

1st Dutch Accounting Research Conference (DARC)

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Introduction and Background

On June 4 2015, the 1st Dutch Accounting Research Conference (DARC) took place in Maastricht at the *Maastricht University School of Business and Economics*. More than 60 accounting academics from eight Dutch universities participated in the conference, 20% of which were PhD students. The purpose of the conference is 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.

The idea for this conference originated some time ago based on a simple question: why are we always going abroad to get feedback when we have so many good accounting researchers in close proximity? The Netherlands have earned the reputation of being an excellent accounting research nation, and we should exploit the close proximity more. Despite having this idea for some time, it only crystalized into something concrete at the beginning of this year. Discussions with a number of colleagues at Tilburg University revealed that we share the view that we should exploit this unique opportunity and join forces. As a result, we took the initiative to set up a conference for and by accounting researchers in The Netherlands.

It soon became clear that there is demand for the initiative. Within a week we had the commitment from a sponsor, i.e., the *Limperg Institute*, and subsequently four speakers committing to give a presentation and two universities committing to organize the 2nd and 3rd conference. In the end, it only took six weeks from the informal discussion early February and sending out the invitation for the conference. It then took less than two months to get the commitment from the last ingredient for a successful conference; the participants. The speed, with which we have been able to set up this conference as well as the positive feedback we have received during the process, indicates that such a conference is a valuable addition to the available set of conferences.

Dutch Accounting Research: A quick 20-year overview

In the early nineties, accounting research in The Netherlands slowly started to move away from normative research towards more positivist, empirical research. This change has turned out to be very fruitful. As stated above, over the years The Netherlands have earned the reputation of being an excellent accounting research nation. In the spirit of empirical research, we provide some evidence of this evolution and reputation. Figure 1 shows the number of publications in the Top-6 accounting journals by accounting researchers at Dutch universities over the time period 1995-2014.¹ The increase in publications over time is very clear, with the average number of Top-6 publications moving from less than 1 per year during the 1995-1999 period to 7 per year during the 2010-2014 period. Figure 2 furthermore shows that the Top-6 journals in which is being published has become more diverse, covering only three Top-6 journals during the 1995-2004 period and covering all Top-6 journals during the 2005-2014 period.

The Netherlands has not only developed itself in an absolute sense, but also in comparison to the international peer group. Based on the number of publications in the Top-6 accounting journals over the last full five years, i.e., 2010-2014, there are two (five) accounting researchers at Dutch universities that rank among the Top 10% (Top 20%) of all accounting researchers worldwide *that have published at least one article in a Top-6 accounting journal* during this time period.² As a comparison, not a single accounting researcher at a Dutch university was among the Top 10% during any of the other five-year windows, i.e., 1995-1999, 2000-2004, 2005-2009. All these results confirm the claim that we have many good accounting researchers in close proximity, something which the new conference intends to exploit.

The Conference Itself

The conference consisted of four paper presentations, a panel discussion, and ended with a conference dinner. For the paper presentations, we have chosen to invite senior accounting professors with a track record, who have contributed to building the Netherlands's

Figure 1 Number of “Dutch” Publications in the Top 6 Accounting Journals from 1995-2014

