

Interview-based research in accounting

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Questions that guide this session

- What are interviews and how do they differ from other methods of data collection?
- Why does the methodological position matter?
- Why and how are they used in accounting research?
- How to “read” interviews?
- What to pay attention to when conducting (qualitative) interviews?

What are interviews and how do they differ from other methods of data collection?

Interviews

- “Formal” conversation with one or more people
- Typically conducted with the help of an interview guide
- Vary in length – from a few minutes up to several hours
- Conducted in person or over phone/skype
- Requires interviewees to stand out of their daily practice

Other research methods...

Example interests of researcher	Typical method applied
I want to collect factual data about people or organizations	Archival research
I want to understand very specific types of decisions	Experiment
I want to learn about a broad sample of managers' opinions on a particular subject	Survey
I want to understand how specific practices are carried out	Observation

... and why interviews may be useful alternatives

Example interests of researcher	Example usefulness of interview	Example question
I want to collect factual data about people or organizations	Collecting non-documented facts about an organization	<i>How long have you been developing this project?</i>
I want to understand very specific types of decisions	Understanding decisions as they were actually made in an organization	<i>How did it come to the implementation of this new accounting tool?</i>
I want to learn about a broad sample of managers' opinions on a particular subject	Learning in more detail about managers' interpretations, opinions, perspectives	<i>What is a 'good' accountant in your view?</i>
I want to understand how specific practices are carried out	Learning about practices that cannot be observed	<i>How do you conduct the impairment test?</i>

Why does the methodological position matter?

Methodology

Two broad approaches: quantitative vs. qualitative methodology

- Interest in **broad tendencies** or patterns so as to produce generalizable findings
- **Simplify** social phenomena so as to make them more amenable to comparison, quantification, **generalization**
- Interest in the **isolated effect** of individual elements (“variables”)

- Interest in the **details** of how the social world is produced and kept together
- Understand social phenomena “as they happen” and as part of the **context** in which they take place
- Seek a **holistic understanding** of how different elements work together

Methodology

... that produce two forms of knowledge

... the survey results show that gender has a significant impact on auditors' perceived job pressure, with female auditors reporting on average a 20% higher perceived job pressure than their male counterparts...

“There were many situations in which my colleagues gave me the feeling that they were ‘superior’ to me. It was through small remarks in the aisle, at the coffee machine, or in meetings that they signaled to me that they did not accept me as an equal member of their team. It was the whole “macho talk”...”

Methodology

This is reflected in the representations used to convey this knowledge

Table 3

Empirical results: Target difficulty, target flexibility, and firm performance.

Model	Prediction	1a Firm performance
Dependent variable		
Target difficulty	+	.007* (.077)
Target difficulty ²	–	
Target flexibility	–	
<i>Controls</i>		
Lagged firm performance		.162** (.001)
Firm size		–.005* (.097)
Environmental dynamism		.004 (.928)
Competition		–.016 (.200)
Public listing		.008 (.309)
Industry performance		–.044 (.785)
Predominant use of targets for decision-making		–.004 (.493)
Constant		Included
Observations (<i>n</i>)		97
<i>R</i> -squared		.19
Partial <i>R</i> -squared added due to main variables (incr. <i>F</i> -test)		.02*

and fairness with which this previous incarnation of the salary cap had been audited.

[When the previous salary cap operated,] I was a part of the governing body audit of the clubs at Wests, Bulldogs and the Roosters over a period of about five years, and I was quite aware that there was three different audits done – depending on how good lunch was. I thought that was an injustice (Ian Schubert, Interview #3).

Schubert also seemed very aware that while his social capital assisted him greatly as part of his processes of informing, it would also expose him to accusations of bias and favourable treatment. Thus, Schubert deemed it necessary to demonstrate his capacity to rise above his social embeddedness (his wide network of allegiances and friendships), and project through his conduct an unerring image of fairness and consistency.

