

Editorial

It was roughly two months ago when Aileen Pierce expressed her warm welcome to the community of European accounting researchers who met for the 29th Annual Congress, this time in Dublin. The congress attracted 1,180 international delegates from almost 60 countries. In addition to the Opening Plenary Session, which featured an influential international accounting regulator, prominent academics, and practitioners, ten 'hot topic' panel discussions were held and 750 research papers were presented over three days. Presentations were organized into 17 topic streams covering inter alia, research on capital market-based accounting issues, financial reporting, management accounting, critical perspectives on accounting, corporate governance and accounting education.

Dublin presented itself as charming as usual and many of the congress participants could experience the liveliness of the city both informally and during the official social events in Dublin Castle, the National Concert Hall and Trinity College.

This issue of the newsletter features some retrospectives of this great congress, including accounts of the opening ceremony, various research symposia and the doctoral colloquium. Furthermore, you can find a letter from the new president of



the EAA, John Christensen, providing some information about recent developments within the Association. One of the important news is that the journal *Accounting in Europe* will continue to be published after its trial period which ends after this year.

The newsletter also contains a reflection upon the process of defining Financial Reporting Standards, written by Shyam Sunder from Yale School of Management.

I hope that some of the contents will be worthwhile reading for you. As always, I encourage contributions or suggestions for future issues.

Yours,

Martin Messner

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Letter from the President, John Christensen

Dear Colleagues,

The University College Dublin hosted the 29th annual congress in March. This was yet another showcase of a great conference as most other conferences of the European Accounting Association. The city of Dublin was very friendly, perhaps except for the weather. The social events took the participants to the old parts of Dublin. The scientific part of the program was of high quality and the social program showed the participants fascinating elements of Irish culture. This is the unique nature of EAA conferences. The EAA community is thankful to The Organizing Committee and especially the chair Aileen Pierce. They did a marvellous job in Dublin – thanks.

The scientific committee for the conference was headed by Willem Buijink, as chair of the Standing Scientific Committee. The committee processed 1172 submissions and accepted 752 papers. The SSC composed the parallel session for this year's conference. This is a significant change as it means that we are accumulating knowledge from previous years' conferences. Also the scientific committee is experimenting with the program. This year brought a new format for the poster sessions. We are going to see more experiments in the future years to keep our conferences alive. One thing to keep in mind is that as part of the process of improving the

quality of our conferences the submissions have to be in the format of full papers from Rotterdam (2008) and on.

Kari Lukka has been editor of European Accounting Review 2000-2005. Kari has done a remarkable job in turning the EAR into the premier outlet for accounting research in Europe. Measured on all dimensions the value of our journal has increased. This includes the quality of the accepted papers, and the number of submissions to the journal. Kari Lukka has handed over the post as editor of EAR to Salvador Carmona. I expect Salvador to continue the improvement of EAR. Also it is time to thank Kari for the effort he has put into the journal.

Accounting in Europe is now entering the third volume. This journal has a different scope than EAR as Accounting in Europe aims to occupy a position between the pure research journal and the practitioner journal. It is intended to provide descriptive and analytical material in a European context. The journal has come to a good start due to the effort of the editor Peter Walton. I am happy to announce that the EAA has decided to make this journal permanent.

The Doctoral Colloquium has gotten a new chair as Jan Mouritsen has accepted to join Peter Pope as co-chair. Together they will continue to develop the colloquium. The colloquium provides an excellent opportunity for European doctoral students to get feedback on their work in the final stages of the dissertation work. The association is grateful to the sponsor

KPMG for their support of this important activity.

The agenda for the Management Committee is continuous development of the EAA. The first step has been and will be the scientific program of the EAA conferences. The work of the standing scientific committee is crucial for this process. I think we have gotten off to a good start on this dimension. Also on the planning of future conferences we are going to see changes over the next few years as we are working towards standardizing the web platform for the paper submission and conference registration. This way the organizers do not have to invest in this every year.

Now the transition of the governance structure of the EAA to the new system has been finalized by the election of the new president. I am deeply honoured to be the first elected president following our new statutes. I shall do my very best to continue the development of the EAA. I think the change of governance structure was important for this process. This also means that Olov Olson now serves as past president. Olov has worked very hard for the association and he deserves a thank you.

The next EAA conference will be held in Lisbon. I hope that many of you will submit papers for this conference and that even more of you will show up in Lisbon.

