

Pension Accounting and Qualitative Research – A European Perspective

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Value relevance of pension accounting information has been explored in the past by using quantitative analysis. It appears that few if any of these studies have used qualitative techniques. It also appears that the scope of the research could be expanded geographically as well as methodologically. Most of the studies of value relevance of pension accounting use US data and studies of for example, UK listed companies are relatively few in number. One question that arises is whether there is benefit in using qualitative methods to assess the extent of the relationship between the reported information and the behaviour of preparers and users, including investors. A study of behaviour may also go beyond the traditional value relevance question. This paper contributes to the existing literature on pension accounting by considering the issues and potential benefits of using qualitative methodologies. The first stage is a study of the responses to the Pro-Active Accounting Activities in Europe (PAAinE) Discussion Paper “The Financial Reporting of Pensions” published in January 2008 (DP) – the responses were received up to July 2008 and comprise around 100 letters. PAAinE has recently issued a “Feedback and Redeliberations” report in November 2009 which may itself be viewed as a further perspective. This paper seeks to go further by interpreting the responses in a way that helps to explain behaviour through detailed analysis of the written responses. The comments made in the letters of respondents to the DP have continuing relevance and key points are likely to re-emerge in future responses. The interpretivist approach has identified some unexpected matters that are unlikely to have been revealed by standard quantitative methods. The paper also provides a firm basis for future valuable research.

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