

AAA Research Relevance Task Force: Recommendations

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History: Following the plenary session at the 2017 American Accounting Association (AAA) Meetings that discussed problems and issues with making accounting research more “relevant,” AAA President David Burgstahler requested our task force address three questions:

- 1) Are there any direct actions that the AAA can take that will encourage more relevant research?
- 2) Are there any direct actions that editors of AAA journals such as *The Accounting Review*, *Accounting Horizons*, or the fourteen specialty journals, can take that would increase the relevance of published articles?
- 3) Are there any actions that university promotion and tenure committees, deans, or others in leadership positions could take to encourage accounting professors to perform more relevant-to-practice research?

Definition of relevance: Relevance is defined to be research that has an impact on one of three broad audiences: other researchers, educators, or practitioners. In other words, the research is of interest to academics in other fields, to our students, accounting practitioners, accounting regulators, corporate executives, investors or the public.

Scope: David Burgstahler requested that we not focus on the current state of accounting academic research, but instead provide specific recommendations that could be implemented by the AAA, the AAA journals, and universities. The objective should be to provide recommendations that can make a difference in improving research relevance in the immediate term.

We identified three key problems that reduce the relevance of accounting research:

Problem 1: *Accounting academics often find it difficult to interact with people in practice and as a consequence they are not aware of:*

- a. *Interesting questions faced by practitioners that would provide useful insights if investigated.*
- b. *Innovations in practice that could be the foundation for future academic research and for enhancing student knowledge of contemporary best practices.*

Problem 2: *Accounting academics are not rewarded for conducting research that informs and influences practice. They are rewarded for publishing their research in top tier journals.*

Problem 3: *Accounting research is not widely read and accounting has a “bad public image.” The public in general does not understand the scope and importance of the field. Even when our research has practical implications it may have **no impact on practice.***

Below we answer the three questions we were tasked to address in light of the three key problems that we identified.

Question 1: Are there any direct actions that the AAA can take that will encourage more relevant research?

Recommendations for Problem 1: Increasing interaction between academics and practice

- Help accounting academics interact with other academics that have practical experience and links with practice.
 - The AAA has members who are distinguished scholars, and who also have actual experience and active engagement with practice. Guiding faculty towards linking research and practice is often better by such faculty, rather than practitioners. We should facilitate ways for these distinguished scholars to talk to doctoral students and new faculty members (e.g., at AAA meetings) about what they've learned from practice, how it has informed their research agenda, and how they have contributed to practice improvements.
 - The AAA could sponsor workshops (e.g. at the various meetings) in which faculty themselves link leading research to issues in practice and what it implies might help with broadening this type of research.
 - Discuss practice-related issues and research at the doctoral consortia and mid-year conferences.
 - The AAA could devote time in annual, regional, and other meetings to focus on best practices for building connections between accounting research and practice.
 - The AAA could have specific sessions at the AAA meetings where rather than focus on the research itself (e.g., methodology, statistical results, etc.), research presentations could focus entirely on what the research means (or could mean) for practice.
- Increase opportunities to learn about practice. Because learning about practice is hard (especially when you're getting started), it might be useful to have places where people can more efficiently piggyback on sources and materials that other people have found.
 - This could be websites where practice-related articles by researchers, practitioners, or journalists are accumulated. The AAA can help in the organization and maintenance of these sites.

