

# Qualitative Financial Accounting Research – Opportunities and Challenges

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- Since October 2021: Chair of Accounting and Auditing at the University of Passau, Germany (affiliations with NHH Bergen + University of Innsbruck)
- Research focus on financial reporting, in particular IFRS, and their adoption (or non-adoption), development (standard-setting), application and enforcement
- Current editorial roles: Section Editor Financial Accounting & Reporting, QRAM; Associate Editor, ABR; Editorial board member CPA, AinE
- Inspirations for this session
  - Doctoral course on Qualitative Empirical Accounting Research (together with Martin Messner, VHB Pro-Dok, held three times in Innsbruck)
  - QRAM Special Issue on “Financial accounting and management work“  
Editorial: Himick, D., Johed, G. and Pelger, C. (2022), "Qualitative research on financial accounting – an emerging field", *Qualitative Research in Accounting & Management*, ahead-of-print, <https://doi.org/10.1108/QRAM-11-2021-0207>

- 1) What is qualitative research and why do we need it?
- 2) Positioning qualitative accounting research
- 3) Qualitative financial accounting research
  - 1) What has been done?
  - 2) What are future research opportunities?
  - 3) What are challenges in conducting (and publishing) this type of research?
  - 4) Events to get feedback and publication outlets
- 4) Q&A

- 1) What is qualitative research and why do we need it?

Labels often associated with qualitative research:

- Field research
- Case-based research
- Interpretive research
- Interdisciplinary research
- Sociological research
- Interview-based research
- “Other” research

- Qualitative research is interested primarily in the qualities (rather than quantities) of phenomena, i.e., in their substance, form, features, characteristics, in how things are, how they evolve, how they change, how they are produced, constructed, practiced, experienced, made sense of.
- Qualitative research is interested in the details of how the social world is produced and kept together and aims to understand social phenomena “as they happen” and as part of the context in which they take place.

# Frankfurt vs. West Ham 1:0 (5 May 2022)

## Match Stats ^

Frankfurt		West Ham
63.3	Possession %	36.7
13	Total Shots	13
4	On Target	6
8	Off Target	4
1	Blocked	3
85.6	Passing %	73.3
1	Clear-Cut Chances	0
5	Corners	8

Frankfurt's colossal defender Martin Hinteregger was forced off inside seven minutes after sustaining a suspected hamstring injury, with Almamy Toure coming on in his place. His departure left Frankfurt looking nervy until Cresswell's sending off. [...]

Unable to track the flight of the ball, an isolated Cresswell grabbed hold of the Frankfurt forward before pulling him down with none of his West Ham team-mates around to cover.

The referee initially awarded a yellow card, but was sent to his monitor by VAR and rightly decided to send Cresswell off for preventing a goalscoring opportunity.

<https://www.skysports.com/football/eintracht-frankfurt-vs-west-ham-united/report/463275>

- Generate concrete practical knowledge about “how things work” (instead of only abstract general knowledge from statistical relationships)
  - Allow for a better/deeper understanding
    - Create awareness for particular phenomena or mechanisms that have hitherto been neglected (“exploration”)
    - Describe and explain how phenomena work, how they evolve, how they interact, why they produce tensions, why they can have certain consequences etc. (“explanation”)
- ⇒ Qualitative research can make us think differently about the world and our own role in that world.



# Continuum of research approaches

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Single  
qualitative  
case study

