

DARC 2023 at Radboud University: Societal challenges in accounting research and education

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The educational system in the Netherlands is characterized by a dense network of exceptional universities in a relatively concentrated geographical area. This enables a regular exchange of ideas, collaborations, and research opportunities. Consequently, the Dutch accounting community conducts an annual one-day research conference, known as the Dutch Accounting Research Conference (DARC). This year, the 7th edition of this conference was hosted by the Nijmegen School of Management at Radboud University on Thursday, March 23.

In total, over 75 accounting researchers from various Dutch universities were welcomed by Frank Hartmann, chair of the accounting group and head of the Business Economics department. During the day, four keynote speakers presented their research and in a panel discussion, the current state of accounting education was debated. In the evening, participants gathered to network over dinner. This article presents a discussion of the theme of the conference, an outline of the research papers and projects presented during the conference, and a summary of the panel discussion on Accounting Education.

Accounting and societal challenges

The overarching theme of this year's DARC was "Societal Challenges within the Accounting Domain". The theme was chosen to reflect upon the current dynamic environment that comes with a multitude of challenges that affect or are affected by the accounting domain. Specifically, two major challenges were addressed as part of the conference: (1) Accounting and sustainability, and (2) Accounting and digital transformation

Accounting and sustainability

The substance of the accounting discipline has always been concerned with the allocation of resources, the measurement of performance, and the accountability towards the providers of capital. This focus remains unchanged,

but the understanding of what the major resources, capitals, and thus also performance effects of today's business models are, has significantly broadened in scope. While traditionally, the focus of the Accounting domain was on financial capital and resources, it now also includes natural and social resources and capitals. Today's managers and accountants face the challenge to create, manage, and report financial value while at the same time effectively addressing and communicating on pressing issues such as climate change, human rights and social equality. The concrete challenges for the accounting domain are numerous. They include, for example, measurement issues related to a new and broader concept of (sustainable) performance and communicating this performance to various stakeholders through a variety of new and adapted reporting channels.

The European Union, for example, has been particularly instrumental in promoting regulations on sustainability reporting through the Non-Financial Reporting Directive (NFRD) and the recent Corporate Sustainability Reporting Directive (CSRD). In this realm, Saskia Kohlhasse from the Rotterdam School of Management presented the paper entitled 'CSR reporting under the Non-Financial Reporting Directive: Evidence from non-publicly listed firms'. In this paper, she and her coauthors study the impact of the NFRD on sustainability reporting by German savings banks. The NFRD was passed in 2014 and required large public interest firms with more than 500 employees to report on their sustainability performance as of 2017. The setting of German savings banks is interesting as these are typically medium-sized banks that are established under municipal trusteeship, rather than having regular shareholders. Saskia argued that the NFRD put much pressure on the saving banks to report on their sustainability performance, but that banks' sustainability reporting behavior was affected by their principal stakeholders' demand for sustainability information. There is also a distinction between banks with a strategic approach to sustainability reporting and banks with a holistic approach, that find reporting the right thing to do and try

to do it well. Overall, their results show that banks with a more holistic approach and banks catering more to their local stakeholders, including consumers, employees, the local communities and municipalities, issue longer and more extensive sustainability reports.

The broadened perspective on resources and performance and increasing calls to also treat employees in a sustainable way further have implications for performance measurement and recognition of employees. In his talk entitled ‘Performance Management, Wellbeing and Identity: Insights From Recognition Theory’, Berend van der Kolk from the VU Amsterdam stated that organizations’ (financial) performance is important, but that wellbeing of the employees might be even more important and that scholars so far have been overly interested in what people do versus what people feel. Based on 34 interviews with employees and partners of a large Italian consulting firm that had recently introduced a new performance management system, he and his co-authors showed that the new system had harmed employees’ wellbeing. The main reasons were that the performance management system misrecognized employees’ effort as it quantified their work in a way that misrepresented the value of their work, focusing more on outcomes than on the work itself, and that a clear relationship between performance evaluation and rewards, including pay, bonuses and promotions, was lacking. Ultimately, the dissatisfaction resulting from this system led to a high turnover within the firm. Overall, Berend van der Kolk concluded that it is important for employees to receive some sort of acknowledgement of what they do and that when performance management systems fail to recognize employees’ value or contribution, this may harm their wellbeing – and thus ultimately also the firm.

Accounting and digital transformation

Turning to a different but related challenge, Accounting is also heavily affected by the ongoing digital transformation of our society. Information has always played a central role in the accounting domain but the way infor-

mation is processed and communicated is undergoing fundamental changes. This brings major challenges to the business world as a whole and to the accounting discipline in particular. On the one hand, entire existing business models may have to be questioned and adapted, while on the other hand, many internal tasks can now be automated and better controlled on a much more extensive data basis. This will ultimately alter the role of the accountant and potentially require a new set of so far unexplored skills to be well-equipped for real-time reporting, cloud computing, complex big data analyses, and many more.