- It could include links to SEC enforcement actions, legal cases, such as post mortems by board committees of failures in reporting and governance, and other public sources. It could include papers, thought pieces, whatever we think is useful.
- The AAA might explore agreements with organizations such as the AICPA (and perhaps state CPA societies), Institute of Management Accountants (IMA), Institute of Internal Auditors (IIA), Chartered Financial Analysts (CFA) Institute, National Investor Relations Institute (NIRI), Financial Executives International (FEI), and the Chamber of Commerce, etc. These organizations send out regular emails to their membership about significant things going on that can impact practice.
- The AAA could work with the Association to Advance Collegiate Schools of Business (AACSB) and its business partners to disseminate information about best practices for building connections between accounting research and practice.
- Encourage the Sections to create advisory boards of leading practitioners who would be tasked with helping to connect AAA members with thoughtful practitioners, and with developing additional opportunities for academics and practitioners to interact and learn from one another at academic conferences.
 - Some of the best models for action by accounting organizations come from auditing-focused organizations including the **AAA Auditing Section**, the **Center for Audit Quality (CAQ)**, and the Public Company Accounting Oversight Board (**PCAOB**). It might be worth looking at which of these models is appropriate for other sections of the AAA that are not being organized at present. We give some examples below.
 - The **AAA Auditing Section** prepares and publishes research synthesis papers focused on particular standard setting issues.
 - The **CAQ** has a research advisory board that has eight practitioners and four academics as members. It issues research that focuses on key practice issues of the day and provides funding and participants for surveys and experiments related to those issues.
 - The **CAQ** and its sponsoring firms sponsor a conference before the annual meeting that focuses on practice issues of the day. The participants are limited to 50% academics and 50% practitioners. The academics include recent graduates and very experienced faculty.
 - We recommend that a goal of each sections should be to establish meaningful, ongoing relationships/interactions with a key practicing constituency aimed at sharing practical implications of research results with that constituency. For example, the AAA Financial Accounting Reporting section could develop relations with FASB or IASB since both boards are initiating reasonably proactive outreach with the academic community.
- Create additional AAA conferences designed specifically to bring together academics and practitioners. Four models come to mind.
 - The first is the Trueblood Seminars, which bring together professors and audit professionals to discuss accounting and auditing issues.

- The second is the FASB conference that has convened FASB members and academics to delve into new accounting issues and standards.
- The third is the conferences at the sectional level that encourage greater interaction between academics and research. Examples include the American Tax Association (ATA) Conference where there are concurrent academic and practice-orientated sessions, and the AAA Accounting Information Systems section that has a similar approach.
- Finally, the CARE conference convenes academics and leading business leaders to discuss specific topics of practical importance.
- We could use more such events sponsored by the AAA and focused on specific topics, such as (1) the usefulness of accounting information for key financial statement users, (2) developments in management accounting, (3) measuring performance in the health industry, (4) the role of the audit committee in financial reporting, etc.
 - A critical aspect for researchers to learn from practitioners is that the practitioners give talks that are honest and forthright about their problems and concerns. A key challenge is that legal counsels tend to vet much of the insightful content so that practitioner talks can become too “high level” and not provide many “nuts and bolts” insights. It would be helpful for the AAA to investigate a forum where practitioners can safely disclose their concerns without fear of litigation.
- Hold regular web-based meetings in which practitioners share the leading issues and researchers share their relevant findings.
- Provide Funding for Fellowships.
 - Establish fellowships (such as those at the SEC, FASB, and PCAOB) for researchers to gain first-hand experience about practice issues.
 - Adding a more formal internship process for academics to work directly with firms and for practitioners to work on campus for purposes other than recruiting would be a great start. Develop additional opportunities and funding to support AAA members interested in spending 3-6 months internships at audit firms, fund managers, rating agencies, investment banks, industrial or service firms etc. Understanding the implications of accounting choice and measurement issues through an organization and the use of management information systems (MIS) in decisions provides invaluable knowledge that is relevant for research ideas.
 - The AAA can also work with the AACSB to provide opportunities for “Scholarly Academics” (defined in AACSB accreditation standards) to become qualified as “Practice Academics,” those who “sustain currency and relevance through professional engagement, interaction, and relevant activities.”
- Awards and Recognition
 - Many of the sections have thought about having awards that reward practical research. For example, the AAA Management Accounting Section is giving an award for “Impact on Management Accounting Practice.” Could other sections give similar awards?

