Session 2
12:15-13:30 Lunch
13:30-15:00 Session 3

Session 1: Introduction to experimental research design

Please read the papers below before the session. These papers will be covered during the session and will help you to develop a framework to set up your own studies and discuss studies conducted by other researchers (as a discussant, reviewer, critical reader).

- Bloomfield, R., M.W. Nelson, and E. Soltes. 2016. Gathering data for archival, field, survey, and experimental accounting research. *Journal of Accounting Research* 54(2): 341-395.
- Kadous, K., and D. Zhou. 2016. Maximizing the contribution of JDM-style experiments. See https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2887033
- Sugden, R. 2005. Experiments as exhibits and experiments as tests. *Journal of Economic Methodology* 12(2): 291-302.
- Rennekamp, K. 2012. Processing fluency and investors reactions to disclosure readability. *Journal of Accounting Research* 50: 1319-1354. (*just skim this paper, we will use the design as an example to discuss several topics related to experimental design*)

Session 2: Replications in accounting research

- Dierynck, B., J. van der Geest, and V. van Pelt. 2020. In search of informed discretion (revisited): do managers want to be fair or not appear selfish?. Working paper Tilburg University.
- Maas, V.S., M. van Rinsum, and K.L. Towry. 2012. In search of informed discretion: an experimental investigation of fairness and trust reciprocity. *The Accounting Review* 87(2): 617-644.

Session 3: Multi-method research and online participant pools

- Cardinaels, E., S. Hollander and B. White. 2019. Automatic summarization of earnings releases: Attributes and effects on investors' judgments. *Review of Accounting Studies* 24(3): 860-890.
- Asay, S., B. Elliott, and K. Rennekamp. 2017. Disclosure readability and the sensitivity of investors' valuation judgments to outside information. *The Accounting Review* 92(4): 1-25.

Day 2: Friday, May 29, 2020

09:00-10:30 Session 4

10:30-10:45 Break

10:45-12:15 Session 5

Session 4-5: Discussion of own research project

COURSE OBJECTIVES

There are two main course objectives. The first objective is to provide you with a broad exposure to experimental accounting research, with a focus on financial, managerial, and audit topics. Certainly, our coverage of even these topics will not be comprehensive. But, by the end of the course, you should have a good idea of the important themes that are studied across these accounting topics. To that end, we will focus on recently published papers and working papers, as these highlight the themes at the “frontier” of experimental accounting research. While we will not cover the “classics” that form the foundation of experimental accounting research, I believe it is important for you to become familiar with them. Many of these are cited in the papers we will cover in the course, and I encourage you to read them.

The second objective is to provide opportunities to critically evaluate experimental research and generate/develop your own research. While we will use a limited set of research as the context for these opportunities, I hope that you will find the experience applies beyond the research we will cover in the course.

COURSE REQUIREMENTS AND ASSESSMENT

Group discussion will be the primary means of learning. I expect you to carefully read the papers and be prepared to discuss them. A key objective is to have a balanced discussion of both the strengths and weaknesses of each paper. The course requirements are intended to facilitate our discussions (and thus, your learning in the course).

Discussion Points: You must submit at least 1 discussion point (i.e., questions or comments) for each financial/managerial/audit paper we discuss on Days 1-4. These discussion points should address the strengths and/or weaknesses related to the paper’s motivation/contribution, theory, research design, or data analyses. If your discussion point focuses on the paper’s strengths, explain *why* it is a strength. If your discussion point focuses on the paper’s weaknesses, explain *why* you think it a weakness (e.g., how does it affect the interpretation of the results), and how the issue could have been avoided (while keeping in mind the trade-offs that the authors were facing). Importantly, the goal is to be critical, but constructive. **The discussion points are due June 9.**

Discussion Leadership: A discussion leader will be assigned for each financial/managerial/audit paper we discuss on Days 1-4. The discussion leader assignments are listed in the course schedule at the end of this syllabus. As the discussion leader, you will provide a written summary of the paper at the start of our discussion of the paper. The summary should describe the research question(s), theory and hypotheses, an overview of the experiment, and the key findings. Your summary should embed your fellow students’ discussion points for that paper.

