

DARC 2024 at the Vrije Universiteit Amsterdam: Bridging accounting research and society

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Abstract

On June 4 and 5, 2024, the 8th Dutch Accounting Research Conference (DARC) was hosted at the Vrije Universiteit (VU) Amsterdam. In addition, the conference featured a PhD event for Accounting PhD students from Dutch universities on the day preceding the main conference program. In this essay, we highlight the main takeaways from (organizing) the conference and reflect on how accounting research can strengthen its relationship with practice and society.

Keywords

DARC, Accounting research, society

DARC and its participants

The DARC is an annual research conference first held in 2015 (Grabner and Moers 2015). It enables accounting researchers in the Netherlands to provide feedback on each other's work, exchange ideas, and discuss (the relevance of) recent developments in academia that affect all Dutch accounting departments.

In the 8th edition in 2024, 117 researchers registered for the DARC, with 30 of them also registering for the preceding PhD event. All accounting departments of Dutch universities were well represented at the main conference day. About one third of the 117 participants were PhD students, another third assistant professors, and another third associate or full professors. In terms of subdisciplines, most researchers are active in management accounting (36%), followed by financial accounting (27%), auditing (17%), corporate social responsibility (10%), tax and other research interests (10%).

PhD pre-program

While some events organized by the *Limperg Institute* and the *Foundation for Auditing Research* already foster interactions among Accounting PhD students *within* various

subdisciplines, there was still scope for events that would promote networking connections among PhD students *across* the sub-disciplines of accounting. This year's conference featured a PhD pre-program, co-organized with VU PhD students Sara Bibler and Merel Buis. Our goals for this program included: (1) enabling PhD students to present their research work or act as a discussant on another PhD student's work, (2) equipping them with knowledge on writing academic articles and acting as a reviewer for journals, and (3) enhancing a sense of community among accounting PhD students in the Netherlands.

After everyone was welcomed at the VU, three parallel sessions were formed: Auditing, Management Accounting/CSR, and Financial Accounting/Tax. In each of these parallel sessions, PhD students served as presenters and discussants of research papers and proposals, additionally receiving comments from senior researchers of the VU.

Second, a panel consisting of three editors of renowned accounting journals engaged in lively conversations with each other and the participants. David Veenman (*The Accounting Review*), Marcel van Rinsum (*European Accounting Review*), and Anna Gold (*Auditing: A Journal of Practice and Theory* and *Maandblad voor Accountancy en Bedrijfseconomie*) reflected on questions such as

“What is the appropriate moment to submit a paper?”, “What elements are included in a good review?”, and “Do editors get specific instructions on what type of topics or research methods to accept?”.

The main conference day

The main conference included four paper presentations with discussants, and a panel discussion. We invited accounting faculty based on diversity in affiliation, sub-discipline, research method, seniority and gender to reflect the heterogeneous conference audience. Sebastian Firk (University of Groningen), Ann Vanstraelen (Maastricht University), Harm Schütt (Tilburg University) and Karen de Meyst (Radboud University Nijmegen) accepted our invitation.

Research presentations

Sebastian Firk presented the paper “Performance Measure Configuration across TMT Incentive Plans and Technological Competition”, which is co-authored with Alexander van Slooten and Paula Dirks. The study examines how top management teams’ (CEOs, CFOs, etc) incentive plans are designed to stimulate long term performance. For example, to what extent do top managers within a company all have the same measures that they are evaluated on? On the one hand, one would expect overlapping performance measures within the management team to increase goal congruence, but on the other hand top managers have individual responsibilities which would warrant individual measures. Based on a large sample of US listed firms from 2006 till 2020, Firk and his coauthors find an overlap of 80%, an overlap which increases over time. Ex ante, it is not clear whether more or less overlap in performance measures is beneficial for the firm. The authors however argue that when firms face more technological competition in their markets (e.g., more R&D investments) that top managers should work more closely together in the team, and therefore performance measures overlap is more helpful.

Ann Vanstraelen presented a paper titled “Leadership Ability: Labor Market Outcomes, Organizational Benefits, and Talent Management in the Auditing Profession”, co-authored with Ting Dong, Juha-Pekka Kallunki, and Henrik Nilsson. In this study, the authors leverage unique Swedish personality assessment data from the military services to investigate whether the audit labor market rewards leadership skills, and how leadership ability benefits the audit firm. An advantage of the Swedish setting is that leadership abilities are measured at age 18, i.e., before auditors had any substantial leadership experience or training in the labor market. In the context of hiring and retaining talent, Vanstraelen and her co-authors found that chartered accountants with higher leadership abilities have a higher income, are more likely to work for a Big4, to become

a Big4 partner and to join a Big4 board. However, the compensation for leadership skills does not occur until relatively late in the career, around the age of 40. Vanstraelen revealed further evidence indicating that leadership ability is more linked to commercial success and to some extent to audit quality: Auditors with higher leadership abilities are more likely to issue modified audit opinions. Further, the results show that audit firms benefit from leadership ability in terms of larger client portfolio sizes and firm profitability. Remarks in the follow-up discussion of the paper included to consider more explicitly how leadership abilities are expressed in supporting lower-level employees in performing their day-to-day work or in resolving conflicts with clients. Noting that audit professionals seem to be rewarded for their leadership skills much later in their career compared to other professionals, Vanstraelen wrapped up her Q&A by highlighting that audit firms are neither losing nor retaining superior talent but generally lose a large part of their workforce over time, as one out of four chartered accountants leaves the profession. Talent attraction and retention remains an issue in practice that requires further research.