John Christensen
President of EAA

Looking back at the Annual Congress: Opening Ceremony

Aileen Pierce, the Congress Chair of the 2006 Annual Congress, welcomed the participants in her **opening speech** on Wednesday, 22 of March, with the following words:

“Ladies and Gentlemen, Friends and Colleagues,

FAILTE GO BAILE ÁTHA CLIATH!

Tá an-áthas ormsa fáilte specialta a chur romhaibh go dtí chathair Baile Átha Cliath. Seo lá ana specialta i Cuntasafócht, An Coláiste Ollscoile, Baile Átha Cliath.

On behalf of the Local Organising Committee, I am delighted to welcome you to our city and to our university for the 29th Annual Congress of the European Accounting Association. This is a very special day for Accountancy in University College Dublin.

Today represents the culmination of a lot of hard work and planning over the last four years. UCD was honoured when we were first considered as a venue for the EAA Annual Congress back in 2000. The Congress is in Dublin because Professor Eamonn Walsh offered UCD as a venue [before we had suitable facilities!] in 2000, it is here because many of our EAA colleagues challenged us to live up to our Irish reputation for being a hospitable nation, it is here because Professor Stuart McLeay introduced Niamh Brennan and myself to the wonderful network of friendships and research collaboration that is the European Accounting Association in Madrid in 1992, and the EAA Congress is in Dublin because we committed ourselves in 2002 to Stefano Zambon to deliver the 2006 congress – before we fully realised just how much work was involved!

EAA 2006 is a reality because you, the members, have once again travelled in huge numbers to be part of the Annual Congress. We have almost 1,200 delegates together with accompanying persons, from almost 60 countries. Regrettably, we had to disappoint some people when we had to close registration over 10 days ago because we had reached capacity.



EAA 2006 is also a reality in Dublin because so many of you submitted papers and are ready to share your research over the next two and a half days. We are indebted to so many people for submitting papers and also to 35 very diligent and hardworking members of the scientific committee, who graded and grouped over 1,170 papers. Thank you all for your contribution to the scale and anticipated success of our conference.

Another significant factor that has contributed to EAA 2006 becoming a reality in Dublin is the generosity of our sponsors in supporting this major international gathering. We are very grateful to all our sponsors for their support

Once again, we are delighted to extend to you all a very warm welcome to Dublin. We wish you an enjoyable, productive and fulfilling experience at EAA 2006. Our entire team of colleagues in the Irish academic accounting community, student helpers in their blue sweatshirts, professional conference organisers in the black uniforms, and, of course, the members of the LOC are all ready to help you with any queries you might have. Please feel free to approach any of us if you need help or clarification.

Slán go foill agus beannacht.”

Following up on the opening speech of Aileen Pierce, **Hugh Brady**, President of UCD, expressed his welcome to the accounting community and pointed to the “impressive scale” of the event. He referred to the remarkable transformation that Ireland has undergone in the last two decades, from the decline of the economy in the 1980s to the successful birth of the Celtic Tiger in the 1990s. The current time, Brady concluded, was a very exciting one for Ireland in terms of both economic and social life. He finished his speech by expressing his trust that the participants of the Annual Congress would find a balance between social and academic inspirations.

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Opening Ceremony (continued from page 3)

Olov Olson, the (former) president of the EAA, explained in his opening statement the changes that have been made in the corporate governance structure of the Association. In the future, the president of the EAA and the Chairman of the Scientific Committee will be elected, and these positions will no longer be coupled to the organizers of the next congress.

In the **Opening Plenary Session**, four distinctive speakers discussed the benefits and dangers that come with the recent emergence of International Financial Reporting Standards as the language of accounting in Europe. The plenary session was moderated by Prof. Begoña Giner from the University of Valencia in Spain. As the first speaker, Sir David Tweedie, the Chairman of the

International Accounting Standards Board, made a compelling case for further harmonisation and convergence between IFRS and US-GAAP. He estimated that, by 2011, there should be a “pretty good similarity” between financial accounts in the U.S. and in the European Union. At the same time, he warned against the often voiced demand for extensive interpretations of standards, since such a set of interpretations would run against the idea of principal-based standards. Martin Hoogendoorn, Professor at Erasmus University Rotterdam and Chairman of the Dutch Accounting Standards Board, provided some personal reflections on the implementation of IFRS in the Netherlands. Among other observations, he voiced the concern that IFRS were

still too complex, unclear and unstable, and that comparability of financial accounting statements was still impeded by a lack of uniformity in balance sheet and income statement formats. The third speaker was Terence O’Rourke, partner at KPMG Dublin, who explained in his presentation how KPMG prepared and responded to the implementation of IFRS. Finally, Prof. Shyam Sunder from Yale University questioned the need for a top-down process of accounting standardisation. As an alternative, he suggested to let different frameworks compete with each other in a “free market”, without the influence of state bodies or governments (see pages 11-12 in this issue).