In this regard, in her presentation entitled ‘Short- and Long-term Effects of Process Automation in Auditing - Some Research Challenges’, Mieke Jans from Maastricht University raised the question to which extent auditing is susceptible to overreliance on automation, where people (auditors, in this case) do not make use of all information that is available, but only rely on information provided by technology, and what the implications would be. This question is important as overreliance on automation can especially have disastrous consequences in professional knowledge settings and has already led to serious issues in other domains, including the blockage of the Suez Canal by the container ship the Ever Given, as Mieke pointed out. Thus, gaining a better understanding of how auditors process information in the context of increased automation will be crucial for the auditing industry. Interestingly, one of the most important risks of overreliance on automation, she argued, is that it may lead to deskilling. The reason is that as novices rely on technology, they do not develop the knowledge structures they need to become an expert, but also experts’ knowledge deteriorates as they become less engaged in the presence of technology. Overall, Mieke’s presentation showed that there are more questions than answers when it comes to automation and how we deal with it in professional knowledge settings such as auditing. This rather unexplored area provides many fruitful opportunities for future research.

Addressing the before-named challenges requires also a profound theoretical and conceptual understanding of accounting as a practice and research domain. It

Box 1. Quotes.

Companies might have a strategic approach to CSR reporting, but others might have a holistic approach, where they think it is the right thing to do and try to do it well. (*Saskia Kohlhase*)

Performance in organizations is important, but wellbeing of the employees might be even more important (*Berend van der Kolk*)

If a performance management system fails to recognize a person’s value or contribution, this may harm their wellbeing (*Berend van der Kolk*)

Reliance on one technology can have disastrous consequences in professional knowledge settings (*Mieke Jans*)

Overreliance on technology leads to deskilling of knowledge workers (*Mieke Jans*)

Researchers need to be aware of the unintended consequences of their choices. (*Thomas Niederkofler*)

More transparency in survey item selection and composition is needed. (*Thomas Niederkofler*)

We need to keep in mind the accounting application of sustainability and the digital transformation and teach them to our students. (*Panel discussion*)

also often comes with the need for normative standpoints whose ethical implications need to be thoroughly reflected upon. This includes the role of the accounting researcher that is now more than ever asked to “produce” robust and reliable results that could also inform policy-makers. Thomas Niederkofler from Radboud University presented the paper entitled ‘Theory-hacking in Management Accounting Research using Survey Data’. In this paper, he and his co-author investigate the unintended consequences of methodological choices on theory testing and development. In short, the authors find that already small modifications in survey item compositions can lead to contradicting findings. This paper connects to the literature on questionable research practices and the replication crisis in the social sciences.

How can accounting education help address societal challenges?

Given these pressing societal challenges within the accounting domain, a crucial question is how accounting scholars should educate and prepare students for the future to equip them with the necessary tools and knowledge. This question was raised during the panel discussion and generated a strong debate. The panel discussion was moderated by Daniel Reimsbach who was joined by Geert Braam (both Radboud University) and the three presenters Mieke Jans, Saskia Kohlhase, and Berend van der Kolk. While every attempt at an answer was in itself problematic, the panel came to a general conclusion that students should at least acquire some awareness and general capabilities to understand and interpret how these new developments are affecting the accounting domain. For example, Saskia pointed out that given the EU’s upcoming CSRD and the expertise required to implement this directive, students should start to become aware of this direction as a fruitful career path. Mieke argued that students should not become or replace data scientists, but that they should get acquainted with practices that are helpful in the accounting profession, such as the use of

Excel, data storage, and process management. Acquiring a basic understanding, for example about what an algorithm is or how to interpret programming or analyses, allows accounting professionals to communicate with experts.

At the same time, the panel emphasized that there are limits to what is possible given the formalities of accounting programs and that teachers should never lose the link to core accounting issues when teaching new developments to students. The panelists also agreed that accounting faculties in the Netherlands are working hard to integrate sustainability, digital transformation, and VUCA (volatility, uncertainty, complexity, and ambiguity) in their accounting curriculum. In addition to more traditional accounting courses, some universities even offer theme-based courses in which one of these developments is approached from an accounting angle, for example starting from real-world problems. The panel ended with some reflections on the recent appearance of new technology making use of artificial intelligence, such as ChatGPT, and its consequences for accounting education. While there are inherently some potential ethical threats, there was consensus among the panelists and the audience that this new technology also entails many opportunities to enrich both teaching and research. Specifically, it shows that teaching students the importance of critical thinking and asking the right questions is valuable, maybe now more than ever.

Conclusion

This year’s DARC vividly showed that the practice and research of accounting hold significant potential to contribute towards addressing current and future societal challenges. All participants agreed that the conference presents a valuable platform for the accounting community in the Netherlands to engage in discussions and acquire a deeper understanding of the latest developments and trends in the accounting domain. It is with great anticipation that we await the 8th edition of the DARC in 2024, which will be hosted by the VU in Amsterdam.

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