Harm Schütt presented a paper titled “Competition Between Social Media Analysts and Coverage Quality”, co-authored with Jeroen Koenraadt. They evaluate whether competition on social media platform *Seeking Alpha* affects content providers’ coverage decisions and effort. The authors’ findings suggest that higher competition on the platform is associated with less effort. Specifically, content providers cover less firms, seem to exert less effort when covering an earnings announcement and create less informative content with higher competition. These findings are important in light of the increased importance – and at the same time scrutiny – of social media. They provide valuable insights into the informational dynamics of financial social media platforms and, as such help us better understand the quality of social media news.

Finally, Karen de Meyst presented a paper titled “Management accounting education versus practice – Is there a terminology gap?”, co-authored with Frank Hartmann. The paper addresses the question whether a gap exists between what is taught at universities and the concepts used by practitioners. The survey study, which was a registered report as a response to a call by the journal *Issues in Accounting Education*, was completed by Dutch management accountants. Contrary to authors’ expectations, the survey evidence did not suggest the existence of a large theory-practice gap. Management accounting concepts such as job rotation, cost drivers and transfer pricing were relatively well understood and used by practitioners. Particularly controllers who identified as a business partner were more likely to use concepts taught in management accounting education compared to other controllers. In the discussion after the presentation, the question was raised whether preregistered reports are indeed a good way to make scientific progress.

Karen de Meyst indicated that the time pressure that sometimes comes with deadlines related to preregistered reports is not always helpful, but that being open about what assumptions and hypotheses are made before carrying out a study is a way to enhance transparency and reduce academic misconduct.

Panel discussion: Bridging accounting research and society

After the research presentations, Berend van der Kolk moderated a panel discussion on the topic *Bridging Science & Society*. Volkskrant journalist Maartje Bakker, two-time winner of the Dutch award for Science journalism, and accounting professor Frank Verbeeten, managing editor of the Journal of Management Control, served as panelists. DARC participants were asked to respond to various statements related to bridging science and society through polls.

As a starter, over two third of the conference participants indicated that they *disagreed* (55%) or *strongly disagreed* (13%) with the statement that the accounting research community in the Netherlands does a great job in bridging science and society. In other words, most participants were of the opinion that accounting researchers can do better on this dimension. In the ensuing discussion, it became clear that there are many ways to bridge science and society, and that in some of these ways accounting researchers are more successful than in others. Frank Verbeeten highlighted the importance of connecting to practitioners, for instance by publishing research findings in practitioner outlets such as *Strategic Finance*. Maartje Bakker stressed the value of actively communicating research findings and making oneself visible to non-academics, for example via personal websites and social media. This is helpful because journalists, who are often under time pressure when looking for an expert on a certain topic, are better able to “find” knowledgeable researchers. Science communication departments of universities also play an important role in the dissemination of research. Other participants indicated that in regular (Bachelor and Master) programs, but even more so in executive education programs, researchers already establish good connections with practice, and that we should not forget that this is yet another way to bridge science and society. Furthermore, by working closely together with organizations when doing field research, academics can continue to be relevant for and connect with practitioners and bring insights to non-academic audiences.

Besides this, panelists and participants agreed that participating in societal debates, for instance by writing opinion pieces or publicly responding to accounting-related events, are suitable ways to reach out and communicate beyond the academic audience. A large majority agreed or strongly agreed (85%) with the statement that accounting researchers have a responsibility to actively

engage in societal debates that relate to their field. As an example, the recent exam fraud case at KPMG was discussed, for which the audit firm received a hefty 25 million dollar fine from the PCAOB.¹ Maartje Bakker indicated that accounting researchers risk losing credibility if they remain silent on these and similar issues. At the same time, participants indicated that researchers should stay away from commenting on cases without fully understanding what had happened internally: if, later in the process, the details are somewhat different than those that we comment upon we could also lose our credibility as an academic community.

Through another poll, participants were also asked to list best practices to bridge science and society. This produced a long list of ideas, including: recording a podcast, publishing findings in a practice-oriented or policy-oriented journal (such as *Maandblad voor Accountancy en Bedrijfseconomie* (MAB)), organizing masterclasses, working with practice on research projects, educating professionals, and organizing events for both practitioners and academics (as for example the *Foundation for Auditing Research* does on a yearly basis).

In her closing statement, Maartje Bakker stressed that accounting researchers should not be shy or overly modest in presenting their research findings. What researchers have to say about topics such as accountability and sustainability matters, especially in the years to come. Frank Verbeeten highlighted the importance of reaching out to professionals, also to know what is going on within organizations related to new developments in accounting and control, and feeding research insights back to them through above mentioned channels.

Limperg Penning for Tom Groot

At the end of the DARC conference, the Limperg Penning was awarded to Tom Groot, emeritus professor of Management Accounting at Vrije Universiteit Amsterdam. He chaired the board of the Limperg Institute for 18 years, and in that role has significantly advanced accounting research and education in the Netherlands. In addition, he transformed the mission of the Limperg Institute from an inter-university research institute to an independent institute that is organizing high quality research courses in accounting and auditing for PhD students in this discipline. Earlier recipients of the Limperg Penning include Jan Bouwens and Peter Easton.

Looking forward

We very much enjoyed organizing and hosting this conference for accounting researchers in The Netherlands, and we hope that the PhD preprogram will become an integrated part of the main conference. We are glad to announce that the DARC in 2025 will return to Maastricht to celebrate its 10th anniversary.

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Notes

1. See e.g. <https://www.afm.nl/en/sector/actueel/2024/april/pcaob-kpmg>, accessed on June 5, 2024.

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