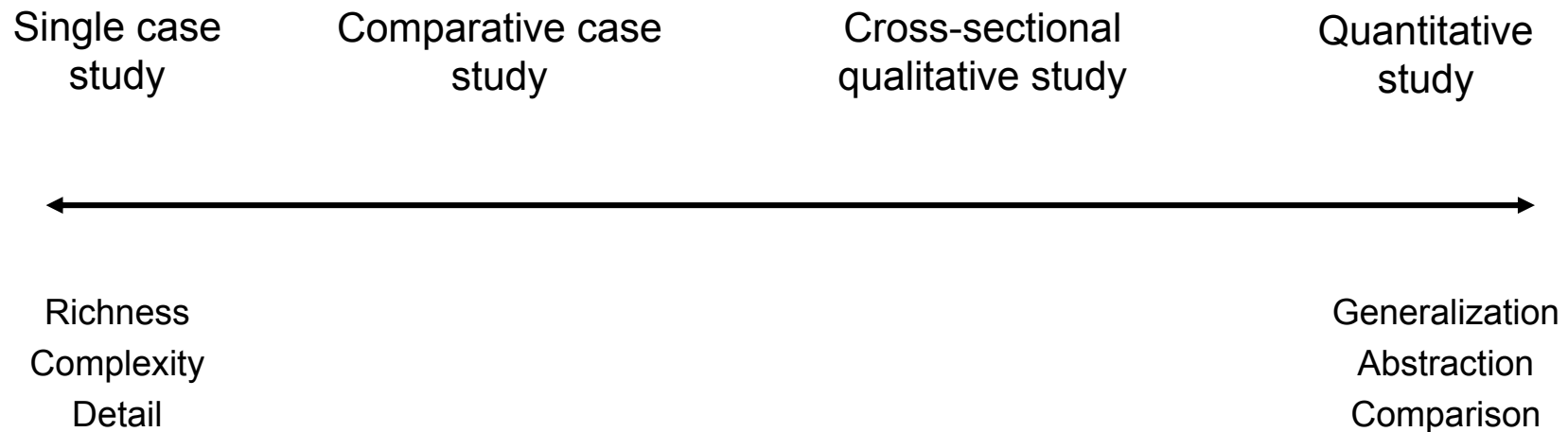
The cornerstone of the rules are that we [now] treat each club on its merits but most certainly consistently and fairly without fear or favour, passion or ill will. And that's been somewhat of a philosophical success in relation to the credibility of what we do... there was always going to be someone that would point the finger and say oh, he gave Wests or the Roosters a good run because he played there and he's still friends with those blokes. That was never going to wash with me so it was imperative that we treated every club exactly the same as every other club (Ian Schubert, Interview #3).

One particular demonstration of this has been Schubert's uncompromising stance to enforcing the NRL salary cap. All evidence of breaching has been taken seriously, irrespective of the scale or excuses offered. In this regard, the public reporting of what appears to be relatively minor anomalies have helped generate an aura of hard-nosed salary cap assurance. For example:

Is nothing is sacred – not even marriage – when it comes

Methodology

Different “research designs” represent a continuum of methodology



How are interviews used in accounting research?

Examples

Depending on the methodological position, interviews are used in different ways in accounting research.

- In quantitative studies:
 - To collect data for subsequent quantitative analysis
 - To motivate or support a quantitative analysis
- In qualitative studies:
 - To identify and explain patterns
 - To capture the complexity and richness of practice

Examples

4 papers:

- Abernethy, M.A. & Lillis, A.M. (1995). The impact of manufacturing flexibility on management control system design. *Accounting, Organizations and Society*, 20(4), 241-258.
- Bushee, B. J. & Miller, G.S. (2012). Investor Relations, Firm Visibility, and Investor Following. *The Accounting Review*, 87(3), 867-897.
- Kraus, K. & Lind, J. (2010). The impact of the corporate balanced scorecard on corporate control—A research note. *Management Accounting Research*, 21(4), 265-277.
- Pelger, C. (2016). Practices of standard-setting – An analysis of the IASB's and FASB's process of identifying the objective of financial reporting. *Accounting, Organizations and Society*, 50, 51-73.

Quant example 1: Abernethy & Lillis (1995, AOS)

Research Question:

- How does manufacturing flexibility affect the design of management control systems?

Empirical setting/sample:

- Multiple case study method using data from 42 business units
- Semi-structured interviews with general managers/managing directors

Use of interviews: to develop measures and to score BUs

- “Respondents were asked questions about flexibility, and the elaborated responses and site inspections allowed the researchers to rate independently each firm on a five-point scale ranging from 1 (little or no flexibility) to 5 (a great deal of flexibility)” (pp. 245-6).

Quant example 2: Bushee and Miller (2012, TAR)

Research question:

- How do investor relations (IR) programs attempt to increase visibility of smaller, less-visible firms and what are the outcomes?

Empirical setting/sample:

- Interviews with IR professionals at 11 firms in the US + survey data
- Additional survey data from 210 small- and mid-cap firms that hired an external IR firm between 1998 and 2004

Use of interviews: to motivate the study

- “According to the interviews, the most common reasons companies seek IR assistance are management concerns about the company’s stock price or investor base; in some cases, management receives suggestions to seek IR assistance from current investors. Interviewees also mentioned that regulatory changes (e.g., Reg FD, the Sarbanes-Oxley Act) sometimes generate clients that are looking for assistance in navigating the requirements of the new rules.” (p. 871)

Qual example 1: Kraus and Lind (2010, MAR)

Research Question:

- The study examines the adoption of the corporate balanced scorecard (CBSC) and its impact on corporate control of business units.

Empirical setting/sample:

- Cross-sectional study comprising interviews with 20 senior corporate managers of 15 of Sweden's largest, publicly listed companies in various sectors

Use of interviews: to compare and contrast

Qual example 1: Kraus and Lind (2010, MAR)

Table 2

The important measures, standards and rewards in corporate control.

