Scientific Program: Collected Papers

Female multiple directorships and assurance of non-financial information

Presenter: Christine A. Jubb

Author(s): Subhash Abhayawansa, Swinburne University
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Abstract: Worldwide, companies are increasingly publishing their environmental, social and governance (ESG) or similar reports to respond to the dramatically raised attention and demand for such non-financial information. However, compared with mandatory corporate financial reports, corporations provide ESG reports on a voluntary basis, which leaves a question on the credibility and reliability of published ESG reports. In response to this increasing demand, this study investigates whether corporate boardrooms-based factors – female directors, multiple directorships and female multiple directorships – have a positive influence on the assurance of such reports. Using 275 Australian company-year observations across a seven-year sample period from 2010 to 2016, this study finds that the likelihood of having ESG reports assured externally is increased when corporations appoint female directors and their directors, in general or male directors solely, hold connections with outside companies. Furthermore, a board-level CSR committee can strengthen the association of multiple directorships either in total or by different gender groups with external ESG report assurance. This study provides insights of the major importance of directors' social and relationship capital – multiple directorships – for the presence of external ESG report assurance, especially by adding evidence to the current literature by extending the impact of such capital on a gender basis and industry background.

Do female multiple directorships impact corporate ESG reporting performance? Evidence from Australia

Presenter: Zihan Liu

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Abstract: With increasing concerns given to environmental, social and governance (ESG) related information, this study investigates the relationship between three board characteristics – female directors, multiple directors and female multiple directorships – and corporate ESG reporting. Drawing on previous findings, this study hypotheses a positive influence between each of these three board factors and corporate ESG reporting performance based on legitimacy theory and resource dependence theory. Using Australian data from Thomson Reuters ASSET 4 from 2010 to 2016, findings are consistent with the predictions. There is a positive influence of female directors and multiple directorships, either in total, by different industries, or in a low, or a mix of high and low, environmental sensitivity industries, on ESG reporting. For multiple directorships, the results hold for both female and male held directorships. Furthermore, female directors strengthen the association between male multiple directorships and corporate ESG reporting. Taken together, the findings confirm the positive influence of having female directors and the social and relationship capital of both genders. This study particularly responds to calls by Childs and Krook (2008) for future studies to investigate factors rather than number/proportion of female directors and Kirsch (2017) for future research to uncover the potential differences and similarities between female and male directors.

Creation of reserves out of profit in the 14th century

Presenter: Marina Gurskaya

Author(s): Angelina Adreenkova, Kuban State University
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Abstract: This paper considers the early practice of reserve formation from pre-distribution profits at the end of the 14th century. It reveals the two-fold purpose of this reserve, the entries made, including those when the reserve was utilized and the unexpired element written-back to be distributed to the owners in the following period. The research method used in this study was logical-analytical modeling of archival accounting material belonging to Francesco Datini's company in Pisa during 1392–1399. It finds that the reserve was equivalent to a modern-day allowance for doubtful debts in that it was an estimate, but of costs that had been incurred but not billed, rather than of account receivables; and that the same account was used as a suspense account to balance the ledger when errors in the double entries could not be identified.

Nonfinancial corporate providing loans outside business groups: Evidence from Poland

Presenter: Anna Agnieszka Bialek Jaworska

Author(s): Anna Agnieszka Bialek Jaworska, University of Warsaw
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Abstract: Idea: To examine reasons why private non-financial enterprises hold cash and lend money outside the business group and to diagnose the main finance

sources of lending money to other firms in a form of loans compare with issue of trade credit. Data: Panel data from annual reports of 4,600 private Polish non-financial companies that provided loans inside and outside the business groups in 2003-2014. Tools: logit and tobit panel model and Generalized Method of Moments estimator of the determinants of holding cash and providing loans inside and outside business groups. What's new?: Three key findings: (1) private non-financial firms hold cash and provide loans outside the business group through redistribution of their cash holdings and money lent from banks. (2) Provision of loans by non-financial enterprises is complementary to issue of trade credit. (3) Enterprises with higher accounting quality are more willing to provide loans outside, rather than within, the business group thanks to broader access to less expensive bank loan. So what?: The findings could assist policymakers to notice that non-financial private companies step into shoes of the banks and lend money outside the internal capital market created by the business groups. This is an emergency action to defer default of contractors in the case of financial constraints. Contribution: Therefore such non-financial corporate provision of loans outside the business groups with the use of cash holdings retrieved from bank loans introduces more risk of the stability of the financial system because of the probable default in the business sector.

