Behavioral Decision Research and Management Accounting: The Case of Conflicts of Interest

Max Bazerman
Harvard Business School

Based on my collaborations with Mahzarin Banaji, Dolly Chugh, George Loewenstein, Don Moore and Lloyd Tanlu

Max and Accounting

- 1) University of Pennsylvania (Wharton), B.S.E. in Accounting, 1976
- 2) 1987-1997: Lots of experience teaching employees of the Big X accounting firms
- Our 1997 paper Bazerman, Morgan, and Loewenstein
 no more work with the Big X accounting firms
- 4) SEC call in 2000
- 5) The changes made were weak focusing on disclosure
- 6) Bazerman, Loewenstein and Moore 2002 HBR paper
- 7) A few talks to accounting and psychology departments on the prior work and some initial empirical data



Max and Accounting

- 1) University of Pennsylvania (Wharton), B.S.E. in Accounting, 1976
- 2) 1987-1997: Lots of experience teaching employees of the Big X accounting firms
- Our 1997 paper Bazerman, Morgan, and Loewenstein
 no more work with the Big X accounting firms
- 4) SEC call in 2000
- 5) The changes made were weak focusing on disclosure
- 6) Bazerman, Loewenstein and Moore 2002 HBR paper
- 7) A few talks to accounting and psychology departments on the prior work and some initial empirical data

Core Argument on Auditor Independence

Psychologists have known for a long time that individuals with a vested self-interest, even honest ones, are incapable of unbiased (independent) judgment.

- a) Auditors have made tremendous profit from selling other services to their audit clients.
- b) Auditors want to be rehired.
- c) The personnel on the audit often take jobs with the client firm.

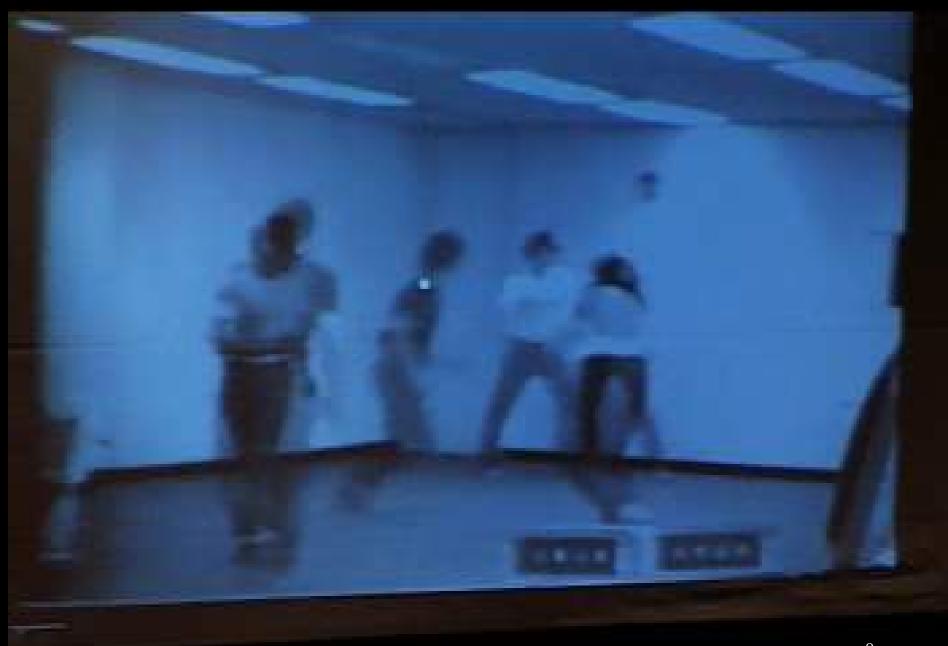
As long as these other motives are present, auditors are not independent.

Management Accounting - Wikipedia

Management accounting or managerial accounting is concerned with the provisions and use of accounting information to managers within organizations, to provide them with the basis to make informed business decisions that will allow them to be better equipped in their management and control functions.

