

26:010:685
***Social Science Methods
in Accounting Research***

Dr. Peter R. Gillett

Associate Professor

**Department of Accounting & Information Systems
Rutgers Business School – Newark & New Brunswick**

Overview

- Philosophy?
- The Game Plan . . .
- Syllabus Timetable
- The Big Picture
- What is Philosophy?
- Why does any of this concern us?
- Philosophy of Science
- Some Questions to Ponder

Philosophy?

- What do the robes of a Ph.D. mean?
- What does Ph.D. mean?
 - * *Philosophiae Doctor*
- What is philosophy?
 - * *Φιλο-σοφία*
 - * Love of wisdom
- Why is it important?

Philosophy ?

- “All generalizations are false”
 - * Why is this relevant?
 - * Why is it humorous?

Introductions

- Name
- Major
- Year
- Nationality
- Hobbies

The Game Plan . . .

- A little background on philosophy and its branches
- Consideration of the relationship between science and the philosophy of science
- Consideration of the special nature (if any) of social science and its philosophy
- Discussion of the relationships among research, science, and scientific method

The Game Plan . . .

- Framing accounting research as a social science endeavor
- The role of theory and theory development
- Theory and models
- Constructs and hypotheses
- Operationalization, measurement and reliability
- Validity issues

The Game Plan . . .

- Empirical investigation: experiment, quasi-experiment and non-experiment
- Statistical methods for analysis
- Qualitative methods as alternatives
- Social science research methods as applied in accounting research
 - * *We will look at specific papers!*
- Practicing the skills we have learned . . .

Syllabus

- Memorandum
- Contact Information
- Textbooks
- Objectives
- Background
- Grading
- Assignments
- Participation
- Examinations
- Academic Integrity
- Withdrawal Policy
- University Closings
- About the Instructor

Timetable

- Class
- Date
- Topic
- Readings
- Assignments

Timetable

- Philosophy of Science
- Social Science Methods
- Accounting Research

The Big Picture

- Class participation counts!
- Each week you must submit a list of questions on the readings
- There will be an Essay instead of a Mid-Term
- You will prepare a Research *Proposal*
- The final class will include Proposal presentations
- The point of the Final Examination is to practice for the Qualifying Examination
- *My role is to facilitate your learning*
- *You should be learning from each other not just from me, and not just by yourself*

The Big Picture

- Clearly the class is designed round the twin assumptions that you will all come to class prepared, and that you will all participate actively
- Trust me, there is no alternative!
- As well as learning new material we will be developing and practicing the professional skills of academic researchers

What is Philosophy?

- An intellectual activity
- A conceptual discipline
- It looks at every aspect of life and asks the 'big' questions
- Conceptual analysis
- Method of doubt
- Phenomenology

What is Philosophy?

- Philosophical questions
- ‘First order’ and ‘second order’ language
 - * “A caused B”
 - * “What do we mean when we say ‘A caused B’”
- Two fundamental styles of questions:
 - * What is the nature of reality and the structure of the world?
 - * What can we know for certain and what makes sound evidence?

Branches of Philosophy

- Metaphysics
- Epistemology (Theory of Knowledge)
- Philosophy of Science
- Philosophy of Mind
- Philosophy of Language
- Moral Philosophy (Ethics)
- Social and Political Philosophy
- Philosophy of Religion
- Aesthetics

Metaphysics

- 'After physics' – Aristotle
- Categories
- Substance and accident
- Platonism
- Dualism
 - * Mind/body
- Ontology
- Causation
- Mereology?

Epistemology

- Knowledge
 - * Justified true belief?
- Knowing that / knowing how
- Gettier counterexamples

Epistemology

■ Belief

■ Truth

- * “No theory” theory
- * Correspondence theory
- * Coherence theory
- * Pragmatic theory
- * Assertability theory

■ Justification

- * Evidence
- * Argument

A Preview of Philosophy of Science

- A second order criteriology
- Largely concerned with metaphysics and epistemology
- Is social science different?
 - * Explanation v. prediction
 - * Choice
 - * Folk psychology
 - * Reasons and causes
 - * Reduction
 - * Emergent properties
 - * Supervenient properties
 - * Are all emergent properties supervenient?

Why does any of this concern us?

- As accounting researchers
 - * We seek the truth
 - * We look for explanations
 - * Often we look for causes
- Many of the 'preferred' methods we use for these investigations are *scientific*; i.e., we practice science
- How can we expect success if we do not understand what we mean by truth, explanation, cause, nor now what methods are effective for their discovery?
- Reflecting on these questions is the task of the philosophy of science

Why does any of this concern us?

- Are low interest rates really ameliorating the current economic melt-down?
 - * What does it mean to pose this question?
 - * How can we investigate it?
- Similarly, does excessive abuse of discretionary accruals increase or decrease stock prices?
 - * What are the difficulties with articulating and investigating questions like this?

Philosophy of Science

■ Aristotle's Inductive-Deductive Method

- * Observations
 - ◆ lead by induction to
- * Explanatory principles
 - ◆ which by deduction lead to
- * Statements about the observations

■ Induction

- * By enumeration
- * By 'intuition'

■ Deduction

- * Syllogism

Philosophy of Science

■ Aristotle's Four Causes

- * A prerequisite for scientific explanation
- * Formal cause
 - ◆ Nature, shape or design
- * Efficient cause
 - ◆ What brought it about (closest to our modern term)
- * Material cause
 - ◆ Physical substance
- * Final cause
 - ◆ Purpose or intention(telos)

Philosophy of Science

■ Pythagorean philosophy

* “Saving the appearances”

- ◆ Do mathematical relations that fit observed phenomena count as explanations?
- ◆ Superimposing mathematical relations on phenomena “saves the appearance” but does not necessarily explain why the phenomena are as they are

Philosophy of Science

■ Deductive systematization

- * Theorems deduced from axioms
- * Axioms self-evidently true
- * Deductions make contact with reality

Some Questions to Ponder

- Is all research scientific?
 - * The President of the A.A.A. tells me it is
 - ◆ Do you agree?
- Must non-scientific research be bad research?
- What makes some science “good” science?

Some Questions to Ponder

- “Stubbing my toe causes me pain”
 - * What does this mean?
- “Time pressure causes auditors to make more mistaken decisions”
 - * What does this mean?
 - * How is it similar?
 - * How is it different?