Analysing students' financial management capabilities using structural equation modelling

Presenter: Joseph JO Akande, University of Zululand

Author(s): Joseph JO Akande, University of Zululand
Dev D. Tewari, University of Zululand

Abstract: The analysis of students' financial management abilities can be instrumental to understanding how well they manage the welfare funds made available to them. Besides, it could assist in improving the effective application and better utilisation of intervention funds made available by various interest groups. This study develops and implement a model that evaluates students' financial management abilities based on the building blocks of their scale of financial knowledge, financial management attitude and spending habits. The process of model testing made use of data collected through a survey of 479 Accounting and Finance undergraduate students from the University of KwaZulu-Natal in South Africa. Structural equation modelling was utilised to analysis data. We found evidence to show that the factors examined are significant to explain how well student manage funds made available to them with a robust model t performance. Thus, availing stakeholders in this area with fundamental information on what to do to ensure that the scarce resources sacrificed for education welfare intervention are well applied.

Gender representation among the partnership at large CPA firms

Presenter: Julia Higgs

Author(s): Elizabeth Almer, Portland State University
Kat Harris, Washington State University
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Abstract: This study examines systematic differences in engagements led by female audit partners at the seven largest U.S. public accounting firms to better understand whether female partners experience the same measures of success as their male counterparts. Using PCAOB Form A.P. data, Federal Audit Clearinghouse data, and hand-collected partner information, we examine gender differences in the assignment of engagement type among audit partners. Our results suggest that female partners are more prevalent in less prestigious engagements such as single audit, investment fund, and benefit plan engagements when compared to more prestigious public company engagements. Neither audit firm size nor audit quality explain this gender difference. We also find that, when a single audit is signed by a non-equity-owning partner, such as a director or principal, the signer is more likely to be a female than when a single audit is signed by an equity-owning partner. Overall, our results provide evidence of a gender bias of partner assignment to engagement type in which females serve less prestigious engagements.

Goodwill amortization and managerial myopia

Presenter: Yoshiaki Amano

Author(s): Yoshiaki Amano, Kyoto University

Abstract: I examine the managerial myopia hypothesis by studying how the M&A performance of firms in Japan is affected by voluntary adoption of IFRS. These standards remove a regular amortization of goodwill in contrast to GAAP in Japan, resulting in increased earnings after M&A for adopters of IFRS. Myopic managers may abuse this difference and engage in such bad deals that the removal of goodwill amortization obscures poor performance. I analyze the changes in M&A performance of firms in Japan before and after voluntary IFRS adoption compared to their peers. M&A performance is found to significantly decrease after adoption of IFRS. The result suggests that managers of those firms opportunistically engage in bad deals after the removal of goodwill amortization, consistent with the managerial myopia hypothesis.

The role of ICAI in developing cost accounting standards (CAS) for cost and management accounting: the Indian experiment

Presenter: Bhabatosh B. Banerjee
Author(s): Bhabatosh B. Banerjee, University of Calcutta

Abstract: Cost Accounting Standard setting is not new. Although four industrialized countries, viz. the USA, Japan, the U.K. and Germany, started it long ago (in 20th century), India joined these countries in 2002 and between 2002 and 2016 issued 24 standards. The Institute of Cost Accountants of India (ICAI) has been doing the job being empowered by the provisions of the Companies Act. Admittedly, the Institute gained not only from international experience but also from the environment within in the country. Cost Accounting Standards (CAS) are issued to ensure uniformity, consistency and accuracy in cost statements. This promotes decision usefulness of cost information and enhances comparative advantage of the firms. This paper therefore examines the entire standard setting process adopted by the ICAI and states nature, objectives and scope of each standard issued by ICAI with the approval of the Government of India. The study is explorative in nature and mainly covers the period 2002 to 2016 apart from referring to earlier developments in this context.

The Alzheimer's approach to financial disclosure: The case of Australian residential aged care providers

Presenter: Lisa Barnes
Author(s): Lisa Barnes, University of Newcastle
Frank Clarke, University of Sydney
Erin Poulton, University of Newcastle

Abstract: There can little doubt that would be residents, their relatives and those acting on their behalf, would like to be able to choose which aged care facility best meets the financial and care positions of their relatives and loved ones. There is equally no doubt that those who run such aged care facilities are in the best position to provide such information. But, the analysis which has preceded above indicates that they generally have failed to do so. The Models and Frameworks presented in this paper were developed to address this lack of adequate and consistent disclosure in the Australian RAC Sector. The results show that the sector itself is suffering Alzheimer's disease, with a lack of transparency, accountability and general disclosure.