Bounded Decision Making

- Bounded Rationality March and Simon
- Bounded Willpower Thaler
- Bounded Self-Interest Thaler
- Bounded Awareness Chugh and Bazerman



Bounded Decision Making

- Bounded Rationality March and Simon
- Bounded Willpower Thaler
- Bounded Self-Interest Thaler
- Bounded Awareness Chugh and Bazerman
 - Bounded Ethicality Banaji, Bazerman, and Chugh; Banaji and Bhaskar

Bounded Decision Making

- Bounded Rationality
- Bounded Willpower
- Bounded Self-Interest

- Bounded Awareness
 - Bounded Ethicality

Bounded Ethicality

(Chugh, Bazerman, and Banaji, 2005)

Bounded ethicality refers to the systematic and predictable ways in which humans act unethically beyond their own awareness.

Bounded Ethicality

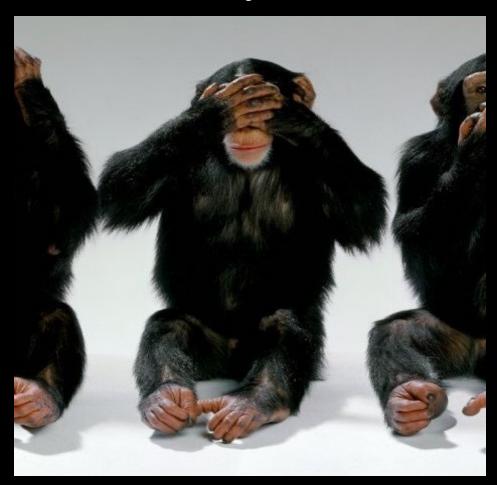
- 1) Boundedness in your ethicality
- 2) Boundedness in noticing the ethicality of others

Boundedness in Your Ethicality

(Overviews: Banaji, Bazerman, and Chugh, 2003: Chugh, Bazerman, and Banaji, 2005)

- 1) Implicit Attitudes (lots of work by Banaji, Greenwald et al.)
- 2) In-group/Out-group Biases (Messick op-ed)
- 3) Discounting the Future (Wade-Benzoni, 1999, 2002; Bazerman and Watkins, 2008)
- 4) Overclaiming Credit (Ross and Sicoly, 1979; Caruso, Epley, and Bazerman, 2006; Epley, Caruso, and Bazerman, 2006)
- 5) Moral Disengagement: (Bandura, 1986, 1990; Paharia and Deshpande, 2009; Shu, Gino, and Bazerman, 2010)
- 6) Greater Unethical Behavior under a Loss Frame than under a Gain Frame (Kern and Chugh, 2009)

B: Boundedness in Noticing the Ethicality of Others



B: Boundedness in Noticing

- Conflicts of Interest (Chugh and Bazerman, 2007; Moore, Tanlu, and Bazerman, 2010)
- Outcome bias in judging ethics (Baron and Hershey, 1988;
 Gino, Moore, and Bazerman, 2009)
- 3) Slippery slope (Gino and Bazerman, 2009)
- 4) Indirect blindness in judging unethical behavior (Paharia, Kassam, Greene, and Bazerman, 2009; Coffman, in preparation)

B: Boundedness in Noticing

- Conflicts of Interest (Chugh and Bazerman, 2007;
 Moore, Tanlu, and Bazerman, 2010)
- 2) Outcome bias in judging ethics (Baron and Hershey, 1988; Gino, Moore, and Bazerman, 2009)
- 3) Slippery slope (Gino and Bazerman, 2009)
- 4) Indirect blindness in judging unethical behavior (Paharia, Kassam, Greene, and Bazerman, 2009; Coffman, in preparation)

以上内容仅为本文档的试下载部分,为可阅读页数的一半内容。如要下载或阅读全文,请访问: https://d.book118.com/747025116022006162