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Quantitative and Qualitative Approaches to Accounting Research

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Abstract

The key objective of this paper is to assess the application of qualitative and quantitative research techniques in the arena of accounting. While the implications of qualitative research are affected by the researcher's theoretical interests, the conclusion of quantitative research is largely based on actual data. In this study, the numerous qualitative and quantitative research methods in the many domains of accounting research are evaluated. Case studies, ethnographies, grounded theories, action research, and narrative research are just a few of the techniques that can be used in qualitative research to help build theories. Conversely, experimental and survey research is used in quantitative research to test theories developed by qualitative research. This study found that mixed method research, which blends qualitative and quantitative methods, has gained enormous appeal in the field of accounting research in recent years.

1. Introduction

The focus of accounting research is to develop new theories, update existing ones, and apply theories through the logical study of facts and data (Olalere, 2011). Validity and quality are the two primary standards for assessment used in the evaluation of accounting research. While conducting accounting research, qualitative research methods are also important to reach this goal in addition to quantitative research methods (Bass n.d.). Although over time the quantitative method and positivist philosophy have mainly dominated accounting research, a growing number of researchers in the accounting literature are increasingly using the qualitative approach and interpretivism research philosophy (Bonner et al., 2006). However, from an ontological and epistemological point of view, quantitative research methods are different from qualitative research (Olalere, 2011). The researcher's perspective on what constitutes valid information from an epistemological and ontological perspective is also how reality is experienced (Saunders et al., 2012). According to qualitative approach, reality is not only a social fabrication but also a physical structure (Hines, 1988). Additionally, the validity of qualitative research is "formed by the researcher's theoretical interests" rather than being just dependent on empirical data (Ahrens & Chapman, 2006). Nevertheless, the form and goal of the research have a big impact on how research methods and methodology are chosen. For instance, exploratory research can benefit from qualitative research because it entails gathering information and developing theories about a problem as well as identifying potential areas for further investigation (Olalere, 2011). Comparatively, the quantitative approach is helpful in descriptive research because this type of study aims to test accepted ideas to comprehend a true profile of events, people, or circumstances (Saunders et al., 2012). Explanatory studies, on the other hand, are a different kind of research where both qualitative and quantitative methods may be useful. This is so that explanatory research, which focuses on analyzing a situation or a problem, can explain the link between variables (Saunders et al., 2012).



2. Literature Review

2.1 Method of Quantitative Research

In contemporary accounting, quantitative research approaches are frequently employed. For instance, many journals use statistical techniques in their research, such as Journal of Accounting Research, European Accounting Review, and Review of Quantitative Finance and Accounting (Gruszczynski, 2009). Quantitative research techniques rely on numerical, objective, and trustworthy data, such as capital market and financial data that are assessed using mathematical and statistical techniques. Furthermore, quantitative researchers work in pre-planned environments. For conducting experimental management research, for instance, researchers utilize proxies like students and mathematical models. Additionally, this method conducts research without speaking to market participants by using historical market data. A further application of the quantitative technique is hypothesis testing, which involves the consideration of theories, the formulation of research questions, and the testing of hypotheses (Olaire, 2011).

2.1.1 Research Philosophy - Quantitative research typically adheres to the positivist school of thought, which maintains that social reality exists despite what the researcher perceives (Saunders et al., 2012). The process of making commercial and economic decisions as well as the usage of financial statements by investors in making decisions are examples of social reality. By creating and testing associations between variables using quantitative methods of data gathering and analysis, the positivist-objectivist paradigm investigates the truth (Olaire, 2011).

2.1.2 Research Approach - As the major objective of this strategy is to test theory, quantitative research methods are typically associated with deductive approach (Saunders et al., 2012).

2.1.3 Research Strategies - Experimental and survey research methods are primarily associated with quantitative research (Saunders et al., 2012).

2.1.4 Experimental Strategy - The subfields of accounting information systems and auditing mostly used the experimental research, according to a study of eleven prestigious accounting publications from 1990 to 2009 (Coyne et al. 2010). When determining the likelihood that a dependent variable will change as a result of a change in an independent variable, researchers employ the experimental research strategy (Saunders et al., 2012). But there are two different kinds of experiments: laboratory experiments and field studies (Olaire, 2011). Human participation is used in laboratory experiments rather than actual subjects in staged environments. Students of accounting, for instance, stand in for working accountants. Real subjects are used in field experiments that take place in authentic organizational contexts. For instance, auditors employed by public accounting companies.

2.1.5 Survey Strategy - Utilizing organized questionnaires, structured observations, and structured interviews, this research technique collects quantitative data from a sizable population (Saunders et al., 2012). These data can also be examined using descriptive and inferential statistics.