Symposia at the Congress

The Annual Congress featured several symposia which were dedicated to current topics in accounting research and teaching. In the following sections, you can find summaries of three of these symposia.

Symposium on “Accounting and Academiae: Careers systems, networks and what matters”

This symposium, organized by **Rihab Khalifa** and **Paolo Quattrone**, aimed to stimulate a debate about the factors affecting the definition, production and dissemination of accounting academic knowledge. The purpose was to gain insights into the institutional features of the academy, the production of power, and the practices of theorising. Paolo Quattrone opened the symposium by reading a short parable by Robert Desnos:

“One day young captain Jonathan, he was eighteen at that time, captured a Pelican on an island in the Far East. In the morning, this Pelican of Jonathan’s, laid a white egg and out of it came a Pelican astonishingly like the first, and this second Pelican laid in its turn a white egg, from which came inevitably another who did the same again. This sort of thing can go on a very long time, if you do not make an omelette”.

This ‘pelican story’ was intended to motivate the speakers to reflect upon the uniformity of knowledge production in the accounting academe.

Five accounting researchers presented their personal experiences with the academic world. **Cristiano Busco**, University of Siena, pointed out that, despite many pressures on young academics, there is still considerable scope for deliberate choice. In order to be able to make such choices, three types of freedom are particularly important: the freedom to set a research agenda, the freedom to find research partners and the freedom to select venues for publication. **Carlos Larrinaga**, University of Burgos, talked about the Spanish context of accounting research and explained that many academics in Spain would stay at the same institution from the completion of their Ph.D. on. Recently,

however, there have been drivers for increased internationalization and flexibility. Larrinaga argued that, for Spanish researchers, this development presents a risk of schizophrenia, as they are now expected to fulfil both international and national demands which are hard to reconcile. **Ken McPhail** from the University of Glasgow talked about the content of research and voiced his concern that many ‘new’ agendas promoted by accounting academics are of no practical use. He also emphasised the need for more research dealing with the social and political issues surrounding accounting practice. **Norio Sawabe**, Kyoto University, explained how the status of the Ph.D. title has recently changed in Japan.

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Symposium on “Evaluating Accounting Research...” (continued from page 5)



While in the past, the doctoral degree was usually obtained only towards the end of a professor’s career - in the form of a major book publication -, it has recently become a driver’s licence that is required to be allowed to drive the roads of science. This means that the still dominating ‘book culture’ is likely to be

replaced by an ‘article culture’. Finally, **Carlos Ramirez** from HEC Paris gave an insider’s view about recent changes in his own school, which does not have a strong research tradition but is recently promoting high-quality research by more explicitly linking publication records to career progress. As in many

other schools, publications in selected top journals are used as a proxy for good research.

The organizers of the symposium also set up a website dedicated to discussing issues surrounding career systems and academic networks in accounting. See <http://www.accounting-academiae.net>.

Symposium on “The contribution of qualitative research to a[n accounting] world dominated by numbers”

This symposium responded to the concern that the contemporary accounting research arena is increasingly dominated by quantitative research approaches and research questions that necessitate the application of such methods. The symposium considered the significance of method to the accounting research agenda, focusing particularly on the relative importance of qualitative research to the future of the accounting discipline and to developing a richness of understanding of accounting practice. It was organized by **Chris Humphrey** from Manchester Business School and featured a panel of accounting researchers from different countries.

In the first statement, **Jeffrey Unerman** from Royal Holloway argued that the dichotomy between qualitative and quantitative methods was a false one to start with. Rather, one should start with the definition of the research question and should only in a second step choose a method appropriate to address this question. Unerman pointed out that an a priori focus on quantitative methods would unduly restrict the scope of possible research questions. In his view, the academy has a duty to investigate a

range of issues, not at least those dealing with the role of accounting in society.

Bob Scapens from Manchester Business School provided a personal reflection on the differences between quantitative and qualitative accounting research. While he had started his academic career working in the field of analytical modelling and quantitative empirical tests, he later on came to acknowledge the quality of case studies. Scapens argued that while quantitative methods were suited to make propositions on larger populations of organizations, case studies were more appropriate to explain why particular organizations would feature specific accounting practices.

