

1

The Nature of Accounting and Finance Research

Audrey Paterson, William Jackson, Moh Sherif, Robert MacIntosh and Nigel Caldwell

Students in the latter stages of their programme of study are commonly required to complete a research-based project, dissertation or thesis, which typically represents the longest piece of writing that you will have to undertake. This is a challenging task for many students, who encounter common issues in the course of their project. For the remainder of this chapter, any such extended piece of research-based work will be referred to as a research project. To prepare and submit a research project, you must first conduct a piece of original research. This can be an intimidating prospect and is often seen as a rite of passage during your studies. The primary purpose of this book is to provide some insights into the practice and experience of doing research into accountancy and finance related topics. It offers structured and clear advice for those at the start of the journey from blank page to completed research project, and is aimed primarily at students undertaking research for the first time.

Textbooks and courses in research methods are often unpopular with students, either because the prospect of undertaking a research project seems daunting or because they do not recognise the relevance or benefits of the practice of research to their future career. We argue, however, that learning more about research methods will allow you to both broaden and deepen your knowledge of key research processes and the various methods that can be utilised therein. Such courses and books are designed to ensure that students understand the variety and merits of the techniques that are used in modern social science research and which are available to them as they undertake their own research project. In addition, the study and use of research methods facilitates the development of transferable professional skills, which will be invaluable in future careers in accountancy and finance.

The majority of graduates from accountancy and finance programmes take up employment in the financial services industry, typically with organisations operating in global markets. Within this industry, key employability skills include the ability to analyse various data using a range of quantitative and qualitative techniques, alongside the possession of a critical understanding of contemporary accounting, finance and business issues and related ongoing debates. Furthermore, graduates undertaking professional training in accounting or finance must develop problem-solving skills applicable to the areas of accounting, finance and business, using advanced research tools, to assist in the development of strategic financial plans, procedures, etc., and to research and communicate these in a structured and comprehensible manner. Engagement in a research project towards the end of your studies therefore provides you with an opportunity to develop your skillset and thereby positively influence your future career.

In this introductory chapter we begin by considering what constitutes research, following by a general discussion of knowledge production and the skills required of accounting and finance researchers. Novice researchers are often bamboozled by the variety of research methods, methodologies and philosophical pathways open to them; moreover, terminology can often be inconsistent, which adds further confusion. In order to minimise confusion, we have included an overview of the philosophical traditions of accounting and finance research. We then address the nature of accounting and finance research more broadly, highlighting topical areas of research, before turning our attention to various aspects of the research process and the specific skills required when conducting a project in this area.

What is research?

Research can have many labels: ‘academic’, ‘scientific’, ‘fundamental’ and ‘applied’ are just four examples (Ryan *et al*, 1992). At its heart, research is about discovery; we engage in research in order to learn more about something. When we have a question or a problem we want to resolve, we research it. We may already think we know the solution and, furthermore, we may consider the answer to be obvious or common sense; however, until we have subjected the problem to rigorous scrutiny, our ‘knowledge’ remains effectively guesswork or intuition. Research has therefore been defined as the ‘systematic investigation into and study of materials, sources, etc., in order to establish facts and reach new conclusions. It is an endeavour to discover new or collate old facts etc. by the scientific study of a subject or by a course of critical investigation’ (*Oxford Concise Dictionary*). However, while this definition is useful, it is only a starting point in understanding research; the greater challenge is understanding both what research is and what it is not.

The term 'research' features frequently in everyday life. For example, when engaging with digital or printed news, documentaries and debates, we often find the term 'research' being used to validate the information presented (Saunders *et al.*, 2003). Politicians similarly justify their political decisions with research findings, while some companies use opinion polls as an advertising strategy. These examples demonstrate how the term 'research' is ubiquitously applied in everyday contexts.

However, while this use of the word 'research' may be grammatically valid, Walliman (2001) argues that it is often semantically incorrect and creates a misleading impression. For example, while information and data collection is part of the research process, its outputs are of limited value and not considered to be academically rigorous unless it is systematic and with a clear purpose. Reports may contain a lot of data and reference additional sources of data; however, unless the data has been collected with reference to a systematic methodology and analysed and interpreted accordingly, it does not advance knowledge and cannot, therefore, constitute research. Thus, Walliman (2001) argues that, although the term 'research' can be used to instil confidence or respect in a specific idea or product, more information should be sought about the research process and type of analysis used. In many cases, the research process and type of analysis are either fudged or inaccessible, which inevitably invalidates the 'research' as a form of knowledge production. Good research seeks to expand knowledge by acquiring specialised and detailed information in a focused and systematic way, while providing a basis for analysis and highlighting observations on the subject of investigation (White, 2000).

■ Knowledge production

As the above discussion demonstrates, academic research is fundamentally concerned with the production of new knowledge. Chapter 2 discusses how ideas for new research projects originate. First, however, we set the scene by introducing a distinction between two different approaches to knowledge production. Michael Gibbons and colleagues (see Gibbons *et al.* 1994) argue that recent decades have seen the emergence of a new approach to research, which they call 'mode 2 knowledge production'. To contextualise this, it is necessary to explain that mode 1 represents the traditional, some would say ancient, approach to discovery.

Consider some historical figures who made breakthrough discoveries. In the cases of both Galileo's radical suggestion that the earth moves around the sun and Newton's 'discovery' of gravity, new insights produced new theories. In the terminology of Gibbons, the traditional approach to research is theory-led.