

A Structured Perspective on Behavioral Accounting Research

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Abstract

The objective of this study is to analyze and examine the research area of behavioral accounting. As today's society is increasingly focused on the general state of human well-being, it is reasonable to assume that this field of social sciences will continue to receive the significance gained through contributions to social life. From the perspective of illustrating the evolution of research conducted in the field of behavioral accounting and starting from the evidence that this field of accounting has developed from the empirical to the theoretical dimension, the criterion of temporal succession of manifestation is used. The descriptive analysis technique is used for data analysis.

The research results emphasize the constant concern and permanent diversification towards the human-emotional component of accounting, through the systematic observation of people and the measurement of variables.

Key terms: behavioral accounting, well-being of humankind, impact of the human factor on accounting, accounting dimension, research framework

JEL Classification: B55, E70, M41

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➔ Introduction

This research approach is circumscribed to the context of exploring the problem of behavioural accounting. The substantiation for choosing this topic has its foundations in the literature that has confirmed, over time, the interdependence between *human resources* and *accounting*. The assessment of the current social and economic context confirms the focus, regardless of the field of activity or research, on discovering the *well-being of humankind*, considered in general manner, so we are entitled to believe that this field of social sciences is differentiated by the inputs made in social life.

The central element in the study of behavioral accounting is the *human being*, so we resorted to a review of the literature with the fundamental objective of facilitating a clarification of the concept of behavioral accounting that transcends the traditional role of accounting by focusing on human behaviour, reflecting the social dimension of the organization. An *in-depth analysis* is performed on the temporal evolution of the research and on the structuring of the research areas of the behavioral accounting from the moment of the recognition of the research field to this very day.

➤ Research methodology

The field of behavioral accounting studies aspects such as human behaviour of information processing, quality of reasoning, accounting problems that are generated by users and generators of accounting information and decision-making skills of users and providers of accounting information (Kurawa, 2009).

In carrying out the study, we started with two research objectives:

- ✓ *Objective 1:* Delimitation of the notion of *behavioral accounting*.
- ✓ *Objective 2:* Identification of *research areas* in the field of behavioral accounting.

The approach represents a *detailed research* and is limited to *descriptive-conceptual research*, identifying and presenting the characteristics of behavioral accounting, by granting a major interest in the literature, the case studies and the specialized articles. At the level of theoretical research on behavioral accounting, a *deductive approach* is generally noticed, starting from specific concepts, principles, theories. In compliance with the objectives of the research, we classify the approach as a *fundamental research*, with the objectives of acquiring new knowledge and developing the theory. We also classify *research as exploratory*, aiming to familiarize the researcher with the subject.

➤ Notional limitations of behavioral accounting

Accounting was initially recognized as a phenomenon in which its forms, functions and consequences were independent of the context in which it operated, traditionally focusing on the reporting of financial information. Subsequently, by integrating the impact of the human factor on accounting information, the scope has expanded and accounting is regarded as a practice whose results are influenced by the human and social context in which it takes place (Hopwood, 1989).

Behavioral accounting, therefore, transcends the traditional role of accounting manifested by collecting, measuring, recording and reporting financial data, focusing on human behavior and its relationship to the design, construction and use of an efficient accounting system (Caplan, 1971), reflecting the social dimension of the organization in which it manifests itself.

Even if in the literature the research approach was directed to the study of the social and psychological side of accounting, even to this day behavioral accounting has not received a definition unanimously accepted by the doctrine. Our approach consists of reviewing the literature so as to reveal, on the one hand, the dynamic perspective in the approach of this research area and, on the other hand, to illustrate the special interest shown to its transdisciplinary character.

In 1967, Beker presented behavioral accounting as the application of behavioral science methods and approaches in investigating the interface between accounting and human behavior (Birnberg & Shields, 1989). Today, *behavioral accounting research* (BAR) can be defined as a systematic, observational approach, where people generate, report, and/or react to accounting data, the behavioral accounting assessing behaviors, reasoning, decisions, cognitive and psychological responses to accounting information (Libby & Thorne, 2020).

Fundamentally, if the questions to which accounting answers, in its classical sense, are: *how?*, *what?*, the behavioral accounting answers us to the questions: *why?*, *how* does it happen and, respectively, *what?*.

Research on human behavior, according to Birnberg & Ganguly (2012), aims to identify the extent to which individuals make decisions, interact and influence other individuals, organizations, markets and society, and the first researchers that focused on the study of human behavior in a diversity of contexts were precisely economists and accountants.