A similar argument was made by **Deryl Northcott** from Auckland University of Technology. As the editor of the recently founded journal on Qualitative Research in Accounting and Management, Northcott suggested some quality criteria for qualitative research. In particular, she pointed to rigour, credibility, and contribution as the three main pillars upon which a good case study should be built.

Albrecht Becker from Innsbruck University School of Management, Austria, provided a German-speaking perspective on qualitative research. He argued that qualitative research was valuable since it allowed a detailed understanding of actual accounting practice. As good case studies contain rich descriptions of the real world, they are well suited to help students and practitioners understand the dynamics of accounting instruments in action. While in German-speaking countries, qualitative accounting research is generally underrepresented, the University of Innsbruck had recently embarked on a project to establish a “Centre for Accounting Theory and Research” that is dedicated to a qualitative approach to accounting.

In the final statement, **Sven Modell** from Stockholm University proposed to use multi-paradigm triangulation in accounting research. As case studies and survey-based studies might well complement each other, Modell argued that there was a need to find a pragmatic epistemological basis on which a triangulation between these paradigms could be defended.

Symposium on “Evaluating Accounting Research: Reflections on the Research Assessment Process”

In a number of countries, researchers and their research output have been the subject of detailed evaluation through peer review; for example, in the UK, the Netherlands, Italy, Spain, Hong Kong and New Zealand, and a similar evaluation is now planned in Australia. This symposium considered the processes underlying research assessment, and the criteria and working methods adopted by subject panels. It was organized by **Stuart McLeay** from the University of Wales, Bangor, and featured a panel of academics who have all been involved in the establishment of research assessments.

The first presenter was **David Otley** from Lancaster who reported upon the

British research assessment exercise. He explained changes in the British system over the last few years, and provided an outlook on the new system that is supposed to start with the next evaluation in 2008. Although being critical of one or the other feature of such an assessment, Otley argued that there were no real alternatives to formal research assessments as they are currently carried out in many countries. **Angelo Riccaboni**, Università di Siena, Italy, gave a presentation on the recent results of the first Italian research assessments. What is notable in Italy is the fact that it does (or should) not matter where research is published, since ‘excellent’ publications can include articles,

books, and book chapters.

José Antonio Gonzalo from the Universidad de Alcalá de Henares provided a perspective on the situation in Spain, where research assessments, unlike in most other countries, are made for each individual researcher. Researchers need to apply for an assessment in order to benefit from a ‘step’ within the career system. Interestingly, many Spanish (accounting) researchers never applied so far.

Finally, **Jayne Godfrey** from Monash University, Australia, provided an outlook of the forthcoming research assessment system in Australia.

sudoku

#2

Fill in numbers from 1 to 9, such that every row, every column, and every 3x3 square contains one of each digit.

					5			6
	5	2		1		3		
3					4			
6	1		9			5		7
	9						6	
4		5			6		2	3
			4					5
		1		2		6	7	
9			5					

solution to sudoku #1

6	9	2	4	1	3	5	7	8
4	8	7	6	5	9	3	2	1
1	3	5	8	7	2	9	4	6
5	6	8	7	3	4	2	1	9
7	4	9	1	2	5	8	6	3
3	2	1	9	6	8	7	5	4
9	1	6	5	8	7	4	3	2
2	7	4	3	9	1	6	8	5
8	5	3	2	4	6	1	9	7

News on the publications of the EAA



European Accounting Review

At the Annual Congress in Dublin, Salvador Carmona, the new editor of EAR, presented some statistics on submissions and articles for the period 2000-2005. Here you can find some of this information. The statistics refer either to the year 2005 alone, or to the period 2000-2005, as indicated.

(1) Time from submission to sending Editor's first letter to author(s) in 2005

1 – 8 weeks: 27% (30 % in 2004)
 9 – 16 weeks: 41% (45 %)
 17+ weeks: 32% (25 %)
 Range: 1-31 weeks (1-33 weeks)
 Average: 12 weeks (12 weeks)

(2) Submissions and Acceptances in 2000-2005

612 submissions in total
 79 papers accepted (= 15% of submissions for which final feedback has been given (79/516))
 71 papers withdrawn by the authors or closed due to silence of the authors
 366 papers rejected on receipt or after review
 96 papers under review or with authors for revision

(3) Distribution of topics. All articles published in 2000-2005 (Vol.9:1 - 14:4)

