

Editorial

Markus Arnold · Alexander Brügger

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The task of being editor of a special issue in experimental research in accounting sounded to both of us interesting yet challenging. Most importantly, we felt honored that we as “young researchers” (how we would describe ourselves, at least) could be editors of this special issue of the Journal of Management Control. Moreover, we were glad that we could contribute to the growing importance of the experimental method in accounting and foster its further dissemination in our discipline. Having said this, we made sure that the word of mouth channels on this upcoming special issue worked well. By the time the submission deadline came closer we became more and more nervous whether we would receive any manuscript at all! We were overwhelmed by the fact that we had in total eight manuscripts submitted for the special issue of the Journal of Management Control. This, in turn, meant we had to find good reviewers that are active in experimental research in accounting. We were able to identify excellent reviewers for the submitted papers and were glad that nearly everyone we asked accepted our request to review a paper for us. We would like to thank all of them very much as they did a great job. All of them are known for their expertise in the field of experimental research in accounting, and all of them have a known reputation for their rigor and care in designing good experiments that address relevant questions. The reviewers made sure that the manuscripts that are published in this issue meet sufficiently high standards to form part of that what we call in research “the literature”.

The result of this whole process is this special issue. We are able to present a special issue dedicated to experimental research in accounting that includes contributions from three different areas of our discipline: management accounting, corporate governance and financial reporting. Specifically, the paper by Mastilak, Matuszewski,

M. Arnold · A. Brügger (✉)
Maastricht, The Netherlands
e-mail: a.brugger@maastrichtuniversity.nl

Miller and Woods addresses the question of how strategy maps affect the evaluation of management in a balanced scorecard setting, a classic management accounting topic. The study by Hoos and Bollmann examines the effectiveness of internal controls as a corporate governance mechanism. The third paper by Theis, Yankova and Eulerich investigates the question of how the order of information in management commentaries in annual reports influences the judgment of users of that information, a topic in financial reporting. This collection illustrates the diversity of experimental research in accounting and underlines that experiments can be applied to solve research problems in most accounting areas.

While still a quite young research method in accounting, experiments become more and more popular. The rise of experiment may be due to several reasons. On the one hand, this may be related to the difficulty of collecting empirical data about all interesting accounting questions. The more we are interested in *why* things happen and the more we focus our level of analysis on the individual level, the harder it is to gather data from the field. While surveys may help in many settings, they may be themselves limited when it comes to very sensitive issues, such as moral hazard and fraudulent behavior. Further, archival data often simply lack the variables of interest on an individual level.

On the other hand, in natural settings, the effects of various variables can never be completely disentangled and, thus, it can never be assured that the observed empirical association between two variables A and B really reflects a causal relationship in that variable A causes variable B. This represents a threat to internal validity as the reverse relationship can never be excluded. Moreover, even though the huge number of studies with archival or field data can describe in a detailed way *how* two (or more) variables are related, they can often not assess the question of *why* they are related. That means, the process through which certain phenomena arise cannot be accessed directly, and consequently, the picture that we would obtain about the effects of different accounting instruments and techniques on firm well-being and individual behavior would remain somewhat incomplete if we would exclusively rely on archival or field data.

Thus, the comparative advantage of experiments becomes clear where other empirical research methods reach their limits, either because the internal validity is limited (we find an association but causality is not clear) or because the relevant data is not available. In contrast to other research methods, experiments create their own environment in which the independent variables are manipulated, potentially confounding variables can be controlled and, as a result of the experiment, dependent variables are measured. Control over the environment is the key advantage of experiments. Experimental control implies internal validity so that experiments can establish causal relationships instead of simply observing associations. Moreover, data measurement is in experiments less restricted than in an empirical-archival study. While with archival data, researchers are restricted to the variables that are available to them, experimental researchers can design their own variables or tasks so that all variables of interest can be measured. This is likely to shed more light on why individuals behave and react in the way they do.

