Newly accepted refereed journal articles


The promulgation of standards (e.g., PCAOB 2004b; IFAC 2008) highlights the importance of workpaper documentation quality and its influence on audit quality. Our study matches audit workpaper preparers with reviewers to examine how alternative workpaper review methods affect sequential audit review team judgments through their impact on preparer workpaper documentation. While reviewers maintain the option of reviewing workpapers on site (“face-to-face review”), they can now also perform their reviews electronically from remote locations (“electronic review”) due to technological advancements such as e-mail and electronic workpapers. Recent research has found that review mode can affect the judgments of auditors preparing the workpapers. Our study extends the literature by examining the extent to which review mode (electronic versus face-to-face) affects the quality of documentation in the workpapers and whether reviewers are able to discern and compensate for these documentation quality issues. Our results indicate that reviewers’ judgments are ultimately affected by the form of review expected by their preparer. Mediation analyses suggest that the effect of review mode on reviewer judgments is mediated by a documentation quality assessment gap. Specifically, with electronic review, reviewers’ burden to recognize and compensate for lower quality documentation was generally greater, often resulting in lower quality reviewer judgments compared to when the mode of review was face-to-face.


Demographic trends in Japan are producing a declining population that is rapidly growing older. With a total fertility rate around 1.3, the population has already begun to decline. This paper examines the impact of these demographic trends on the level of employment and economic growth that Japan is projected to experience over the next 20 years. We explore the effect of changes in labor market policies on age-specific employment rates and assess whether innovative policies can moderate the decline in employment. Public policies encouraging increased employment of women and persons aged 60 and older could partially offset the anticipated decline in employment. The importance of the Japanese experience for European policy makers is discussed.


In this study, we compare prices offered by multiple Internet retailers. This task is challenging because e-tailers cannot present their entire assortments to each consumer and, therefore, the product assortments presented by different e-tailers to each consumer are not directly comparable in quality on an item-by-item basis, resulting in non-homogeneous offerings across retailers. We further consider the interaction between retailers (product information presentation format) and consumers (search strategies), which makes price comparisons among the retailers even more non-homogeneous. To grapple with this quality-adjusted price comparison problem for non-homogeneous products, we use a stochastic-frontier hedonic-price regression model to first find the theoretically “lowest” price for a product given its characteristics, and then assess the price efficiency of the product as the ratio between this “lowest” price and the offered market price. This framework allows for the comparison of retailers in their
ability to offer the “best deals” even when their actual assortments are not directly comparable in quality. Moreover, this framework provides Internet retailers with a relative measure of price efficiency that helps them understand when and where they offer competitive prices to consumers. We empirically illustrate our approach in a comparison of price efficiency among three major Internet travel agents on a sample of posted itineraries and fares. Furthermore, we demonstrate that price efficiency of an Internet travel agent depends on the format of its website and on the consumers’ search strategies.

Don Pagach (ACC) and Richard Warr (BUS), An Examination of Firms Implementing Enterprise Risk Management, Management Accounting Quarterly

ERM is increasingly being adopted by firms in response to both regulatory pressures, and the need to holistically manage all firm risks. While much has been written about the hypothesized benefits of ERM, little research actually tests whether these benefits are realized. This paper examines the changes in firm performance around the appointment of a Chief Risk Officer or Director of Risk Management. These appointments commonly have been found to take place around the time of a firm’s adoption of Enterprise Risk Management practices. We find that firms hiring executives to head up their risk ERM programs see declines in return on assets around the ERM adoption, but trade at higher market valuations post adoption. These findings are consistent with the firm taking a longer term view of its growth options. In addition, we find that the leverage of firms hiring CRO’s decreases after the hiring announcement. Overall, our findings indicate some positive tangible benefits to ERM.

Don Pagach (ACC) and Richard Warr (BUS), “ERM: Moving Towards a Strategic Perspective,” Strategic Finance

Enterprise Risk Management (ERM) is a strategic management process that takes a holistic approach to evaluating and understanding all of the risks facing a business. ERM goes beyond the notion of a simple assurance process and engages the firm to examine risk within a strategic setting and from a view that encompasses the entire enterprise. As more firms implement ERM, we seek to understand their motivations behind the implementation decision and the firm’s expectations for ERM. Given the growth in firms using ERM as a management tool we surveyed Chief Risk Officers to gain a better understanding of the reasons for adopting ERM and the benefits they have experienced from ERM. Our survey was sent to 244 Chief Risk Officers within the United States and Canada. We received 40 responses for an overall response rate of 16.4%.