2.2 Method of Qualitative Research

Despite the fact that quantitative methods are the major emphasis of accounting research, the qualitative approach has a sizable number of supporters in the field of accounting literature in order to develop novel theories that could subsequently be tested by quantitative methods (Bonner, et al. 2006). By observing people's behavior and opinions, the qualitative research approach is used to gathering, evaluating, and interpreting non-numerical data. Researchers concentrate on patterns in data sets, like changes over time, and attempt to discover potential links among variables in order to interpret qualitative data. Additionally, qualitative research is subjective and make use of a range of data collection strategies, namely one-to-one in-depth interviews and focus groups, as well as unconventional questions and approaches (Anderson, 2006). Additionally, the quality of the research's findings is based on the interviewer's expertise and experience because qualitative research is conducted face-to-face with participants in settings that reflect real life, such as business organizations and communities. Furthermore, the formation of theory is the primary goal of qualitative research (Olaire, 2011). For instance, a study on game-based learning methodology revealed some new tools to encourage students to study accounting in a fun way (Abd et al., 2021).

2.2.1 Research Philosophy - The philosophy of interpretivism is related to qualitative research since it requires researchers to interpret the varying, socially constructed interpretations ascribed to the phenomenon being studied (Saunders et al., 2012). In this paradigm, the researcher's primary objective is to identify empirical regularities or patterns (Olalere, 2011).

2.2.2 Research Approach - Most often, qualitative research is done using an inductive methodology, which focuses on using evidence to generate theories (Saunders et al., 2012).

2.2.3 Research Strategies - Case study research, grounded theory, ethnography, action research, and narrative research methodologies are the most frequently used qualitative research techniques (Saunders et al., 2012).

- **Case Study** - This approach entails employing a variety of sources of evidence to conduct an empirical investigation into a specific current issue (individual, organizational, social, and political) inside its actual setting (Yin, 2009).
- **Ethnography** - In order to analyze and describe the cultural and social structure of the group, this technique entails researching people in groups that interact with one another and share the same place, such as those who work together, are members of the same organization, or live in the same community (Robson, 2002).
- **Grounded Theory** - With this approach, a theory is developed or discovered based on the data, and the analysts are required to conceptually identify categories, patterns, and themes as they appear in the data (Glaser & Strauss, 1967). Since majority auditing research focuses on human behavior, the grounded theory approach may be effective for identifying various auditing problems.
- **Action Research** - This method takes a collaborative and participatory approach to generate solutions to genuine organizational challenges. It makes use of multiple types of knowledge and will have effects on organizations beyond the scope of the study project (Saunders et al., 2012).
- **Narrative Research** - This approach can be described as a collection of events that participants explain chronologically, demonstrating a flow of connected events and giving the researcher useful data for their research (Coffey & Atkinson, 1996).

2.3 Mixed Method Study

A mixed method study design combines quantitative and qualitative research techniques, and it has recently become very popular in accounting research (Olalere, 2011).

2.3.1 Time Horizon - It is crucial to decide whether research will be undertaken at a specific moment or over a specific length of time for both quantitative and qualitative methods. Data collection for cross-sectional studies takes place at a specific time. The technique can therefore compare groups based on their current qualities to measure differences. The lack of a time dimension in this method also suggests that it may be helpful in creating correlation (Olalere, 2011). In a longitudinal study, researchers gather information from numerous past or future time periods from either comparable samples or the same samples in order to measure change over time and causation across variables (Olalere, 2011). Accounting study employing historical capital market data is an example of a longitudinal strategy.

2.3.2 Data Collection Method - The two basic types of data collection techniques—primary and secondary—can be applied to both quantitative and qualitative research. Interaction between the researcher and the participants is necessary for the primary technique. Survey questionnaires, interview surveys, test and measurement procedures, direct observation, and focus groups and seminars are some examples (Olalere, 2011). For instance, thirty university students at the Diploma level were given questionnaires to complete in order to collect data on the game's effectiveness (Abd et al., 2021). Interaction with participants is not necessary for a secondary technique. Examples include data from archival sources that were gathered by individuals, groups, and researchers in the past. However, the most widely used method of data collecting in accounting research, particularly in financial accounting, is the archival method (Olalere, 2011).

3. Analysis, Findings, and Results of the Study

3.1 Application of Research Techniques on A Study of Auditor's Independence

The ability of an auditor to act and be perceived as acting honestly, objectively, and with professional skepticism is known as auditor independence (Moroney et al., 2014). The auditor must retain independent in all facets of auditing services in order to deliver successful assurance services to the clients. External auditors' primary duty is to offer independent opinions about financial statements; if they do not render an independent assurance, there is no need for an external auditor because an internal auditor is capable of performing those duties (Moore et al. 2006). Therefore, all stakeholders, especially investors, lenders, employees, and strategic partners, need independent assurance of financial statements. However, a number of widely reported corporate scandals have raised questions about auditor independence. For example, Andersen's audit of Enron may have been the most noteworthy example of a breach of auditor independence because the financial restatement that caused Enron to collapse lowered the company's profits downward by \$650 million (Moore, et al. 2006). Due to those events, investors lost faith in the accuracy and validity of financial statements, and the public's confidence in auditors' assurance on financial statements significantly declined. Thus, a considerable deal of research has concentrated on the effectiveness of auditor independence.

