

Pension Accounting: Value Relevance and the Perception of Decision Usefulness – A UK Perspective

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Pension accounting remains a complex and somewhat controversial topic in financial reporting. It remains interesting from an academic point of view for precisely the same reasons that it is frustrating to many users of the financial reports. A number of questions remain unanswered even though extensive research projects have been undertaken. 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 the impact of pension accounting on 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 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 providing insights using a mixed methodology. The intention is to go further than many traditional value relevance studies by exploring the perception of decision usefulness. This paper seeks to interpret the responses of participants in order to offer an explanation for behaviour through detailed analysis. The interpretivist approach has identified some unexpected matters that are unlikely to have been revealed by quantitative methods alone. The paper highlights key issues in this PhD research as a basis for future valuable research.

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