The three papers in this special issue all make use of the comparative advantages of experiments and the questions that are examined in these papers would be impossible to investigate with archival or field data. Mastilak, Matuszewski, Miller and

Woods investigate the role of strategy maps and in particular, how individuals make performance assessments that are indicated by the performance measures of a balanced scorecard. In a field setting, there could be a large variety of factors that could influence the performance assessment, so an experiment is useful for this particular research question as it excludes other influencing factors. The reason that an experiment helps to provide clean data is thus the main argument for this method. Hoos and Bollmann also make use of a laboratory setting in which potentially confounding variables can be controlled in order to examine the effect of accountability and superior instructions on fraud prevention. In contrast, data on fraudulent or morally doubtful individual behavior is likely to be difficult to gather in the field. So in this case, besides providing a controlled setting, an experiment also has the advantage of data availability. Theis, Yankova and Eulerich do not examine necessarily morally doubtful behavior, but they focus on individual decisions by investigating how individuals evaluate order effects. Yet, positive and negative information in an annual report can be influenced by many different variables that exist outside an experimental setting. So, similar to Mastilak, Matuszewski, Miller and Woods, the authors make use of the experimental method due to purity reasons and in order to gather data that is not influenced by other factors that are possibly even not specified and thus omitted in an analysis with field data.

Notwithstanding all the benefits of experiments explained above, we should still not forget the limitations of this method. As with all methods, one should always be skeptical in over-generalizing the findings derived in experiments. In fact, even though experiments have the advantage of isolating the effects of various factors, it is difficult—if not impossible—to predict how the overall impact of several factors with offsetting effects will be in reality. Moreover, this also implies that it is impossible to draw conclusions both about the magnitude of an effect from an experiment. In fact, experiments are ideal to make directional predictions, but magnitude predictions are much harder as this might be driven by the chosen parameters and the parameters are designed to fit the experimental environment best. For example, laboratory experiments to investigate compensation issues can provide information on directional effects. However, the independent variables are often restricted to only two or three levels, so that experiments are less suited to determine the exact shape of a relationship between variables, i.e., whether a relationship is linear or non-linear. Another limitation experimenters are confronted with is the choice of participants for a laboratory experiment. Students are frequently used as participants but lack professional practical knowledge and experience. However, the use of student subjects is justifiable in many cases and may be no major threat to external validity as long as the research question addressed in the experiment does not rely on characteristics that students generally do not have, for example specific professional knowledge or experience, but address behavioral regularities that are unlikely to differ in a professional environment. This implies that it is of primary importance to set up an experimental setting that is structurally equivalent to the natural environment to which the results should be generalized. If such a setting investigates fundamental behavioral effects and induces the predicted behavioral regularities, it is unlikely professional experience or knowledge reverse any directional effect.

To sum up, this special issue was prepared because the experimental method has strongly expanded in recent years and has gained enormous importance particularly

in management accounting. However, as this issue shows, other areas from our discipline also profit from this methodological approach since, due to experimental control, experiments allow establishing causal relationships between the variables of interest and allow analyzing research questions that cannot be approached by empirical methods using archival data or gathering their data in the field. The overarching goal of our special issue is to offer the reader a collection of state-of-the-art research from different areas in accounting. Within the larger goal, we hoped to demonstrate in this special issue how experimental research can advance accounting research and provide promising paths for future research. We are glad that in our opinion, the contributions in this special issue fulfill these goals.

Moreover, we hope that researchers that are not (yet) familiar with the method may gain insights into the method and its applications and that all of the readers may be inspired by the contributions included in this issue for their own research. However, the future success of experimental research in accounting will, from our perspective, also depend on its acceptance in corporate reality. Therefore, we also wish that readers from practice will become more familiar with this method and appreciate its comparative advantages and the insights that can be gained from this method for managerial practice. Thus, we hope that our special issue will further contribute to the continued development and dissemination of experimental research in accounting. Enjoy reading this special issue!