- Are there new practice-oriented awards that could be developed for dissertation, young faculty, and lifetime achievement awards?
- Create Useful Datasets.
 - We believe that a barrier that the AAA could focus on reducing is access to novel data in an efficient way. This data would be something firms could supply to a neutral party (AAA) that could ensure appropriate privacy and anonymity but would allow for a much richer analysis of firms' activities and actions.
 - A taskforce could be established to help identify data.
 - William Ezzell from Deloitte notes that as a member of the Research Advisory Board of the CAQ, they spent a great deal of time trying to create better access to data for academic research. Access to relevant data is an important linchpin to production of research that is more relevant to practice.
 - Universities could also help on this front. For example, Bob Swieringa recalls that Harvard Business School organized a conference where accounting academics were invited to learn more about field studies and case development. Participants were offered opportunities to undertake field studies with companies and organizations about accounting issues and to develop relations with executive that enabled them to do field-based research at these companies (see for example, William J. Bruns and Robert S. Kaplan, *Accounting and Management Field Study Perspectives*, HBS Press, 1987).

Recommendations for Problem 2: Accounting academics are not rewarded for doing research that informs and influences practice.

- Submissions to AAA conferences could include a question where authors explain the relevance of the research to practice.
 - There are growing numbers of papers submitted to the AAA annual meetings as well as to specialty areas. If authors are required to explain (in a few sentences) how their paper is relevant to practice when submitting the paper to a conference, then this would motivate authors to think more carefully about research relevance. In addition, the act of articulating how the research is relevant could motivate different tests and move papers in a direction that has more relevance.
 - If at the same time, reviewers or program organizers for conferences are requested to only accept papers that ask relevant research questions, then this would create further incentives to focus on relevant research.
 - If each and every session of the AAA annual conference had three papers that had met the research relevance criterion, then the conference itself would become more practice-relevant. This is an important first step in moving academics towards placing more weight on the research-relevance goal.

- Practice relevant research sessions should be given prime time slots for presentations and be highlighted as practice oriented in order to provide another signal of the value of producing practice-oriented research.
- For this recommendation to work it is important that conference leaders also believe and aspire to have research in the conference that is relevant. Otherwise, authors may just provide boilerplate wording on how their research is relevant to practice and there will be little change.

Recommendation for Problem 3. Increasing the Impact of Accounting Research

- AAA could help Increase Media Awareness. Put a process in place to try to secure interviews or other “stories” about the research described in practical terms. Mainstream publications such as *The Wall Street Journal* discuss research implications from time-to-time. Additionally, financial media (CNBC, etc.) might be worth exploring. We do not have any particular insight as to how we might organize that, but until we try on a concerted basis (as opposed to the somewhat one-offs that tend to happen now) we don’t know what we might be able to accomplish.
 - The AAA could work with the AACSB in developing ways to increase the value, visibility and impact of accounting research on targeted audiences.
 - The AAA could consider having a list of professional writers that academics can contact to help them translate their academic research into plain language that could then be distributed to platforms such as Kudos (www.growkudos.com.)
 - An AACSB task force has proposed a comprehensive and rigorous assessment of scholarly contributions—highly controversial but definitely important in its objective.
 - More broadly, currently on the AAA website there is no obvious way for an academic to learn more about what is going on in practice nor people in practice to learn much about what is going on in accounting research. The closest link is one titled “Outreach” - <http://aaahq.org/Outreach/Newsroom>. It would be helpful under this link for there to be an additional link titled “Links to Practice” that would be the go-to place for academics to search and find - in one place - much of the information discussed in this report. Better still would be to have a direct link with a title such as “research and practice” that is equal in status to other links such as “Meetings” and “Membership”, so that communication between accounting academics and external parties (media, practitioners, analysts, etc.) is easy to find and becomes part of the AAA’s organization’s goals and consciousness. (Note: the current “research” title provides only a list of AAA journals).