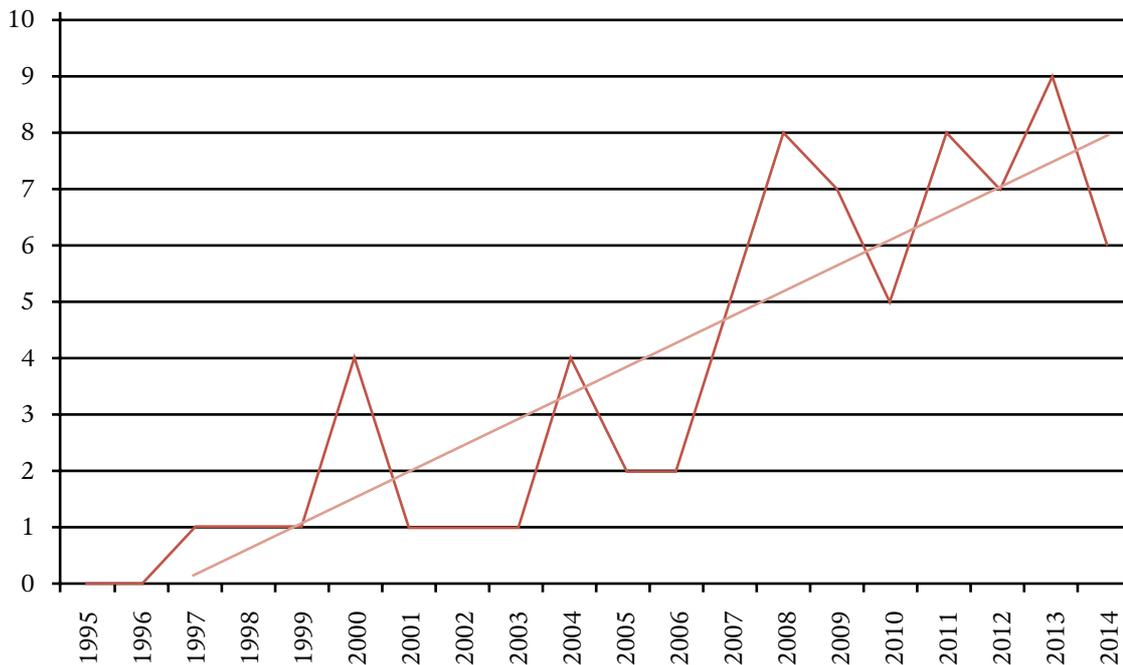
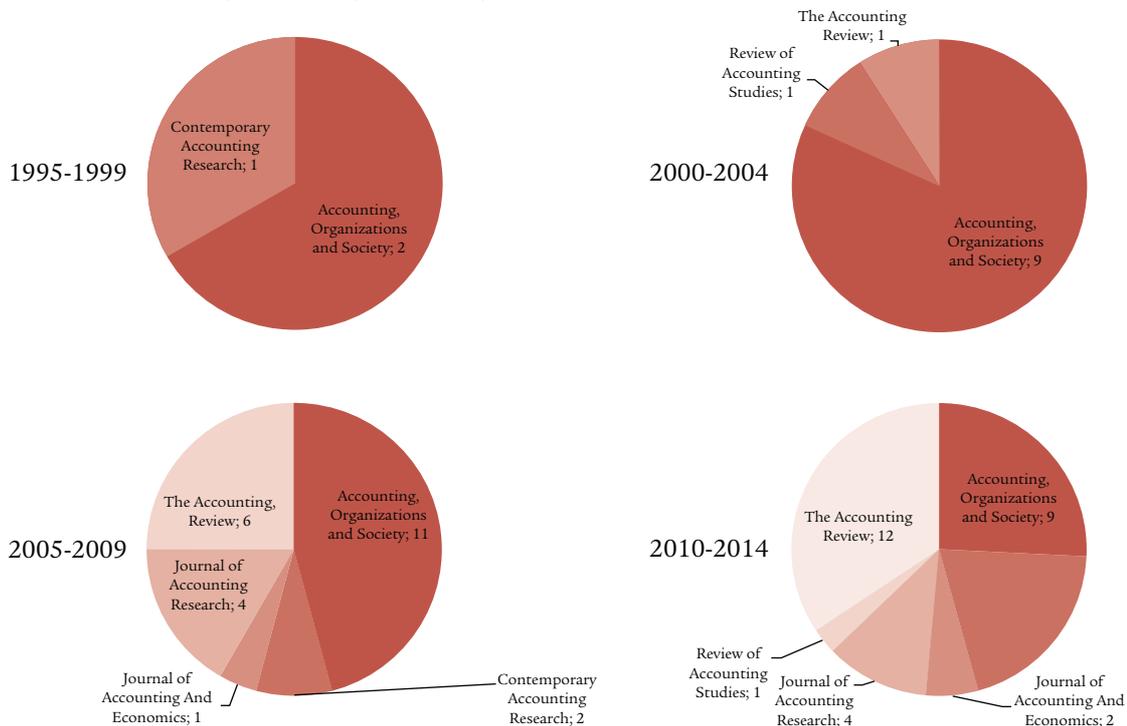


Figure 2 Distribution of “Dutch” Publications in the Top 6 Accounting Journals across four time periods: 1995-1999, 2000-2004, 2005-2009, and 2010-2014



good reputation during the last decade and beyond. We were happy that professors Jan Bouwens (then Tilburg University), Victor Maas (University of Amsterdam), Laurence van Lent (Tilburg University), and David Veenman (Erasmus University Rotterdam) accepted our invitation. This resulted in two papers in the field

of management accounting and two in the field of financial accounting.