Financial accounting/reporting: 31%
 Management accounting: 22%
 Capital market based acc. res.: 18%
 Auditing: 15%
 Accounting history: 6 %
 Accounting information systems: 4 %
 Accounting education: 4 %

(4) Distribution of methods applied. All articles published in 2000-2005 (Vol.9:1 - 14:4)

Statistical: 51%
 Case/field study: 29%
 Conceptual (no direct emp. data): 15%
 Analytical: 5%

Contents of EAR 15:2

Chrystelle Richard: Why an auditor can't be competent and independent: A French case study

Marie Chavent, Yuan Ding, Linghui Fu, Hervé Stolowy, Huiwen Wang: Disclosure and determinants studies: An extension using the Divisive Clustering Method (DIV)

Sven Modell: Institutional and negotiated order perspectives on cost allocations: The case of the Swedish university

J. C. Neves and A. Vieira: Improving bankruptcy prediction with Hidden Layer Learning Vector Quantization

Stephen Owusu-Ansah and Stergios Leventis: Timeliness of corporate annual financial reporting in Greece

Mark Christensen: On public sector accounting change: Epistemic communities, consultants, naive officials and a reply to Humphrey



Accounting in Europe

At the Dublin Congress the EAA took the decision to proceed with regular publication of the journal Accounting in Europe after the completion of its three year trial period, which will end with the publication of the 2006 volume.

Hence from 2007, Accounting in Europe will enter into a new phase. While members of the EAA will continue to receive the journal as part of their subscription to the EAA, we will actively seek commercial subscribers. Institutions and commercial entities will be able to make a double subscription to Accounting in Europe and European Accounting Review, or to subscribe to each journal individually.

The editorial policy of Accounting in Europe will be to publish descriptive, practice- and policy-oriented papers on current issues of all areas of accounting. It will provide a meeting place for accounting scholars and professionals, who form its target readership as well as author potential.

The journal will continue to consist of two main sections: "Issues in European Accounting" will contain articles actively solicited by the editorial team, while the second section will contain unsolicited papers, which have been subject to peer review.

Peter Walton will continue as editor for 2006 and 2007, but the journal will then move to opening the editorship to applications from people wishing to serve for a three year period, in line with EAA publications policy.

Kari Lukka

Chair of the Publications Committee

KPMG European Doctoral Colloquium

The 2006 KPMG European Doctoral Colloquium was held in Dublin, Ireland, from 19 to 21 March. The venue this year was the Irish Management Institute (IMI) situated on the outskirts of Dublin. The IMI has seminar rooms as well as a restaurant such that all activities of the colloquium took place at IMI except for the Irish Night. Opportunities for informal discussions were used extensively and continued throughout the EAA conference in Dublin following the colloquium.

65 students had applied for this year's colloquium, and as usual 17 were selected. The students came from 11 countries, representing schools from 10 countries. In addition, the American Accounting Association sent a representative from their Doctoral Consortium. This year's representative was Stephen Stubben from Stanford University. He presented the paper *Do Firms Use Discretionary Revenues to*

Meet Earnings and Revenue targets?

The papers this year fell into three categories: 8 managerial accounting, 8 financial accounting and 2 auditing papers. All students presented their doctoral work in one of two parallel sessions in which 1 hour and 15 minutes was allocated to each paper. The papers as well as the presentations were of high quality.

The faculty consisted of John Christensen, University of Southern Denmark; Wayne Landsman, University of North Carolina; Christian Leuz, University of Pennsylvania; Jan Mouritsen, Copenhagen Business School; Peter Pope, University of Lancaster; Michael Shields, Michigan State University and Alfred Wagenhofer, University of Graz. Unfortunately Peter Miller from LSE was unable to join the faculty due to illness. This constitutes a faculty of high international standard. The EAA

Executive Secretary, Nicole Coopman, was responsible for the practical program.

Professor Christian Leuz gave a lecture on publication in academic journals. This stimulated an intense discussion about being a researcher and the game of getting the research into journals.

The faculty of the colloquium selected a student to go to the American Accounting Association's Consortium at Lake Tahoe in June 2006. This year Bernhard Moitzi from the University of Graz was selected. He presented the paper *Fair Value Accounting and Incentives*.

As a special treat the students and faculty of the colloquium visited the Taylors Irish Night banquet and show. This is a highly entertaining performance of live traditional Irish music performed by The Merry Ploughboys, ballads and Irish Dancing. The Irish Night show is widely acclaimed due to the genuine and friendly nature of the pub and its dedicated approach to Irish music.