Comparative  
qualitative case  
study

Cross-sectional  
qualitative study

Quantitative  
study

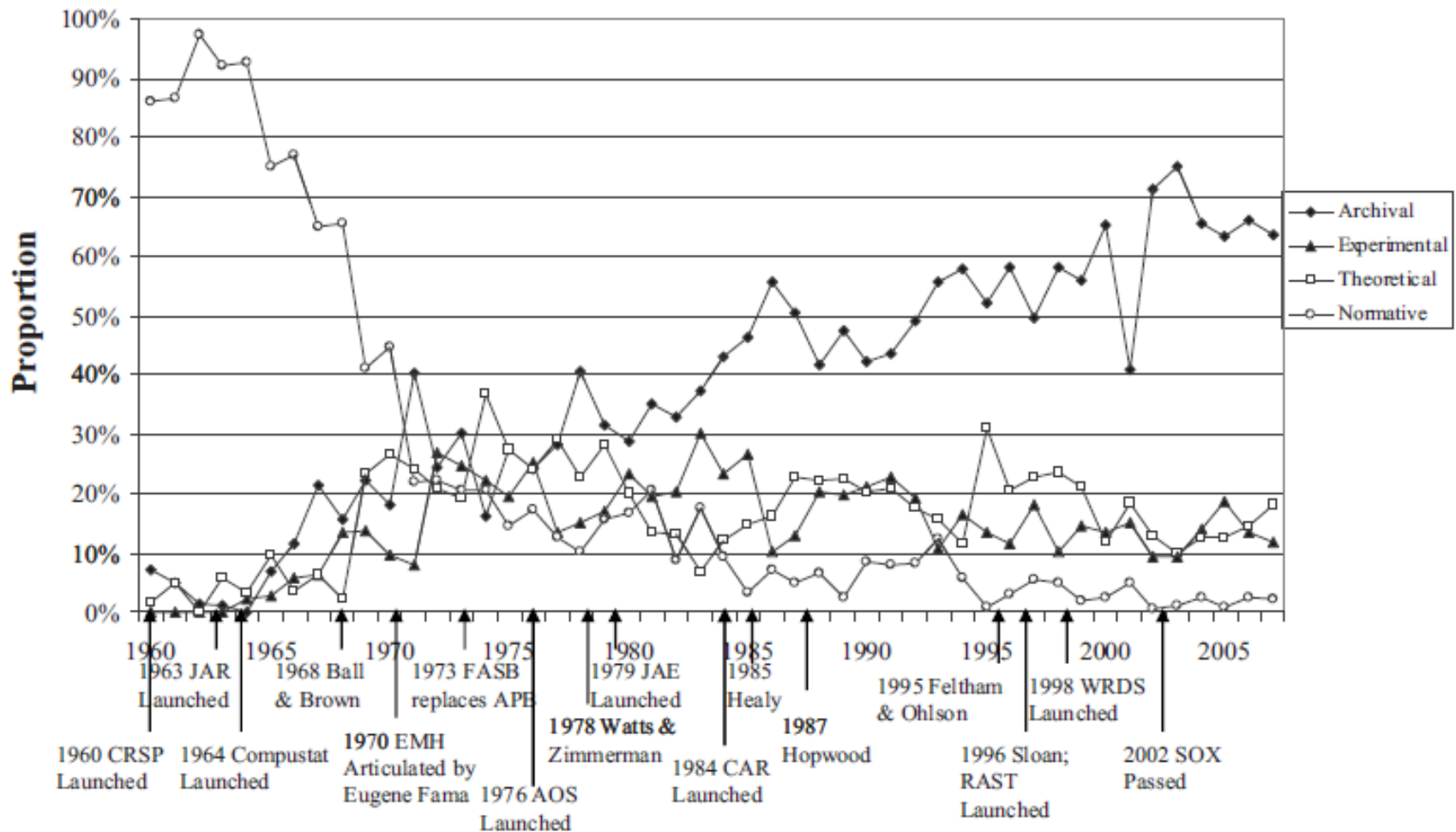


Richness  
Complexity  
Detail

Generalization  
Abstraction  
Comparison

## 2) Positioning qualitative accounting research

# Research methods in the “top 6” accounting journals



Only papers with at least one US author are considered in this study! Taken from: Oler, D.K., Oler, M.J. & Skousen, C.J. (2010). Characterizing accounting research. *Accounting Horizons*, 24, 635-670.