Presentation by Prof. Jan Bouwens

Jan presented the paper “How Well Do Principals Know Their Project Managers? Sufficiently Well to Tailor Monito-

ring Intensity”, co-authored with Ferry Riksen (Arcadis) and Jingwen Zhang (Tilburg University). The purpose of the paper is to examine whether experience and overconfidence of a subordinate affects the extent to which the subordinate is being monitored. The essential question being addressed is thus whether superiors (principals) condition their control choice on the subordinate’s personal make-up in terms of seniority and overconfidence.

Presentation by Prof. David Veenman

David presented the paper “*Earnings Expectations and the Dispersion Anomaly*”, co-authored with Patrick Verwijmeren (Erasmus University Rotterdam). Stocks with relatively high dispersion in analyst earnings forecasts are associated with significantly lower future returns. Previous studies have provided both mispricing and risk-based explanations for this finding. The purpose of this paper is to analyze the role of errors in earnings expectations in explaining the return predictability of dispersion.

Presentation by Prof. Victor Maas

Victor presented the paper “*Making a Difference: How Control System Design Affects Performance Evaluation Compression*”, co-authored with Jasmijn Bol (Tulane University), Stephan Kramer (Erasmus University Rotterdam), and Sandra Richtermeyer (Xavier University). Prior research has shown that managers tend to compress performance ratings when subjectively evaluating employees. The purpose of this paper is to examine whether organizations can use the design of the control system to influence managers’ personal costs and benefits associated with their rating decisions and thus shape their preferred rating strategies.

Presentation by Prof. Laurence van Lent

Laurence presented the paper “*Managing Political Uncertainty*”, co-authored with Tarek Hassan (University of Chicago), Stephan Hollander (Tilburg University), and Ahmed Tahoun (London Business School). The paper is based on the premise that political uncertainty increases a firm’s cost of capital, which triggers the question how firms manage their exposure to this political uncertainty. The purpose of this paper is to develop a firm-specific measure of political uncertainty and use this new metric to answer this question.

All presentations created a constructive discussion, with questions addressing a variety of aspects such as theoretical, empirical, and practical issues. For those who are interested in more details about the papers that were presented, we suggest that you contact the authors.

Panel discussion

The general theme of the panel discussion was: *Dutch accounting research: where are we, and where are we heading?*

The panelists were:

- Prof. Tom Groot (Head of the Limperg Institute and Vrije Universiteit Amsterdam)
- Prof. Erik Peek (Rotterdam School of Management)
- Prof. Peter Sampers (DSM and Maastricht University School of Business and Economics)
- Prof. Jeroen Suijs (Tilburg University)
- Prof. Philip Vergauwen (Dean of Maastricht University School of Business and Economics)

Within the broad theme, we decided on a number of questions to steer the discussion. For each question, we asked two panelists to start off the discussion by providing their insights into the question, which should then trigger the rest of the panel and audience to enter into a fruitful discussion. The following questions were used for steering the discussion:

1. Into what directions do you expect the literature to develop, in terms of research questions, theories, and/or methods? In how far are the questions that we address relevant for practice and is that an important criterion? How well equipped are we to play a role in and/or keep up with these developments?
2. How important is external funding for doing research? Will it become more important or even the only source of funds, and/or do you expect it to have an influence on what we do?
3. What journals do you consider to be relevant as an outlet for research findings? Will publishing in open access journals take off and/or should it be promoted? What about the role of MAB in today’s focus on international journals?
4. What is your view on the discussion on gender-imbalance in academia? Is it an issue that the participation of female faculty members is relatively low? If so, which policies, if any, do you believe will be effective in changing this imbalance?
5. Which developments do you see in the job market? Will it become more or less difficult to attract people to the PhD program and tenure-track positions? If more difficult, what can be done about it?

The questions led to a lively debate, the major take-aways of which are the following:

- While accounting research in general addresses relevant questions, it also leaves numerous relevant questions unanswered. One of the reasons for this is that research is sometimes data-driven, not problem-driven, which creates difficulties in keeping up with the complexities of practice and therefore results in a gap between academia and practice. It was stated that Dutch accounting research is more creative than the “average” in this respect, which might be one of the reasons for its successful development, but we are still not bridging the gap enough. There

is a need to create a stronger link with business firms and policy makers.