Question 2: Are there any direct actions that editors of AAA journals such as *The Accounting Review*, *Accounting Horizons*, or the fourteen specialty journals, can take that would increase the relevance of published articles?

- **Nature of the Problem:** Journal editors view the practical relevance of research as only one objective in the decision to accept a paper. Other objectives include whether the paper makes an “incremental contribution” to other published research, and whether the author’s paper is “rigorous” – uses standard statistical tools and accepted approaches.
 - This makes it that much harder and time-consuming to publish papers using proprietary data from a single company, and exploratory studies that do not have strong hypotheses. Therefore, academics avoid this type of research.
 - The emphasis on “top tier” journals has been to publish research that test hypotheses and associations. Editors and reviewers of these journals are reluctant to publish papers that provide careful presentations and summaries of data and rich descriptions of phenomena.
 - Writing is too dense for practitioners to understand or grasp the key takeaways. Therefore, practitioners are not aware of the research.
 - Journals are slow to publish relevant and timely research. Therefore, research has limited practical application.

Recommendations for the American Accounting Association

- The AAA can take steps to encourage AAA journal editors to change their mindset on the current weightings of relevance versus reliability in published papers.
 - The AAA could lead a roundtable discussion with the senior editors of the leading journals to discuss what it means to increase the relevance of the research that they publish and then what they can do facilitate any changes. If they are not willing to engage then it is not clear that this quest can succeed.
 - The Section journal editors can invite faculty (or the section editors themselves) to submit in-depth studies of current problems, innovations, anomalies, gaps, and opportunities within the Section’s practice domain, such as auditing, tax, IT, and public policy.
 - On a bi-yearly or periodically, the Accounting Review (and any other AAA journal that is accepted for promotion purposes) could have one edition that is dedicated to areas of interest that impact practice. This has been done in other journals from time to time and especially if done when the research in the area has been sparse it has encouraged serious researchers to venture into these areas. Another model would be to have a special section in each edition of the Accounting Review dedicated to areas of interest that impact practice.
 - For example, Bob Swieringa notes that in the early 1980’s The Accounting Review introduced a Financial Reporting Section and his

papers published in this section received considerable comments and attention.

- Submission applications to AAA journals could include a question where authors give a short explanation for the relevance of the research to practice.
 - If authors anticipate being asked to articulate in a few sentences how their research is relevant to practice *before* submitting their papers to The Accounting Review or to a specialty journal, then this in turn is likely to encourage authors to ask this question before embarking on a research project. In addition, if referees are also requested to evaluate the practical relevance of the research, then this in turn could further encourage authors to motivate the relevance of their research for practice.

- The AAA could consider developing a process to synthesize relevant literature review papers.
 - We appreciate that this can be a difficult task to synthesize a paper in 2 or 3 paragraphs, but it would help put the research in a better context for practitioners to understand.
 - The AAA could consider setting up a specific editorial role (here is where the AAA would need to determine whether this should be an Academy-wide editor or for each of the journals) to identify a few of the articles being published by the AAA across the spectrum and translate them into a “quick” summary of what the research says and what it might mean to practice. The summaries would be no more than a couple of paragraphs. The judgment, of course, would be in selecting which articles to “feature” in this way.
 - Medical journals, such as JAMA, now feature an editorial on a key paper in each issue, either by the editor or from an invited scholar, to comment on the implications of the article for readers. A similar model could be implemented in accounting.

Recommendations for journals

- Accounting Horizons can fill a distinctive niche here.
 - It could provide an outlet to papers that might not fall easily into other AAA journals that provide insights into how to increase the relevance of accounting research.
 - Horizons could be used to migrate ideas in the reverse direction: from practice to academics. We could use Horizons to publish research that describes practice innovations, practice anomalies and gaps in practice.
 - The first step that the AAA could take in improving relevance is to ask the 2018 AAA conference plenary speakers to write up their talks as an article and have them published in Accounting Horizons. We note that this initiative is currently underway with Editor, Teri Yohn, for the 2017 AAA conference.