Accounting Academic Workloads in the higher education sector: Balancing workload creep to avoid depreciation

Presenter: Warrick Long

Author(s): Lisa Barnes, University of Newcastle
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Abstract: Accounting Academics according to the literature are subject to external influences such as preparing graduates for future workplaces, bridging the gap between industry and academia and development of pathways to becoming professional accountants for their student cohort. Add to this the internal influences of delivery methods for student engagement, work integrated learning and casualisation of the workforce, the accounting academic is at capacity in terms of how these influences impact on workload. Using the "lived experience", this research delves further into the academic themselves to find that they categorise their workload into four themes of Teaching, Research, Accounting academic administration and development of Curricula, deemed the TRAC Framework for this study. Using this workload TRAC framework, accounting academics identified five factors they believe will influence their future roles. These include growth in international students, that student success will be a shared responsibility, that student engagement will be critical, that curricula design will involve stakeholder input and that expectations around research will change. These additional impact factors when added to the already at capacity workload model for accounting academics, will create a type of workload creep. The workload impact factor (WIF) model is created for this research to demonstrate just how these additional factors will be absorbed by accounting academics, ballooning their workload. This workload creep can be described as a recognition of a diminution in economic benefit or value. Accounting academics must be careful to balance their future workload so as to not become commercially obsolete.

A cog in the wheel or a spanner in the works: Examining the perspectives of valuation service providers

Presenter: Stephani A. Mason

Author(s): Dereck Barr-Pulliam, University of Wisconsin-Madison
Stephani A. Mason, DePaul University
Kerri-Ann Sanderson, Bentley University

Abstract: This study examines the professional profiles and challenges valuation specialists encounter during the production of fair value measurements (FVM) for auditors and management. We include multiple categories of FVMs but focus specifically on complex financial instruments reported in financial

statements. Auditors and management increasingly relying on specialists in response to the increased measurement uncertainty associated estimates that require FVMs. As a result, this study fills a gap in the literature examining the use of specialists but through the lens of the specialist. We survey and or interview highly experienced valuation specialists from accounting firms, independent valuation firms, and private/public companies.

The moderating effect of small significant shareholders on shareholder protection

Presenter: Cedric Lesage

Author(s): Raul Barroso, IESE Business School
Chiraz Ben Ali, Concordia University
Cedric Lesage, Concordia University
Daniel Oyon, University of Lausanne

Abstract: This paper examines through audit fees how ownership structures affect the different agency conflicts. Specifically, we analyze the role of small significant shareholders (between 5% and 15% of voting rights) on the design of corporate governance arrangements given their demand for public information. As auditing is one of the mechanisms that reduces agency problems by providing an equal treatment to all shareholders through timely and relevant information, we expect a moderating effect of significant small shareholders on the relation between blockholding and audit fees in a context of low shareholder protection. Significant small shareholders increase the demand of public information and consequently increase audit fees.We rely on a very detailed dataset to measure ultimate ownership of Swiss public firms in the 2002–2010 period. Our results show that the presence of small significant shareholders modify the inverted u-shape relation between ownership concentration and audit fees (into a u-shape relation) found in prior studies. We also find that the type of significant small shareholders affect the moderating effect. Only passive shareholders with less direct contact with the management demand better audits and have a moderating effect. Active shareholders such as private equity firms do not affect the inverted u-shape relation. These results contribute to the research on the use of private vs. public information by shareholders.

Analysis of ethics training: A study of the theory of planned behavior

Presenter: Joshua Cieslewicz

Author(s): Ervin Black, University of Oklahoma
Greg Burton, Brigham Young University
Joshua Cieslewicz, Utah Valley University

Abstract: We obtain data from practicing accountants from around the world. We develop a model illustrating how to improve ethical accounting behavior that incorporates both the Theory of Planned Behavior and Moral Disengagement. We find that Moral Disengagement is an antecedent to the TPB predictors of Attitude, Subjective Norms, and Perceived Behavioral Control, and that the TPB predictors mediate the influence Moral Disengagement has on Behavioral Intentions. Thus, reducing Moral Disengagement is critical. Recent Ethical Training interacts with Religiosity, and activates it to reduce Moral Disengagement. Professional Ethics Training enhance professionals' self-efficacy that they can behave ethically. Experience, including time as a member in the Association of Chartered Certified Accountants, increases both locus of control and self-efficacy to behave ethically.