Decision makers often adapt strategies to specific task and context variables by balancing the need to make good decisions with the need to minimize cognitive effort. However, decision makers must have the requisite knowledge, based on training, to choose the most appropriate strategy. We extend the judgment and decision making literature by experimentally examining how training in specific professional roles (tax and audit) influences advocacy attitudes, and how the elements of the decision environment interact with these attitudes to influence accountants’ judgments.

Results indicate that attitudes are moderated by the requirements of the specific decision environment. Specifically, judgments of accounting professionals in a tax decision environment closely mirror their attitudes whereas in an audit decision environment, this relationship is significantly weaker, indicative of a moderating effect of the decision environment. Supplemental analysis indicates that tax professionals are more likely than auditors to adapt to the professional requirements (advocacy or skepticism) of the task at hand.

A central tenet of resource-based logic is that undervalued resources utilized by firms organized to exploit them will produce superior economic performance over the long-run. Yet when young technology-based ventures do not possess full property over these resources, input providers retain the right to bid up factor prices to match each resource’s marginal productivity. In response to these limitations in extant resource-based logic, we apply and extend Lippman and Rumelt’s full payments and bargaining perspectives, and propose an alternative method by which entrepreneurs can generate firm wealth through the unique bundling of co-specialized resources. Both theoretical implications and directions for future research are discussed as well.


This study seeks to better understand why some individuals decide to start new businesses and others do not, particularly in light of high base rates of failure. In addressing the question of "Why do some individuals choose to start new ventures?" a common perspective is that potential entrepreneurs with high levels of confidence in potential outcomes are likely to start new ventures. Alternatively, it also may be that firm creation decisions are based largely on individual expectations of one's ability. Hypotheses examining these perspectives are tested using a sample of 316 nascent entrepreneurs with the start-up decision tracked longitudinally. The results indicate that confidence in one's ability to perform tasks relevant to entrepreneurship is a robust predictor of start-up while outcome expectancies appear to play a marginal role. Theoretical and practical implications stemming from these results are discussed.

Paul F. Williams (ACC), "Reshaping Accounting Research: Living in the World in which We Live," *Accounting Forum*

This paper is derived from my participation as a faculty guest of the University of Wollongong’s Faculty of Commerce 20th Annual Doctoral Consortium. Consistent with the theme of “paradigm, paradox, and paralysis?”, I argue in this paper that accounting practice and scholarship suffer from paralysis created by the imposition of a neoclassical economic paradigm. Starting from the premise that accounting is foremost a practice, I argue that accounting cannot be limited by any one type of understanding. A human practice like accounting is simply to multi-faceted and complex to be sensibly "modeled" in any one particular way. The “flight from reality” (Shapiro, 2005), that occurred because of the empirical revolution in accounting, should be abandoned in favor of a more problem driven approach to accounting research and practice.

**Publications**


**Grants and Contracts**


**Presentations**

Turanay Caner (MIE) made presentations at the following conferences:

1. SMS Conference, Cologne, Germany October 11- 15, 2008.
   - Turanay Caner & Jason Park, “Putting Different Eggs in One Basket: Antecedents and Consequences of Alliance Portfolio Diversity”
   - Akie Iriyama & Turanay Caner, “The Influence of Firm's Knowledge Structure on Alliance Termination”

   - Turanay Caner & Olga Bruyaka, “Antecedentents and Implications of Alliance Portfolio Diversity”


Julie Earp (BUS), "Technology to Support Digital Identity Management: Guidance from Internet Users" at the 17th Annual Frontiers in Service Conference held at the University of Maryland, October 2-5, 2008.
Karlyn Mitchell (BUS) presented "Bankers on Boards, Financial Constraints and Financial Distress," co-authored by Mark Walker (BUS), at the 2008 Annual Meeting of the Financial Management Association, October 8-11, in Dallas, Texas.


Fay Cobb Payton (BUS)-----Invited Panelist, Tenure and Promotion, 2009 Black Women in the Academy Symposium, University of North Carolina (Jan 2009)