We are very grateful to the KPMG for sponsoring the colloquium. The sponsorship makes an event like this possible. It is important that young European researchers in accounting have the opportunity to meet and exchange ideas with each other. This helps secure the future development of the accounting profession in Europe.

John Christensen

Peter Pope



Personal impressions from Sophie Tessier, Lancaster University Management School, United Kingdom:

"Recently, I had the privilege of being one of the 17 PhD students who participated in the 2006 EAA Doctoral Colloquium in Dublin. This was a great opportunity for us to present our work and receive comments not only from other students, but also from seven faculty members with different perspectives on financial and management accounting. Although

challenging at the time, these comments helped us improve the quality of our research and take it to a higher level. I left Dublin with a lot of work to do, but also with even more enthusiasm to take on the challenges of doing a PhD and a better sense of what needs to be done to achieve a high standard of research.

However, what I will remember most from this experience are the friends I made. It is amazing to see how quick a small group of people can bond. Over these three days together, we supported

each other before and after our presentations, we had a good laugh and we shared ideas and knowledge. To me, these friendships are as valuable as the feedback I received.

This was my first EAA conference and I can honestly say that I am looking forward to Lisbon 2007 to be amongst this great community of researchers again. See you next year and until then, take care!"

Sophie Tessier

Call for papers:

Special Section in the *European Accounting Review*

The guest editors Rihab Khalifa (Warwick) and Paolo Quattrone (Oxford) invite submissions for a special section within the *European Accounting Review* on

Accounting and Academia: Careers systems, networks and what matters

Even though it is now widely established, almost to the point of cliché, that there is a lot to be gained from attempting to understand accounting practices and techniques in their context, the **practices of the accounting academy** itself have remained relatively immune from such endeavours. Just as the development of accounting practices are no longer seen (at least in some research traditions) as the progressive and functional refinement of techniques aimed to faithfully represent financial realities, accounting knowledge could be subjected to the same scrutiny. This special issue aims to stimulate a discussion about the production and dissemination of accounting knowledge. We are particularly interested in papers that can integrate insights into **institutional features of academia, the production of power, and practices of theorising.**

European Accounting Review is soliciting submissions for a special section on the accounting academy. Papers may have an analytical, theoretical, empirical or methodological focus and they should be innovative, rigorous, and contribute to our understanding of accounting as an academic discipline. Reflective pieces on the organisation of the academy in the form of auto-sociologies/ethnographies that reflect on our communities within the accounting academe as organisations and knowledge systems are encouraged. We encourage submissions that relate, but are not restricted to:

- What constitutes accounting academia as a knowledge system and how is the academy different to other institutions/systems.
- External broader social, economic and political pressures and their impact on the academy, as well as internal institutional elements, such as, sex, race, gatekeepers, journals ranking, internal hierarchies, and the interplay between 'internal' and 'external' factors.
- Power, networks and ethics: issues of equity and fairness of knowledge systems. How equitable and fair is the academy as an institution? How certain networks develop and how different types of ethics come to bind those networks. How do groups, individuals, establish power bases? How do others become exploited.
- How institutional arrangements of academia, such as recruiting, promotion, teaching and research evaluations and other impinge on what counts as good/bad accounting research.
- The extent to which issues of ethics, trust, respect and obligation guide accounting knowledge systems and their output in teaching and research.
- Systems of control over accounting scholars, being formal or informal and their effect on knowledge production and career trajectories.
- How do different networks within the accounting academy emerge and what binds their constituents? How does power work within networks and how do individuals or groups establish power bases and how do others become marginalized and exploited? And how do these affect the trends in accounting research?
- Research, teaching and administration and their role within the accounting academy.
- Doctoral and research students, hierarchies within academic networks and systemic exploitation and their role in the institutionalization of knowledge.

Submitted papers considered for this special section will be subject to a double blind review process. Authors are encouraged to contact the guest editors in advance should there be any matters on which they require clarification or guidance. Authors should strictly follow EAR submission guidelines which can be found at this address: <http://www.tandf.co.uk/journals/authors/rearauth.asp>. Submissions in electronic format (MS Word) should be sent to the Editorial Office of the EAR in Madrid, via an email to ear@ie.edu. The subject of the message should include a reference to "Special Section on Accounting and Academia". Additionally, one hard-copy of the paper should be sent to:

Professor Salvador Carmona.
Editor EAR
Calle María de Molina, 12-4
E-28006 Madrid (Spain).