- While external funding might help, it is not the Holy Grail. Still, the relevance of external funding cannot be ignored and there are three important issues here. First, we need to do a better job in explaining what we do and thus what we (can) bring to the table. Second, the responsibility for external funding should not be put at the level of individual faculty members but at the level of departments or even schools. Third, and related to the first bullet point, we need to invest more in links with practice. Jan Bouwens brought excellent news to the audience by disclosing the establishment of the Dutch *Foundation for Audit Research (FAR)*, previously known under the working title “Accountancy Lab”. The eight largest audit firms in the Netherlands have taken the initiative to provide the necessary research funds and research data for FAR.³ The official establishment took place on October 20, 2015.
- The importance of top journals and the list that makes up these journals (like the Top-6 listed before) is unlikely to change in the future. Publishing in the top journals is not only about disseminating your work but it is also about receiving an external signal of the quality of your work. Such an assessment is relevant for numerous outcomes, only one of which is career progress. However, the publication pressure that is put on academics, especially those in a tenure track, does have some negative side effects. Most Open Access journals and all practitioner-oriented journals are not on the list of “top journals”. As a result, there is no incentive to publish in Open Access journals and/or practitioner-oriented journals. The Open Access issue is not really an issue in terms of availability to the public at large, since researchers typically make the “second-to-last” version of their articles publicly available. The lack of incentives to publish in practitioner-oriented journals is more problematic, given the concerns raised about the gap between academia and practice. At least more senior researchers could take more initiative here and a journal like *Maandblad voor Accountancy en Bedrijfseconomie* could be an outlet for “translating” academic research and making it more accessible to practitioners.
- The gender imbalance in academia was clearly seen as a problem, as much as it is in practice. At least two issues were raised that potentially underlie the problem. First, there seems to be insufficient attention to pro-actively attracting women, which leaves room for unconscious biases in the selection process. Second, the tenure-track period typically overlaps with the period in which people start to build a family and it was claimed that women tend to make other trade-offs than men during this period, i.e., choose

a family over a career. Hints to the solutions to the problem were provided such as investing more resources in pro-actively scouting female talent and providing reduced teaching loads for women after their pregnancy.

- Finding good PhD students is seen as difficult. BSc and MSc Students typically choose accounting with the idea to go to practice and/or join the profession. While this is not a problem per se, the problem is that these students are subsequently not exposed enough to research and/or are not provided with sufficient flexibility in the Master program to get exposed to research. Low inflow of PhD students subsequently means low outflow of PhD graduates, which is problematic given the demand for such graduates. The low mobility of PhD graduates within Europe only exacerbates the problem. There is an attempt to create more of a job market within Europe; the European Accounting Association (EAA) just organized (November) the *EAA Job Market for Accounting Academics* in Madrid. Time will tell whether these initiatives will be successful.

All in all, the panel discussion was very fruitful, which was especially driven by the cooperative nature of the discussion. The formal part of the conference came to an end and everybody got rewarded with a well-deserved dinner.

Sponsors

The first ingredient for a successful conference is the commitment by the community it is supposed to serve and the attendance and active participation showed this commitment. Of course a conference like this not only needs people but also sponsoring and we want to take this opportunity to explicitly thank our sponsors. First and foremost, we thank the *Limperg Institute*, and Tom Groot in particular, for committing financial resources to the conference at a time when the conference was still only an idea. We also want to thank the *Graduate School of Business and Economics of Maastricht University* for their sponsoring. Finally, we want to thank the *Maandblad voor Accountancy en Bedrijfseconomie*, and Philip Wallage in particular, for their support of the conference and committing financial resources to the conference as “an encouragement for the upcoming DARCs”. Again thanks to all the sponsors and participants.

The next episode

The conference has proven to be a valuable addition to the portfolio. We are therefore very happy to announce that the 2nd DARC, co-organized by Prof. Erik Peek and Prof. David Veenman, will take place on June 2 2016 in Rotterdam. The 3rd DARC in 2017 will take place in Tilburg. ■

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Noten

¹ The Top-6 accounting journals are (in alphabetical order): *Accounting, Organizations and Society*, *Contemporary Accounting Research*, *Journal of Accounting and Economics*, *Journal of Accounting Research*, *Review of Accounting Studies*, and *The Accounting Review*.

² This ranking is based on the information on the BYU accounting rankings website; see <http://www.byuaccounting.net/rankings/univrank/rankings.php>.

³ Deloitte, EY, KPMG, PwC and Baker Tilly Berk, BDO, Grant Thornton and Mazars jointly,

have committed a total of EUR 1.5 million per year. This commitment is for an initial 5 year period, with mid-term evaluation of FAR's performance.