Judgment and Decision Making in Accounting Contexts

Introductory session: September 24, 2020, 11h15-12h15, room t.b.a.

Seminar Day 1: December 1, 2020, 09h15-18h00, room t.b.a.

Seminar Day 2: December 2, 2020, 09h15-18h00, room t.b.a.

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1. Objective

This research seminar is for advanced master students with expertise in Accounting, Control, and Finance. Students are required to have passed one of the following master courses with a sufficient mark\(^1\): “International Financial Reporting Standards”, “Advanced Group Accounting” or “Financial Statement Analysis and Valuation”. The number of participants is constrained to 18. The course language is English.

The objective of the seminar is twofold: First, students will gain a critical review of the state-of-the-art research on judgment and decision making (JDM) on selected accounting topics. Second, students will discuss an assigned research article. They will learn to identify research gaps, to deduce new research questions, and to discuss and review different research strategies to tackle these questions. The seminar format requires students to work autonomously and to acquire critical knowledge by themselves.

\(^1\) Taking the lectures prior to the seminar is strongly recommended. Students may simultaneously attend the seminar and a required lecture in the same semester. However, for the seminar to be graded, students must pass the course with a sufficient mark.
2. Course format

The seminar comprises **three tasks**: 

1. **Students write a short research paper on an assigned research article** (see section 3 for references). The paper (max 12 pages; without title page, index and bibliography) includes a detailed discussion and a **constructive** critique of the experiment’s (i) research question, (ii) research design, and (iii) findings. It also includes a (iv) sophisticated discussion on how the study advances prior knowledge (see Appendix I for a guide on criticizing a study). Students will present their research papers in class. 

2. **Students hand-in short summaries of and predictive validity boxes for 4-5 assigned articles in section 3** (including the one they present). Summaries are constrained to one page per article. Each summary provides an answer to three key questions (Kinney 1986, 349 FN 18): What is the research question? Why is it important? How did the researcher(s) address the problem? Seminar participants also complete and hand-in the predictive validity boxes for each study (see Libby 1981, 10-15). A template for the predictive validity boxes is illustrated in Appendix II. Libby’s predictive validity framework will be explained during the introductory session.

3. **Students prepare four questions on the research article** they present in class to **animate a class discussion**.

The schedule for each course section (45 minutes) is the following:

- Presentation of the research paper (max. 14 slides) 35 min.
- Classroom discussion 10 min.

Seminar participants are prepared for **every** single session, i.e. they prepare for all research articles to participate actively in the class discussions. Comments, based on scientific arguments are expected to be inquisitive and thoughtful.

Seminar participants are required to be present during **all** sessions, i.e. also during the introductory session in which preferences for topics can be announced.

Students are asked to register for the seminar until **September 20, 2020** (before midnight) by email to dominique.wasna@iuc.unibe.ch. Slots are assigned on a first-come-first-serve basis. Please include your current study profile sheet (Studienblatt).

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2 Please follow the formatting requirements as described in the document “Leitfaden Masterarbeiten IUC-FA” as provided on Ilias.
to your registration as well as the selected topic list with your preferences (i.e. $1^{st}$, $2^{nd}$, $3^{rd}$, etc.). The topics will be assigned to you at the introductory session.

3. Literature

Readings for the class assignments

Short summaries with key questions / three Kinney questions


Predictive validity framework / Libby boxes


Experimental accounting research


Research articles

Topic 1: The psychology of depreciation and impairment


**Topic 2: Earnings fixation**


**Topic 3: Social media and investors’ judgments**


**Topic 4: Risk disclosures and investors’ risk perception**


**4. Grading**

- Class contribution 20%
- Summaries and predictive validity boxes 20%
- Presentation of research article 30%
- Written paper 30%

**5. Organization**

The seminar will start off with an introductory session on September 24, 2020, from 11h15-12h15. Seminar presentations will take place on December 1 and 2, 2020, from 09h15 to 18h00. Please note the following dates in your agenda:

- **September 24, 2020**: Introductory session, 11h15-12h15, room t.b.a.
- **September 24, 2020**: Mini-Workshop Literature Research, 12h30-13h30, room 005, PC-Schulung, Engehaldenstrasse 8, 3012 Bern
- **October 28, 2020**: Discussion and Q&A sessions, whole days, on appointment.
- **December 1, 2020**: Seminar Day 1, 09h15-18h00, room t.b.a.
- December 2, 2020: Seminar Day 2, 09h15-18h00, room t.b.a
- Feedback sessions (voluntary), on appointment.

6. Hand-in Deadlines

Seminar participants must respect the following deadlines:

- **September 20, 2020**: Seminar registration by email to dominique.wasna@iuc.unibe.ch. Note that the registration is binding.
- **October 23, 2020**: Hand-in predictive validity boxes and summaries for the individually assigned research article and all other assigned research articles.
- **November 22, 2020**: Hand-in paper, slides, and classroom questions for the presentation of the assigned research article.

Send all hand-ins via email (before midnight) to alexis.kunz@iuc.unibe.ch and dominique.wasna@iuc.unibe.ch. Please note that missing a deadline will result in the attribution of the minimal mark.

7. Workshop on Literature Research

Mr. Beda Scherrer holds a mini-workshop on how to most efficiently find literature and organize a literature review on September 24, 2020. The workshop is **compulsory** for all students who have not yet participated in this workshop in prior years.
Appendix I: Criticizing a Study

Fennema, B. 2004, Seminar in Accounting Behavioral Decision Theory, Course Syllabus, Florida State University, 8.

Introduction
- Is the research question clearly articulated?
- Is the question interesting (does it pass the “so what” test?)
- Would answering the research question lead us to a better understanding of the topic of interest?

Theory and Hypotheses
- Does the literature review support the study
- Is the theory clearly stated?
- Do the hypotheses flow from the theory?
- Are the hypotheses adequate to answer the research question?

Method
- Are the variables of interest operationalized in a way that will test the theory?
- Are there any confounds?
- Are controls adequate to control the variance of all items which are not of interest?
- Is the design simple enough to understand and complex enough to test the theory?
- Is the task close enough to some real-world task to yield a measure of external validity?
- Are the subjects used good proxies for those who make real-world decisions of interest?
- Are there enough data points upon which to conduct an adequate analysis
- Are there manipulation checks if needed?

Results
- Were adequate statistical procedures used?
- Have all the results (such as non-hypothesized interactions) been reported?
Conclusion

- Has the research question been answered?
- Are the results overstated?
- Are appropriate limitations acknowledged?

Overall

- Did the study answer the research question that it originally claimed to address?
- Is the study clearly written?
- Can you make suggestions to strengthen any identified weaknesses?
Appendix II: Template for Predictive Validity Boxes

Comments:

Link 1:  

Link 2:  

Link 3:  

Link 4:  

Link 5:  