Research Write-Ups: You will submit 3 write-ups related to 3 papers discussed in the course (one write-up for each paper). You may choose the 3 papers on which to complete the write-ups. Your write-ups should do one of the following:

- (i) Propose a new project that would get at the same basic research questions in a different way
- (ii) Propose a new project that would extend or expand on the findings of the paper

Your write-ups should be brief (i.e., about one page). I recommend using the “Kinney’s 3 paragraphs” format in which the write-ups address three basic questions: What is the research question? Why is it important? How will you investigate it? **The write-ups are due June 16.**

Abstract/Introduction Writing Assignment: For this assignment, I will provide you with the hypothesis development, experimental design, and results sections of a paper, and you will submit a write-up of an abstract and introduction section for the paper. **This assignment is due June 15.**

Experimental Design Assignment: For this assignment, I will provide you with the hypothesis development section of a paper, and you will submit a write-up in which you design an experiment (or multiple experiments) to test the hypotheses. At a minimum, your write-up must describe the following: (i) how you will manipulate or measure the independent variable(s), (ii) how you will construct the key dependent and process measures, (iii) who you would recruit as potential participants (e.g., university students, auditors, managers, etc.), and (iv) any key design choices or measures you think are necessary to conduct a valid test of the theory (e.g., design choices to help rule out alternative explanations for the results). **The assignment is due June 15.**

Grades will be determined as follows:

Discussion points	20%
Discussion leadership	15%
Research write-ups	15%
Abstract/Introduction writing assignment	25%
Experimental design assignment	25%

COURSE SCHEDULE AND OUTLINE

The schedule for each day will proceed as follows (based on times in the Netherlands):

- 14:00-15:15: Session 1
- 15:15-15:30: Break
- 15:30-16:45: Session 2
- 16:45-17:00: Break
- 17:00-18:15: Session 3
- 18:15-19:30: Dinner Break
- 19:30-20:45: Session 4

Day 1: Wednesday, June 10, 2020

Sessions 1-2: The “art” and “science” of developing an experimental research paper

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

Kinney, W. R. 2019. The Kinney three paragraphs (and more) for accounting Ph.D. students. *Accounting Horizons* 33 (4): 1-14.

Evans III, J. H., M. Feng, V. B. Hoffman, D. V. Moser, and W. Van der Stede. 2015. Points to consider when self-assessing your empirical accounting research. *Contemporary Accounting Research* 32 (3): 1162-1192.

Cochrane, J. H. 2005. Writing tips for Ph. D. students. Working paper.

Sessions 3-4: Financial accounting I

Cade, N. L. 2018. Corporate social media: How two-way disclosure channels influence investors. *Accounting, Organizations Society* 68-69: 63-79.

*Discussion leader: Cardin Masselink

Grant, S. M. 2020. How does using a mobile device change investors’ reactions to firm disclosures? *Journal of Accounting Research* (forthcoming).

*Discussion leader: Imelda Taras

Elliott, W. B., S. M. Grant, and J. L. Hobson. 2020. Trader participation in disclosure: Implications of interactions with management. *Contemporary Accounting Research* 37 (1): 68-100.

*Discussion leader: Qinwei Chi

Day 2: Thursday, June 11, 2020

Sessions 1-2: Audit I

Bennett, G. B., and R. C. Hatfield. 2018. Staff auditors' proclivity for computer-mediated communication with clients and its effect on skeptical behavior. *Accounting, Organizations and Society* 68-69: 42-57.

*Discussion leader: Virginia Galster

Hurley, P. J., B. W. Mayhew, and K. M. Obermire. 2019. Realigning auditors' accountability: Experimental evidence. *The Accounting Review* 94 (3): 233-250.

*Discussion leader: Kevin Gauch

Kachelmeier, S. J., D. Rimkus, J. J. Schmidt, and K. Valentine. 2019. The forewarning effect of critical audit matter disclosures involving measurement uncertainty. *Contemporary Accounting Research* (forthcoming).