➤ Structured research areas in the field of behavioral accounting

Sorensen (1990) argued, in relation to the characteristics of behavioral research in accounting, that these include observation on the accounting dimension, systematic observation on people, and measurement of variables, starting from a question or theory.

Hofstedt & Kinard (1970), relying on “*a comprehensive strategy for future research*”, classified presentations from the literature in the field of behavioral accounting, listing five types of publications: empirical studies in accounting, review of the literature of subordinate disciplines, review of articles on behavioral accounting and theoretical papers and articles involving research methodology.

Burns (1973) argued that, in relation to the size of the field of defining behavioral accounting, the topic must be addressed ad hoc by each individual researcher (Ashton, 2013).

Hofstedt’s analysis (1975) on the research carried out in the field of behavioral accounting revealed that most of the studies, published between 1964 and 1975, were directed to five areas:

1. *Information-decision-making process* – this category integrates the works that focused on the relationship between certain informational attributes and certain aspects of decision-making behavior.
2. *Organization theory* – these works either adopt the organization as a unit of analysis or are oriented towards the effect of the organization on the individual or on small groups.
3. *Behavior adopted* – this class includes works on how people or companies adopt certain specific practices.
4. *Review and methodology* – research that includes works related to research carried out in the field of behavioral accounting.
5. *Budgets and leadership* – an early and ongoing theme of behavioral accounting research, centred on aspects and variables related to budgets.

Thus, Hofstedt (1975) excluded from the research area of behavioral accounting subjects that manifest only a fine line in relation to other fundamental social sciences.

In 1974, the American Accounting Association’s Committee on Behavioral Science Content of the Accounting Curriculum emphasized the need to focus on formal models in directing research: “research in behavioral accounting has too much empirical data and far too few formal models”.

In response, Hofstedt (1975) defines behavioral accounting research, found in the literature also under the acronym *BAR*, as papers or books published in the accounting literature which uses the theories and/or data of the social sciences on which it is based, for implicit or explicit applications, in managerial practices or problems. It has supported (Hofstedt, 1975) the lack of experimental control, the lack of replication and, most vitally, the almost complete detachment from any theory that would allow generalization beyond the immediate experiment, in the context in which research in behavioral accounting has not taken steps to explore the vast and rich intellectual heritage of the social sciences on which it is founded.

Some authors support a classification of research areas in behavioral accounting starting from the analysed topic. Thus, Birnberg & Shields (1989) realize the taxonomy that still represents a point of reference in the literature.

Managerial control, as a field of research, addresses questions originally raised by Argyris (1953). Although the main issue related to the design of control systems and its implications for employees and the organization has been very stable, Birnberg & Shields (1989) illustrates considerable changes in the research methods used.

Accounting information processing includes studies in which researchers direct the research to the decision-making model in its entirety or to the decision-making process of different categories of users. The focus of research shifts “*from the effects of input variation to the study of the whole decision-making process*” (Birnberg & Shields, 1989).

The design of the information accounting system includes works with a wider scope than the one of the school of accounting information processing, focusing on research with a wide scope of generalization of all

aspects of the organization's information systems, suggesting that, if the focus of research aims a specific change of accounting information system, then the study will be classified as belonging to the school of accounting information processing. If the research is directed at generalizing the design aspects of the accounting system, then it should be included in the school of the accounting information system.

The audit process includes research regarding internal and external auditors, focusing on the level of expertise held by auditors. Birnberg & Shields (1989) includes three research paradigms: policy studies, probabilistic judgment studies, and pre-decision-making behavioral studies.

Organizational sociology addresses a wide range of questions that establish connections between the organization and professionals, on the one hand, and the accounting system in its dynamics, on the other.

Siegel & Ramanauskas-Marconi (1989) classify the areas of behavioral accounting according to their purpose, as follows:

- a) *The effect of human behavior on the design, construction and use of the accounting system.*
- b) *The effect of the accounting system on human behavior.*
- c) *Methods for making predictions and initiating strategies to change human behavior.*

This classification was later supplemented (Se Tin *et al.*, 2017) by adding four more areas: *changing behavior by manipulating people, research methodology associated with a behavioral aspect of accounting, building a model in the accounting professions, and using theories in order to analyse human behavior in accounting.*

Analysing the articles published in *Behavioral Research in Accounting* from 1989-1999, Kusuma (1999) classified the published articles into the following categories: *managerial accounting, financial reporting, audit, ethics, information system, methodology and general topics.*