The deadline for submissions is the 15th January 2007.

The guest editors can be reached at:

Rihab.Khalifa@wbs.ac.uk

and

Paolo.Quattrone@sbs.ox.ac.uk

Call for papers:

Special issue of *Accounting, Auditing and Accountability Journal*

Special issue on

Corporate Governance, Accountability and Mechanisms of Accountability

Corporate governance has received much attention in the accounting literature, with studies focusing on the impact of corporate governance reform in countries around the world. This special issue aims to explore the accounting and auditing aspects of corporate governance from a public accountability perspective. The Special Issue welcomes research which examines corporate governance in a critical manner and which uses a wide variety of research methodologies. Issues of importance include, but are not limited to:

- Corporate governance and financial reporting
- Influence of ownership structure on

corporate governance

- Corporate governance in the public sector
- Non-governmental organisations
- Family businesses
- Investor relations
- Social and Environmental Accountability Mechanisms such as sustainability reporting and stakeholder engagement
- International comparisons of corporate governance and convergence in practice
- Theoretical frameworks in corporate governance
- Critical research into corporate governance issues

Authors are asked to follow the Instructions for Authors included at the back of any issues of the *Accounting, Auditing and Accountability Journal*.

All papers will be subject to AAAJ's normal refereeing process. Authors wishing to discuss their paper prior to submission may contact the Special Issue guest editors (Niamh Brennan and Jill Solomon) at the email address below. The deadline for submission of papers is 31st December 2006, but earlier submissions are encouraged. Authors should submit their manuscripts electronically (in Word format) to niamh.brennan@ucd.ie or in hard copy (three copies) to:

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EIASM events and job vacancies

Upcoming EIASM events

Here is a list of selected events organized by EIASM:

- 7th Workshop on Accounting and Economics, Bergen, 22-23 June 2006
- 4th International Conference on Accounting, Auditing and Management in Public Sector Reforms, Siena, 7-9 September 2006
- EDEN Doctoral Seminar on Analytical Accounting Research, Brussels, 17-21 October 2006
- EDEN Doctoral Seminar on Producing and Evaluating Knowledge in Management Accounting, Brussels, 11-16 December.

- 5th Conference on New Directions in Management Accounting: Innovations in Practice and Research, Brussels, 14-16 December 2006

For details and for more events, pls. visit: www.eiasm.org.

Job Vacancies

- Professor of Corporate Finance. Institution: School of Business, Economics and Law - Göteborg University, Sweden. Deadline for applications: May 31, 2006
- Professor of Industrial Management. Institution: School of Business, Economics and Law - Göteborg University, Sweden. Deadline for applications: May 31, 2006

IPA conference 10-12 July, 2006

From 10-12 July, 2006, Cardiff University hosts the 8th Interdisciplinary Perspectives on Accounting Conference.

The IPA Conference is an established forum for the interdisciplinary study of accounting which brings together accounting researchers with broad social science interests and researchers from other disciplines such as anthropology, philosophy and political economy.

This conference rotates on a three year cycle with the Asia Pacific Interdisciplinary Research in Accounting (APIRA) Conference and the Critical Perspectives on Accounting conference (New York, USA). Together, these conferences provide an international forum for research on the social, political, and institutional aspects of accounting.



Shyam Sunder

Why Reconsider the Top-Down Push for Uniform Financial Reporting Standards*

Arguments for developing and enforcing uniform international standards for financial reporting have been articulated eloquently in many places—savings from coordination, auditing, and transparency. These arguments are strong and valid. Indeed, the European Union and many other countries are well on their way to adopt, implement and enforce the IFRS.

However, public policy should be made after considering both the pro as well as the con-case. The benefits of uniform standards are clear, concrete, and immediate in comparison to their costs which are diffuse, hypothetical, and lie mostly in the future. Yet, many of us often conclude, and teach, that hypothetical opportunity costs are a better basis for making decisions than concrete historical costs.

First, accounting being the language of business, we know that the usefulness of words arises from the uncertainty—the penumbra of variations of meanings—associated with words. The value of any word—“cat” or “house” or “assets”—would be lost if they could only be used for exactly identical objects. “House,” for example, is a general concept, referring to a variety of existing and not-yet-conceived-of constructions. Whether the word “house” is to be used for a particular construction must necessarily remain a matter of judgment of speakers. This centrality of judgment and variation in usage is the essence of all natural languages. When we clean the language of the ambiguity and variation in meaning, we get something like Esperanto—dead on arrival. The English language derives its power, not from authority, but from the freedom it permits us to communicate.