- Interdisciplinary outlets (AOS, CPA, AAAJ) have regularly published qualitative accounting research
- Some North-American journals (CAR, TAR) have begun to open up more for qualitative research in recent years, reflected in their editorships and composition of editorial boards
  - Qualitative research as a means to support the development of hypotheses and/or to support interpretation of (quantitative) findings
  - Qualitative research as a way to address research questions that cannot meaningfully be studied quantitatively (absence of large-scale data)

*THE ACCOUNTING REVIEW*  
Vol. 94, No. 3  
May 2019  
pp. 345–371

American Accounting Association  
DOI: 10.2308/accr-52266

## **Interrelation of Controls for Autonomous Motivation: A Field Study of Productivity Gains Through Pressure- Induced Process Innovation**

**Jan A. Pfister**  
**Kari Lukka**  
*University of Turku*

*THE ACCOUNTING REVIEW*  
Vol. 93, No. 5  
September 2018  
pp. 73–96

American Accounting Association  
DOI: 10.2308/accr-52003

## **A Field Study on Small Accounting Firm Membership in Associations and Networks: Implications for Audit Quality**

**Kenneth L. Bills**  
*University of Arkansas*

**Christie Hayne**  
*University of Illinois at Urbana–Champaign*

**Sarah E. Stein**  
*Virginia Polytechnic Institute and State University*

# Different paradigmatic approaches

Comparative dimension	Positivist spirit	Constructivist spirit
Methodological focus	Breadth	Depth
Analytical emphasis	Analyzing relations of cause and effect in the human world	Analyzing complexity of human behavior
Favored type of explanation	Conditional prediction	In-depth understanding
Viewpoint on social reality	Reality is external to the mind	Reality is socially constructed
Viewpoint on researcher's objectivity	Objectivity is celebrated and actively controlled	Subjectivity permeates research processes; research should be evaluated through its trustworthiness
Viewpoint on methodological flexibility	Flexibility is constrained in the name of objectivity	Flexibility is considered as a hallmark of research
Viewpoint on generalizability	Aimed at empirical generalization	Either irrelevant, or aimed at analytical generalization
Style of writing	Aimed at conciseness	Not bounded by conciseness; aimed at accounting for the complexity of real-world phenomena

Taken from: Power, M. & Gendron, Y. (2015). Qualitative Research in Auditing: A Methodological Roadmap. *Auditing: A journal of theory and practice*, 34, 147-165 (here: p. 153).

- 3) Qualitative research in financial accounting
  - 1) What has been done?
  - 2) What are future research opportunities?
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Research on standard-setting, e.g. on:

- Rhetorical strategies in standards (Young, 2003, AOS)
- Construction of key concepts in standard-setting, such as “users” or “reliability” (Young, 2006, AOS; Erb & Pelger, 2015, AOS; Stenka & Jaworska, 2019, AOS)
- Practices of standard-setting, i.e., how standard-setters make decisions (Morley, 2016, JAPP; Pelger, 2016, AOS; Baudot, 2018, CAR; Himick & Brivot, 2018, AOS; Pucci & Skaerbaeck, 2020, AOS)
- How standard-setters create or maintain legitimacy (Richardson & Eberlein, 2011, JBE; Botzem, 2014, AAAJ; Pelger & Spieß, 2017, ABR)
- Difficulties involved in developing translations of IFRS (Kettunen, 2017, AOS; Laaksonen, 2021, CPA)



Research on the use of accounting standards, e.g. on:

- Companies' transition to IFRS (Lantto, 2014, EAR; Weaver & Woods, 2015, AinE)
- Construction of fair value estimates (Barker & Schulte, 2017, AOS) or goodwill impairment tests (Huikku, Mouritsen & Silvola, 2017, AOS; Hartmann, 2022, QRAM)
- Companies' disclosure decisions (Johansen & Plenborg, 2018, AAAJ; Oberwallner, Pelger & Sellhorn, 2021, EAR)
- Users' views on IFRS and corresponding reporting practices (Gendron & Durocher, 2011, EAR; Georgiou, 2018, CAR; Durocher & Gendron, 2021, CPA)
- Enforcement of financial reporting (Hartmann, Marton & Söderström, 2018; Albu, Albu & Hoffmann, 2021; Quagli, Avallone, Ramassa & di Fabio 2021)

- Qualitative research on financial accounting has been limited:

The institutional and social aspects of financial accounting are still relatively unexplored. Compared with our insights into the economic theory of income calculation and the economic determinants and consequences of modes of corporate financial reporting, our knowledge of how forms of financial accounting emerge from, sustain and modify wider institutional and social structures is modest (Hopwood, 2000, p. 763).
  - Increased interest in qualitative studies on financial reporting standard-setting following the rise of IFRS
  - However: Few qualitative studies explore the preparation and use of financial reports (Cooper & Robson, 2006, AOS; Robson, Young & Power, 2017, AOS)
- ⇒ Qualitative research on financial accounting is an emerging, not yet fully established, field of research (Himick, Johed & Pelger, 2021, QRAM)

## Production of financial accounting

- Interactions of different actors and departments in companies (management, head office, subdepartments, R&D department) involved in the production of financial reports
- Interactions of different company actors with external advisors and auditors in the production of financial reports
- Feedback effects of financial reporting requirements and decisions on management's / organizations' business decisions
- Links between financial reports and internal reporting

## Interactions of financial reporting with external users

- Trade-offs created by need for compliance with different types of regulations (financial accounting, tax, industry-specific regulations, e.g., banking & insurance industry)
- Discussions of corporate reporting decisions in (social) media and impact of these discussions on corporate reporting decisions
- Work of investor relations departments in explaining and supplementing financial reporting

- Broad set of possible research settings
  - Listed firms, but also private companies, partnerships, non-for-profits or government entities
  - Industrialized countries, but also emerging economies (e.g., Nugraheni et al., 2022, QRAM) and less developed countries
- Broad set of qualitative methods (e.g.)
  - Ethnography (QRAM Special Issue Call for Papers: <https://www.emeraldgrouppublishing.com/journal/gram/ethnography-accounting>)
  - Interview studies
  - Discourse analysis

- Access to relevant organizations and actors for rich and extensive fieldwork
- Profound knowledge of the relevant financial accounting standards / regulations and the (local) institutional setting
- Revealing and analysing the social and institutional aspects through the lens of a suitable theory
- Writing up the research with a clear focus and a good balance between showing support/evidence and telling the (theorized) storyline

## “Empirical paper“

## “Theoretical paper“



- Debate about empirical phenomenon
- Theory as input to understand empirics
- Theorizing interesting empirical observations

- Theoretical debate
- Theory development as key output
- Empirics to illustrate and help advance an argument

- Engagement with theory is superficial (Theory “labelling” rather than “analysis”)
- It is not clear what difference the suggested concepts/categorizations make (inconsequential use of theory)
- Too many theoretical concepts (“eclectic”)
- No substantial engagement with prior studies in the theory debate (citing rather than talking to)
- Empirics and theory not sufficiently integrated (theory feels “tagged on”)
- “Grounded” theorizing of data may sometimes seem arbitrary if it is not substantiated by existing theoretical ideas (“too empirical”)
- Empirical material is not strong enough to substantiate a theoretical claim (“too speculative”)



- EAA's PhD Mentoring Initiative (EAA ARC) for PhD proposals:  
<https://arc.eaa-online.org/>
- Present the paper at conferences and workshops
- Send the paper to 2-3 colleagues who are willing to comment on it in a constructive (but honest) way. Pay particular attention to the points that they share.

Good events for listening to, and presenting, qualitative financial accounting research:

- Interdisciplinary Perspectives on Accounting Conference (every three years) (+ Emerging Scholars Colloquium)
- Financial Reporting and Auditing as Social and Organisational Practice Workshop (FRASOP) (every two years)
- Annual Congress of the European Accounting Association (+ Doctoral Colloquium of the EAA)
- Workshop on European Financial Reporting (EUFIN) (every year)
- Workshop on Accounting & Regulation (Siena, every three years)

## **Journals to consider for qualitative research on financial accounting:**

- Abacus
- Accounting, Auditing and Accountability Journal
- Accounting and Business Research
- Accounting in Europe
- Accounting, Organizations and Society
- Critical Perspectives on Accounting
- Contemporary Accounting Research
- European Accounting Review
- Journal of Accounting and Public Policy
- Qualitative Research in Accounting and Management
- The Accounting Review

## 4) Q&A