- The Accounting Review
 - Could consider having a specific section of each manuscript (perhaps in the conclusion) to allow for more suggestive language than elsewhere. This is specifically for conjecture, implications, etc. that allow for more author opinion.
 - Consider rethinking the mission statement. Should an article need to be of general interest to be published or should it be of high quality within a specific research area.
 - Editors are often unwilling to take risks. The Accounting Review has a large number of editors that range in knowledge and experience. Many editors may feel obliged to go along with reviewers and rarely, if ever, over turn them. One idea would be to clarify the role of the editor or have a one-page description of the editors' job which includes a paragraph that states that the editor has discretion to select research that answers interesting questions even if it is not quite as rigorous.
- Specialty Journals
 - The problem for a new journal is that it is not considered "top-tier" and so untenured faculty cannot risk sending their papers to this journal only to not have it "count" for promotion. Therefore, within this setting, it is important to think about how specialty journals could have a competitive advantage.
- Broader consideration to reduce risk to authors and potentially increase impact.
 - One radical consideration suggested by several people but we are undecided on which journal this consideration would be worthy of pursuing, is to think about changing the review process (follow Science/Nature model) to a one or two-week turnaround. We understand that this is only likely to happen if a lot of other things change. The length of articles would need to be shorter. Detail and rigor would need to be included in on-line appendices etc. However, the importance of this consideration cannot be overlooked.
 - Trevor Harris notes that as a publishing financial analyst he had internal reviews by editors of his research reports. However, the editors could prioritize their reviews to do them more quickly if there was a timeliness to the research. Perhaps the managing editor and senior editors of The Accounting Review or specialty journals could make a decision on their own (or together) if the case arose.

Question 3: Are there any actions that university promotion and tenure committees, deans, or others in leadership positions could take to encourage accounting professors to perform more relevant-to-practice research?

Nature of the Problem: Many schools set publication benchmarks for promotions and performance reviews. These typically require successful promotion candidates to have published a minimum number of papers in journals on a set list. There are two unintended consequences from this.

- First, faculty who have published research that is relevant to practice (but not in the approved list of journals) will not be promoted, and others who could make valuable contributions to the school's broader mission are discouraged from doing so.
- Second, the use of an approved list of journals imposes a barrier to entry for potential new journals entering the market, since they find it challenging to have authors submit papers if publication in the new journals will not be rewarded in performance reviews.
- One approach would be for the school to establish a unique mission statement that identifies how it intends to create value for its key constituents (students, local businesses that hire students, etc.). Performance reviews would then focus on whether and how its faculty have contributed to that mission.
- We believe that it is important to encourage change at leading research schools first. If, for example, Chicago, Stanford and Wharton take the lead others in the peer group would probably be more comfortable following (Harvard already has a version of the model). This would then filter through the system. Alternatively, each peer set could collectively come to agreement on some actionable criteria and as long as the leaders in that peer group take action then change might happen.
- To implement a broader mission, schools would have to modify their measures of performance, and to provide faculty with greater access to practitioners and problems of practice. This could occur through interactions facilitated by the School's advisory board, executive education, or other events where practitioners are invited to participate.
- Many top graduate business schools are focused on teaching accounting for external financial statement users rather than for managers and executives internal to the corporation or organization. This change in focus means that accounting groups are often viewed as "service" departments rather than of equal standing to finance and other business school departmental units. Part of this may be because there is a language problem. Managerial accounting is no longer viewed as main stream, capital budgeting is viewed as a finance topic, valuation is viewed as a finance topic rather than an accounting topic, etc. Accounting academics need to think of ways to shift the dial back so that people realize these are accounting topics and the importance of understanding accounting for these issues.
- In terms of teaching accounting and making classes more relevant, less reliance on textbooks and greater use of actual financial statements that focus on unusual accounting practices can add considerable value to accounting and financial statement analysis courses.
- Also, when accounting academics leverage their comparative advantage in measurement to study contemporary managerial issues, they can partner with their colleagues in other units on research that requires integrating expertise from multiple bodies of knowledge. There are examples of accounting academics that have co-authors in Finance Marketing, Operations and Strategy, and behavioral economics. This is a valuable way to extend the mindset of accounting academics.
- We recommend that tenure committees ask candidates to list themselves on Google Scholar so that they can be found and identified easily and their impact (via citations) be observable. If the person will not put themselves on Google Scholar then the tenure committee should provide the numbers to letter writers.