Several factors can compromise an auditor's independence. Examining the various approaches that have been employed to explore the subject and the results is necessary in order to comprehend how various forces have affected auditor independence. Researchers argue that unintended bias is what prevents auditors from remaining objective and impartial, even when they are honest, rather than corruption, which seldom compromises auditor independence (Bazerman et al., 1997). Additional qualitative research on the subject revealed that, despite their best efforts to be impartial and unbiased, auditors' desires are mostly responsible for influencing how they understand information because they instinctively accept data that supports their positions (Bazerman et al., 2002). A new idea has emerged as a result of numerous qualitative and psychological investigations, which suggests that unconscious bias, rather than deliberate corruption or conscious prejudice, is mostly to blame for the deterioration of auditor independence. Additionally, Moore et al. (2006) contend that even though an accounting firm has a motivation to produce an objective report, individual auditors—whose careers may depend on developing relationships with their clients and who may be interested in working for these clients in the future—may have a different motivation. As a result, the incentives may cause accidental biasness, which would violate independence. As a result, it is virtually impossible to conclude that an auditing error was caused by corruption or unconscious bias. One significant drawback of the effect of unintentional biasness on auditor independence is that those researchers base their conclusions on psychological and qualitative research. However, there hasn't been any experimental or quantitative research on this topic, which lessens the reliability of the conclusions. Therefore, a quantitative study on this topic is required to determine whether unintended biasness affects auditor independence and what motivations lead auditors to form unintentionally biased opinions. However, based on the aforementioned justifications and analyses, it may be expected that inadvertent bias is more likely to lead to the damage of auditor independence than intentional bias.

H1: Influence of unintentional biasness is significant on declining auditor independence.

H2: Influence of intentional biasness is insignificant on declining auditor independence.

3.2 Results

Since qualitative research approach alone is not sufficient to prove the above hypotheses, the following research methodology can be applied.

In this instance, a quantitative approach might be appropriate because the primary goal of the study is to evaluate a theory that has been previously formed by a number of qualitative and psychological research studies (Olalere, 2011). As the purpose of this research is to test a theory, deductive reasoning can be used (Olalere, 2011). Data type is quantitative in nature. Since the primary goal of the study is to ascertain how unconscious biases affect auditor independence, the sample should be made up of auditors working for accounting companies. Long-term client relationships, potential career opportunities at the client's organization, and familiarity with the client are the root causes of unconscious prejudice, according to Moore et al. (2006). According to Moroney et al., (2014), the following factors are connected to conscious biasness: non-audit services, auditor tenure client type, and client importance. Since the occurrence of both conscious and unconscious bias relies on some independent

variables, an experimental technique would be more suited in this situation. Additionally, as the experiment will be done on auditors working for accounting firms, a field experiment would be appropriate to assess the hypothesis (Olalere, 2011). The statistical analysis of the data would be appropriate because the study technique is experimental and the data type is quantitative. The best option for evaluating the conduct of the auditor, accountants, and non-accountants in the production, distribution, and use of accounting information is archival data gathering, therefore it would be appropriate in this situation (Olalere, 2011). Additionally, archival data collecting strategy is used by the majority of accounting research studies. Here, a longitudinal approach would be ideal since, with this approach, researchers gather historical information about auditor conduct from comparable samples or from the same samples with the goal of determining changes over time and connection between factors (Olalere, 2011).

3.3 Findings

Although, many qualitative researchers found that unintentional biasness can hamper the auditor's independence, a quantitative investigation is necessary along with the qualitative approach to evaluate whether unintentional biasness has an impact on auditor independence. Otherwise, it is nearly impossible to determine whether an auditing blunder is the result of corruption or unintentional bias. Therefore, it can be said that a quantitative approach along with qualitative method, archive data, and experimental strategy are required to test the above mentioned hypotheses and to discover whether auditor independence is more or less impacted by unconscious biasness.

4. Conclusion

Quantitative research method has been used extensively in accounting study over the years. However, at present the qualitative research approach is widely used by the scholars of accounting literature. Qualitative research generally uses a variety of techniques, such as case studies, ethnographies, grounded theories, action research, and narrative research techniques to construct theories. Contrarily, quantitative methods use experimental and survey techniques to test theories produced through qualitative research. However, both approaches can use the same data collection method; the differences between them lie in the sorts of data and the ways in which they are used. Recently, there has been a great deal of interest in accounting research for mixed method technique, which combines qualitative and quantitative research approaches.

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