Company	Measures	Standards	Rewards
A	ROCE, Debt:equity, cash flow	Set for financial measures only	ROCE, individual goals
B	Cash flow, EBIT	Set for financial measures only	Cash flow, EBIT
C	Income, cost/revenues, ROCE, customer satisfaction index	Set for financial measures only	Income, cost/revenues
D	EBITDA, cash flow	Set for EBITDA and cash flow only	EBIT
E	EBITDA	Set for EBITDA only	Not specified
F	EBIT, capital turnover	Not specified	Not specified
G	ROCE	Set for ROCE only	ROCE
H	RI, accurate delivery, productivity	Set for financial measures only	RI, individual goals
I	ROCE, operating profit margin, sales growth	Set for financial measures only	ROCE, sales growth, operating profit margin
J	EBIT, capital turnover, EPS	Set for financial measures only	EBIT, EPS
K	EBIT, ROCE	Set for financial measures only	EBIT, ROCE
L	Sales, EBIT	Set for financial measures only	Sales, EBIT, EPS, individual goals
M	RI, cash flow, EBIT, ROCE	Set for financial measures only	EBIT, cash flow
N	RI	Set for financial measures only	RI
O	Cash flow, ROCE	Set for financial measures only	ROCE

Qual example 2: Pelger (2016, AOS)

Research Question:

- How did the IASB and FASB make the decision that valuation usefulness is the single objective of financial reporting and why was stewardship not identified as a separate objective?

Empirical setting/sample:

- Case study of the practice of standard-setting in the case of the framework revision in 2010
- Interviews with current and former staff members of the IASB, constituents who wrote comment letters to the IASB, accounting academics

Use of interviews: To achieve in-depth understanding

- “I often have no idea what people mean by stewardship. That is one of the reasons why I have resisted having it as any stated separate objective because through all of the process I was repeatedly asking, “What do you mean by it?”, and never heard a satisfactory explanation.”

How to “read” interviews?

Reading interviews

How well does your business unit perform?

“I think we are doing reasonably well. If you look at how we have increased return on capital employed in the last couple of years, then this is quite impressive. Of course, there is always scope for improvement. We need to pay more attention to how we can translate our innovative capabilities into revenues more quickly. That’s a key issue. We have kicked off some initiatives there. We have also started to analyze more closely our customer contact points.”

Reading interviews

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The factual reading

- Impressive improvement in ROCE
- Scope for further improvement
- Started some initiatives

Reading interviews

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The interpretive reading

- Focus on RoCE reflects priorities of the corporate control system.
- Other managers are happy with the status quo, but she sees further scope for improvement.
- Her background is in NPD, therefore the focus on innovation.

Reading interviews

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The dramaturgical reading

- She wants to appear as a good manager, therefore the focus on RoCe increase.
- She wants to create visibility for particular initiatives (which may not have much support inside the firm).

Reading interviews

Interview data open up many different questions and possibilities for “theorizing”

- Factual reading:
 - How can we explain the RoCE improvement?
 - How can innovative capabilities be effectively translated into revenues?
 - ...
- Interpretive reading:
 - How does top management influence middle managers’ “performance talk”?
 - How does managers’ functional background influence their choice of initiatives?
 - ...
- Dramaturgical reading:
 - When do managers employ impression management tactics?
 - ...

What to pay attention to when conducting
(qualitative) interviews?

Conducting interviews

At the beginning of the interview:

- Introduce yourself and why you are here
- Briefly explain the overall research objective
- Explain how the interview data will be used
- Ensure full anonymity to the interviewee
- Suggest using a tape recorder
- Explain that you have prepared an interview guide, but that the conversation can develop openly

Conducting interviews

Interview guide:

- What do I want to find out?
- Create a certain amount of order on the topic areas, so that your questions about them flow reasonably well, but be prepared to alter the order of questions during the actual interview
- Try to use a language that is comprehensible and relevant to the people you are interviewing
- Do not ask leading questions

Conducting interviews

Types of questions:

- I lack a specific piece of information that I want to ask the interviewee about (“known unknowns”) → Ask questions that elicit focused, short answers
- I lack context / richness in the story of how events unfolded in the organization (“unknown unknowns”) → Ask questions that elicit long, detailed answers

Examples:

- “When did the new CEO present the change agenda?”
- “What was decided upon in the last meeting?”
- “Why was this change project initiated?”
- “How do you see this change project?”

Conducting interviews

“Warming up” and “critical issues”

- When interviewees are asked about issues that are possibly difficult for them to openly speak about, it is helpful to take some time before coming to these questions

Examples for warming up:

- “Could you please, first of all, tell me a bit about yourself and how you came to work in this firm?”
- “What are your main activities?”
- ...

It is important to bear in mind that some interviewees have little time and patience and want to get the interview over as quickly as possible.

Conducting interviews

The best interviews are perhaps those where the interviewee forgets during the conversation that this is an interview.

This requires “skillful interaction”:

- Avoiding to permanently look at the interview guide
- Listening attentively and signaling genuine interest
- Signaling (some) expertise and empathy