*Discussion leader: Ivan Hagenbeek

Sessions 3-4: Managerial I

Brüggen, A., C. Feichter, and M. G. Williamson. 2018. The effect of input and output targets for routine tasks on creative task performance. *The Accounting Review* 93 (1): 29-43.

*Discussion leader: Fabien Ize

Chan, E. W. 2018. Promotion, relative performance, and the peter principle. *The Accounting Review* 93 (3): 83-103.

*Discussion leader: Cardin Masselink

Hannan, R. L., G. P. McPhee, A. H. Newman, and I. D. Tafkov. 2019. The informativeness of relative performance information and its effect on effort in a multitask environment. *Contemporary Accounting Research* 36 (3): 1607-1633.

*Discussion leader: Imelda Taras

Day 3: Friday, June 12, 2020

Sessions 1-2: Financial II

Asay, H. S., R. Libby, and K. Rennekamp. 2018. Firm performance, reporting goals, and language choices in narrative disclosures. *Journal of Accounting and Economics* 65: 380-398.

*Discussion leader: Qinwei Chi

Emett, S. A. 2019. Investor reaction to disclosure of past performance and future plans. *The Accounting Review* 94 (5): 165-188.

*Discussion leader: Virginia Galster

Koonce, L., Z. Leitter, and B. J. White. 2019. Linked balance sheet presentation. *Journal of Accounting and Economics* 68: 1-16.

*Discussion leader: Kevin Gauch

Sessions 3-4: Audit II

Bonner, S., T. Majors, and S. Ritter. 2018. Prepopulating audit workpapers with prior year assessments: Default option effects on risk rating accuracy. *Journal of Accounting Research* 58 (5): 1453-1481.

*Discussion leader: Ivan Hagenbeek

Commerford, B. P., R. C. Hatfield, and R. W. Houston. 2018. The effect of real earnings management on auditor scrutiny of management's other financial reporting decisions. *The Accounting Review* 93 (5): 145-163.

*Discussion leader: Cardin Masselink

Griffith, E. E. 2018. When do auditors use specialists' work to improve problem representations of and judgments about complex estimates? *The Accounting Review* 93 (4): 177-202.

*Discussion leader: Imelda Taras

Day 4: Monday, June 15, 2020

Sessions 1-2: Managerial II

Bloomfield, R., K. Rennekamp, B. Steenhoven, and S. Stewart. 2020. Penalties for unexpected behavior: Double standards for women in finance. *The Accounting Review* (forthcoming).

*Discussion leader: Fabien Ize

Chen, C. X., H. L. Pesch, and L. W. Wang. 2020. Selection benefits of below-market pay in social-mission organizations: Effects on individual performance and team cooperation. *The Accounting Review* 95 (1): 57-77.

*Discussion leader: Qinwei Chi

Gonzalez, G. C., V. B. Hoffman, and D. V. Moser. 2019. Do effort differences between bonus and penalty contracts persist in labor markets? *The Accounting Review* (forthcoming).

*Discussion leader: Virginia Galster

Session 3: Conducting an experiment using oTree

***Guest presentation by Christian Peters

Session 4: Giving and receiving feedback

Berk, J. B., C. R. Harvey, and D. Hirshleifer. 2016. Preparing a referee report: Guidelines and perspectives. Working paper.

Oler, D. K., and W. R. Pasewark. 2016. How to review a paper. *Issues in Accounting Education* 31 (2): 219-234.

Cook, K. A., M. Hart, M. R. Kinney, and D. K. Oler. 2016. How to discuss a paper: Developing and showcasing your scholarly skills. *Issues in Accounting Education* 31 (2): 211-218.

Day 5: Tuesday, June 16, 2020

Session 1: Discussion of abstract/introduction writing assignment

***We will compare/contrast your submitted assignments with the actual abstract and introduction section of that paper.

Session 2: Discussion of experimental design writing assignment

***We will compare/contrast your submitted assignments with the actual experimental design of that paper.

Sessions 3-4: Sharing your own research ideas

***This is an opportunity for you to share research ideas you are working on (or would like to work on) with me and your fellow students and receive feedback on those ideas.