



Book Review: The Routledge Companion to Behavioural Accounting Research, edited by Theresa Libby and Linda Thorne (Routledge publisher, 1st Edition, 2018, pages 528)
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INTRODUCTION

Behavioural accounting is an important area for producing financial information intended for use in the decision-making process, as it emphasizes psychological and sociological knowledge to understand how accounting practices are socially constructed and dynamically reproduced. In particular, human behavior, which relies on the attitudes of people and groups, motivations, cognitive biases, feelings, beliefs, norms, values, and assumptions, is relevant to the building and reproduction of accounting practices. To illustrate, accountants and financial managers would raise their awareness, ethics, influence, and judgment to develop contextualized accounting practices. Conversely, the group of organizational actors influences these accounting practices through the norms and values they hold, their beliefs, power, and assumptions.

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In this view, human behavior either influences the development of transparent and accountable accounting practices or, conversely, facilitates the emergence of opportunistic accounting practices.

In this context, Behavioural Accounting Research (BAR) is important because it focuses on social and dynamic human behaviour that affects the practices of financial and managerial accounting. More importantly, focusing on psychological and sociological insights with BAR will enable effective, transparent, and accountable accounting practices. Organizational performance and sustainability are enhanced through improved communication and more relevant accounting information, which enables decision-makers to identify key perspectives.

In this context of BAR, *The Routledge Companion to Behavioural Accounting Research*, edited by Theresa Libby and Linda Thorne (Routledge, 2018), is an extraordinarily thoughtful and instructive book for researchers in the field of behavioural accounting. The book makes a significant contribution to the behavioural accounting field through its detailed provisions on how researchers should focus on behavioural theory in accounting research. This textbook also facilitates the discussion of theoretical frameworks, such as stakeholder theory, agency theory, and legitimacy theory, which can be particularly helpful in providing a valuable lens through which to understand decision-making, accountability, and ethics in formal organizational relations. Such theoretical frameworks play a critical role in highlighting the broader social, political, and cultural context under which accounting practices are performed in an increasingly multi-layered and dynamic organizational setting. It is essential in accounting research to explore cognitive and organizational paradigms and move towards a more socially contextualized and theoretically informed practice. The book will therefore prove to be well worth the read, not only for scholars and practitioners who need to learn about human behaviour in accounting, but also for those who need to learn behavioural accounting. The reviewer employed the scholarly approach presented by Gamage (2020), Gamage (2021), and Wanniarachchige (2022).

OVERVIEW

The Routledge Companion to Behavioural Accounting Research book is an insightful work that thoroughly discusses BAR's theoretical, methodological, and practical aspects. The book, edited by eminent researchers Theresa Libby and Linda Thorne, primarily benefits doctoral candidates, early-career academics, and practitioners exploring human behaviours on accounting decisions and practices. The book is designed according to the predictive validity framework, commonly known as "Libby boxes," aligning empirical

design with theoretical underpinnings and methodological rigour, offering readers a systematic and practical approach to behavioural exploration in accounting. This book consists of eight sections and 32 chapters, each providing a focused explanation and guidance on the fundamental elements of behavioural research methodologies.

The first section presents three chapters. Chapter One presents a predictive validity framework that enables researchers to ensure the logical alignment and methodological soundness of the study's steps, from theory development to empirical testing and interpretation. Chapter two provides a structure for the research design using a three-paragraph approach. This approach encourages researchers to explicitly define their research issue, its importance, and the methodology for investigation. Chapter three features a reproduction of Robert Libby's seminal book on accounting and human information processing, which remains a conceptual cornerstone for BAR.

The second section examines BAR's key theoretical underpinnings in chapters 4 to 8. Importantly, these chapters encompass cognitive psychology, judgment and decision-making in accounting research, social psychology, ethics and moral philosophy, stakeholder and legitimacy theories, and agency theory. These chapters provide a comprehensive theoretical framework for BAR that could be used to formulate hypotheses and interpret behavioural findings. This component enhances the interdisciplinary aspect of BAR by contextualizing accounting behaviour within broader psychological, economic, and social contexts. On the other hand, the third section focuses on operationalizing constructs, converting theoretical frameworks into quantifiable variables. It pertains to the formulation of behavioural instruments, the implementation of manipulation and attention checks, and the issue of social desirability bias in self-reported data. These chapters offer pragmatic recommendations on construct validity and experimental integrity, enabling researchers to connect abstract theory with practical testing.

Sections four to six focus on research methodological design and data analysis. Section four examines several alternative study designs and urges researchers to focus on experimental accounting research. In particular, the chapters in this section examine field research, survey design, experimental economics, and the use of new technologies such as eye-tracking and electroencephalography (EEG). Section five concentrates on the implementation phase, including ethical considerations, participant sampling methodologies, and statistical power. Section six comprehensively explores

data analysis, detailing basic diagnostics, contrast coding, mediation and moderation analysis, structural equation modelling, and sophisticated multivariate approaches such as cluster analysis and logit/probit models. These three sections constitute the methodological foundation of the book, providing precise, nuanced, and actionable guidelines for doing high-quality behavioural research in accounting.

Section seven highlights major concerns regarding external validity, specifically the generalizability of BAR results to other scenarios. It is divided into chapters on behavioral research in taxation, cross-cultural accounting scenarios, and the behavioral aspects of risk management. Contextual sensitivity is highlighted in these chapters, along with methods for testing the generalizability of behavioral results. The final section is the recommendation section, which is intended for publication in the sphere of BAR. The chapters in the sections also provide instructions on how to write literature reviews, conduct peer reviews of publications in the behavioral field, and the importance of review studies in enhancing the field. The section is handy for early-career academics who want to learn how to navigate the publishing process and make behavioral accounting research more credible and relevant.

EVALUATION AND CONCLUSION

The book, entitled “*Routledge Companion to Behavioural Accounting Research*,” has filled a gap in the existing literature on accounting research. This book equips researchers in behavioural research by bringing together a rigorous, theory-driven, and methodologically sound approach through an extensive examination of key theories, methods, and practices that dominate behavioural research studies. Its global authorship and interdisciplinary focus make it useful in several disciplines. This modern classic book presents a guideline on ground-breaking studies in behavioral accounting, which is an attraction to anyone who wants to know about the humanity of accounting.

This book primarily focuses on quantitative and experimental methodologies, which may limit its appeal to scholars engaged in BAR, as well as those working within interpretative or critical theory paradigms. While it briefly acknowledges qualitative methodologies such as case studies and interviews, these are not the central focus, and qualitative researchers may find the discourse insufficient for their needs. In particular, integrating social theories, such as institutional logic theory, actor-network theory, and Bourdieu's theory, with a qualitative approach generates profound insights into the behavioural dimensions of accounting. These social theories enable researchers

to explore a nuanced understanding of how individual and social group behavior is deeply intertwined with power dynamics, social capital, and diverse actor networks that surround accounting decisions and practices. Human behaviour is complex, contested, and shaped by culture; neglecting these behaviours will render the BAR conceptually constrained and incapable of representing them in contemporary contexts. Despite the aforementioned limitation, the book makes a significant contribution to research in behavioural accounting. Furthermore, its combination of philosophical, methodological, and practical principles, along with its harmony between depth and accessibility, makes it a valuable resource for scholars throughout their careers.

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