The taxonomy of Birnberg & Shields (1989) was enriched by Meyer & Rigsby (2001), proposing to maintain it as a frame of reference, to which five more are added:

1. *The field related to the history/classification/perspectives of behavioral accounting research* – integrates studies oriented towards the historical dimension of BAR, classification of various schools or directions of BAR or offers perspectives or motivation for future research.
2. *Behavioral accounting research design* – includes studies channelled to methods for improvement of behavioral accounting research, by selecting the topics addressed, inside vs. between theme design and measurements.
3. *Professional career of accountants* – captures statistical aspects related to the number of accountants, job satisfaction, mentoring.
4. *Ethics* – incorporates aspects related to ethics in accounting, the generating fact being the second edition of the Accounting, Behavior, and Organizations (ABO) Conference in 1996, whose theme was called “Ethics in Accounting” (Flesher & Flesher, 2005).
5. *Other topics* – includes research regarding: research's stress, well-being of individuals, review of monographs, negotiation.

Starting from the analysis of Kusuma (1999), it is performed an analysis of the articles published in *Behavioral Research in Accounting* between 1998-2003, identifying the research objectives that are based on the results of the study of Meyer & Rigsby (2001) for the period 1989-1998, thus: processing of accounting information, audit, managerial control and the research methods used are experiment and survey/questionnaire/interview.

Reviewing the classification (Birnberg & Shields, 1989) made more than 20 years ago, Birnberg (2011) proposes a new research framework in behavioral accounting, resized and based on the way *the individual interacts*:

- ✓ *The individual* – these studies focus on the characteristics of a single actor and/or that actor's response to a particular set of accounting data, to an accounting stimulus or to an accounting framework.

✓ *Group* – this type of research is group-oriented, so the relevant unit of analysis consists of a small number of individuals acting in a conscious way, allowing the researcher to analyse the interactions between participants, the standard number of group members being four.

✓ *Organization* – the emphasis in the analysis is placed on the characteristics of the unit, the studied entity being described by the legal limits of a company or a division within a larger entity. Research questions are usually related to the role of structural features, such as task complexity or accounting system design, identifying the individual/group as part of the organization with their role in the organization and not focusing on the characteristics/the actions of individuals – role holders.

✓ *The society/external environment* in which the accounting exists examines the role of accounting in the company. The studies included in this category reflect the interaction between accounting and society, respectively the wider world that includes accounting, identifying a relationship from one part (accounting) to the whole (society). The interaction takes the form of external forces that shape accounting or the role that accounting has in shaping the world we live in.

A number of four other purposes of behavioral accounting research are identified (Se Tin *et al.*, 2017), in addition to those stated by Siegel & Ramanauskas-Marconi (1989), as follows:

- affecting the behavior of the individual by manipulating it;
- research methodology associated with a behavioral aspect of accounting, such as measurements and their development;
- substantiation of a model in the accounting profession;
- the use of theory in the analysis of human behavior in accounting.

Taking over Birnberg's (2011) taxonomy, Kutluk (2017) shows that *behavioral research seeks to identify how individuals make decisions, interact and influence other individuals, industries and society, and we summarize the following directions:*

- the influence of accounting information on behavior;
- managerial control by making budgets, non-financial measurements, leadership, balanced scorecard;
- audit through negotiation in the client-auditor relationship, auditors' reasoning, decision-making process;
- ethics through ethics of decision-making process, ethical orientation and the way of describing, interpreting and explaining (rationalizing) unethical behavior.

From the summary we find that the area of research in the field of behavioral accounting has developed steadily but has not lost sight of the contributions brought by its founders. As today's society is increasingly channelled into the general *state of human well-being*, we are entitled to believe that this field of social sciences will continue to receive the significance earned through contributions to social life.

⇒ Conclusions

In the current context, in which the focus on *human well-being* is the desideratum of the actions undertaken in unison in any sector of activity, it is certain that the field of accounting is also interested in making its contribution.

✓ *Objective 1:* The delimitation of the notion of behavioral accounting was achieved by presenting the concept of behavioral accounting in a coherent manner, through a comprehensive analysis of the literature.

✓ *Objective 2:* The identification of research areas in the field of behavioral accounting was achieved by conducting an analysis of the evolution of the topics addressed by researchers, while maintaining the temporal perspective.

By approaching issues such as manifestations of human behavior in information processing, quality of reasoning, accounting challenges generated by users and generators of accounting information and decision-making skills of users and providers of accounting information, it is accepted today that the human being exhibits psychological behavior in accounting.

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