Second, the tendency to set standards enforceable through the punitive power

of the state is rooted in the Cartesian world view that presumes we have enough rational understanding of the world and can design social structures to achieve our ends. There is no evidence, especially in accounting, to support this view.

As an alternative to this command-and-control perspective, complex phenomena emerge through unpredictable events and their poorly-understood interactions in a Darwinian world. Hayek pointed out that the information in our economy is inherently dispersed. It is not possible for any centralized authority—no matter how wise and benign their intent—to know and design social or biological systems to attain specified goals. By trying to standardize

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accounting from the top, accounting insists on a central planning approach discredited by Hayek and the experience of the twentieth century.

Third, in social systems the elements of social design—us—react to the choices and adjust their behavior. People affected by standards quickly adjust their behavior and transactions to frustrate the intent of the standard setters who can only act after due deliberations. This dynamic game between economic agents and standard setters is a losing battle for the latter.

Fourth, standard setters may think that they can make users better off by

reducing the number of permissible accounting alternatives. When we choose, we reveal our secrets; the fewer the permissible accounting choices, the less revealing are our choices. A firm that chooses the accelerated over the straight-line method of depreciation reveals the confidence of its managers in the future of the firm. The uniformity dogma in financial reporting ignores the signaling value of choices people make.

Fifth, the standards degrade education and training of accountants through their corrosive effect on textbooks, curricula, examinations, and the classroom discourse. They have shifted the focus of accounting education from preparing professionals to think about the best way to deal with any given event or transaction, to what the rule book says. Can we attract talented youth to study a discipline that consists largely of memorizing a fixed set of rules? The power to think is discounted once alternatives to the official creed enshrined in written standards have been declared out of bounds by authority.

Finally, we should consider the effect of standards on the attitudes of corporate managers and auditors. Standards provide a cover from having to take personal responsibility for one’s judgments. The scandals of recent years have made it clear that thirty years of intensive pursuit of the “gold standard” of accounting turned out to be fool’s gold.

Over the past seven decades, standards have progressively become substitutes for social norms. Instead, they often serve as road maps for evasion.

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No other learned profession relies on standards as accountants are being asked to do. Not doctors, not lawyers, not dentists, nor actuaries. Judgment, not written standard, is the essence of a learned profession. If we do not stop chasing the mirage of uniformity and comparability now, we may soon destroy our profession and the value society places on our services.

What can we do? Written standards have been of great value in physical systems, such as computer operating systems and Internet protocol. Yet, absent competition between Apple and IBM PCs, we could still be running DOS of the early eighties.

Perhaps various jurisdictions could adopt a system of supervised competition among multiple sets of standards written by independent bodies such as IASB, FASB, etc. As investors, companies and auditors could then choose from a set of competing standards. These bodies would be financed exclusively by the royalties they collect from the firms which use their standards.

It is possible that, through market competition one set of standards wins out over the others, or several sets may coexist, each attracting its own clientele, without the enforcement by the state.

The standard setters would effectively compete with each other for these royalty fees, and would be forced to make difficult choices which might, possibly, reduce the cost of capital of the companies that use their standards.

Such competition occurs in many regulatory fields including stock exchanges, university accreditation, certification of ships and appliances, etc. There is no evidence that competition would lead to a race to the bottom.

Is it too late in the day to try to stop this speeding train of standardization in financial accounting? It is never too late for us academics to think and share our analyses, and to reverse policy if we are convinced that it is not in society's best interest.

Professors William Baxter and J. Kitchen advanced many of these arguments over fifty years ago. In recent decades arguments for standardization have been heard often, while the voices on the other side have been largely silent. We should develop, hear, and weigh both sides of the argument before deciding in the EU as well as the US.

In his critique of standards, William Baxter wrote:

"We thus have cause to be grateful to the drafters of recommendations; and this review should on no account be construed as an attack on them. Obviously, they have devoted much time and care to their task, and have been prompted by a high sense of public service. If harm should in the end come from their work, the blame should attach more to their disciples who have accepted their teaching too eagerly, and have invested it with an ex cathedra quality that could not perhaps been foreseen.

It is not unusual in human affairs for a thing to be started with the best intentions, and yet to develop aspects that threaten harm. My plea is that we should now review the good and bad alike, and see whether we cannot guide future growth in directions that are wholly good."

Those words were written in 1953. Perhaps it is time the debate begins.

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