- Tenure committees should also be made aware of the BYU rankings <http://www.byuaccounting.net/rankings/univrank/rankings.php>. These rankings identify peers and provide insights into the relative academic impact of research by accounting academics.
- To assess ways of measuring impact beyond citation count and publication in the top journals, the AAA, possibly with the AACSB, could sponsor a series of roundtables of senior (academic) vice deans and deans. Each roundtable could focus on a set of peer institutions. At these roundtables participants could be challenged on how to integrate impact on practice into their promotions process and then link it to accreditation. A similar initiative could be undertaken with directors of the PhD programs at the research-oriented schools.

Some practices that we are aware of that aim at encouraging more relevant research:

- **The Stephen M. Ross School of Business at the University of Michigan**, in its annual survey of each faculty's activity and accomplishment, has added a "practice" category to the three traditional categories of research, teaching and service. The school, at present, is not using this fourth category for evaluation, reward, or punishment- it just asks faculty to supply the data. Accounting academics, however, know that just the act of measurement influences behavior, even without explicit reward or punishment.
- **Harvard Business School** attempts to motivate scholarship that has an impact on practice by defining three audiences for a faculty member's work: researchers, educators, and practitioners. Harvard's criteria for promotion to tenure require that a candidate's work demonstrate leadership, a major substantial impact, on one of the three audiences, and a significant impact on a second audience. A candidate cannot be promoted to tenure purely on the research dimension.
- **The Tepper School at Carnegie Mellon University (CMU)** does not simply count publications in top-tier journals. At each promotion decision point, the candidate submits three or four papers for all members of the appointments committee, the full professors, to read. The dean assigns two faculty members to present the case, pro and con, for the promotion decision. This makes the promotion decision highly interactive, characterized by extensive and active dialogue and debate among all the attendees. In Simons levers-of-control framework, CMU operated an interactive system for its evaluation and promotions process, not a diagnostic system of counting publications in top-5 journals.
- **The Marshall Business School at the University of Southern California (USC)** is developing an award that celebrates practice-orientated research to acknowledge its importance in the business field of research.
- **Brigham Young University (BYU)**. Faculty are producing a website that ranks accounting research on its contribution to practice. The website will rank papers, individuals, and institutions on the ability to produce research that is relevant to practice audiences. Experienced practitioners will make the assessment of relevance to practice.

Recommendations for Business Schools and Accounting Departments

- Encourage faculty to teach in executive education programs, beyond courses on "accounting for nonfinancial managers."

- Encourage faculty to teach their research in the classroom and pay attention to the feedback and evaluations.
- Provide opportunities for faculty to visit with and learn from managers at companies and nonprofits. Most schools have Advisory Boards populated with alumni and local business and nonprofit leaders. The organizations represented on a business school or accounting department's Advisory Board are sites where faculty members can visit, conduct research, and write teaching cases.
- Nudge faculty into having at least one relevant research stream by asking them to occasionally speak about their research and its impact at meetings of the school's alumni. Faculty may then have more motivation to develop content that will be relevant for that audience.
- Encourage faculty to partner with practitioners in course development to encourage interactions and insight into current issues. This can often lead to ideas and relationships which lead to research.

Conclusion

There are many suggestions in this report and we hope that some will inspire change and move the accounting academia to undertake more relevant research.