Accounting Education for the millennials: The emergence of a new style of academic

Presenter: Connie Vitale

Author(s): Dorothea Bowyer, Western Sydney University
Connie Vitale, Western Sydney University

Abstract: In recent years' tertiary education has been forced to change the way that it delivers its education as a direct result of the changing expectations and capabilities of the new generations. The subsequent internal challenges that academia faces (Bowyer & Vitale in press) together with the expectation gap created by the current generation (the millennials) needs to be catered for. We believe that this new requirement has given rise to the emergence of a new style of academic, namely the 'Innov-preneur'. The 'Innov-preneur' academic as introduced in this paper, emerged due to the pressure for innovation in the class room demanded by the millennials and in anticipation of the entrepreneurial tendencies of the upcoming generations, Z (Kozinsky 2017; KPMG 2017; Povah & Vaukins 2017) and Alpha (Schawbel 2014). This paper identifies the millennial generation and exemplifies a change in the mode of delivery because of their demands. It also highlights the changing viewpoint required of an academic's approach to their teaching. In addition, implications for further research on the challenges that universities are facing as an aftermath of the generation demands are discussed.

South African universities 2007 – 2016: Dimensions and indicators of financial condition

Presenter: Mark Bunting
Author(s): Mark Bunting, Rhodes University

Abstract: In this paper, audited data from the annual financial statements of all 23 South African universities in continuous existence for the ten-year period 2007 to 2016 are analysed in order to identify a parsimonious construct of nonprofit university financial condition. From the nonprofit financial analysis literature, 20 hypothesised dimensions of nonprofit financial condition are identified, and 92 associated ratios are specified as plausible candidate indicators. Following this, the financial statement data are transformed in mitigation of inadequacies of the accounting rule set. The adjusted accounting numbers are used to calculate the financial indicators applicable to each university. Exploratory factor analysis is implemented to categorise and organise this large indicator set on the basis of identified associations with a smaller number of factors. It is found that the financial condition of South African universities is defined by two broad financial characteristics, namely unrestricted equity and expendable resources. Assessment of the unrestricted equity dimension is informed by a focus on its proportionate relationships with assets, unrestricted revenue, expenses, and staff costs. The expendable resources dimension is appropriately evaluated in the context of a relative consideration of liabilities and financial debt, revenue, cash expenses, and staff costs. This paper offers a contribution to a broader discourse in nonprofit finance and accounting. More particularly, this research appears to be amongst the first to propose a dimensionality for nonprofit university financial condition that is developed on the basis of paying close attention to the mitigation of inadequacies in the financial reporting system.

Academic adjustment and student academic performance across four study cohorts in the South African context of accounting studies

Presenter: Elmarie Papageorgiou
Author(s): Chris Callaghan, University of the Witwatersrand
Elmarie Papageorgiou, University of the Witwatersrand

Abstract: This study uses the academic adjustment scale drawn from the Student Adaption to College Questionnaire (SACQ) to test theory that predicts certain relationships between academic adjustment and the academic performance of accountancy students at a large South African university. A total of 1923 accountancy students were sampled across four classes and two years of study. Given the history of the country, theory was tested that predicted certain longstanding legacy effects of financial disadvantage associated with the country's history. The purpose of the study was, firstly, to test the moderating role of ethnicity on the relationships between academic adjustment and

academic performance. Secondly, the moderating influence of ethnicity on the relationship between gender and student performance was tested together with the covariate influence of academic adjustment on academic performance. Thirdly, the mediating role of age on the relationships between academic adjustment and academic performance was tested and finally to determine the extent to which historical legacy effects of socioeconomic disadvantage persist in the relationships between academic adjustment and academic performance. The research question posed in this study is the following: How do, ethnicity, gender and age contribute interactively with academic adjustment to contribute to academic performance in this context? Applying an empirical theory testing approach, the study developed three different structural equation models that allowed for the testing of three different theoretical hypotheses. The findings of this study offer important insights into what specific interventions might improve the academic adjustment of students in this context.

Effects of IFRS adoption on corporate cash holdings: Evidence from an emerging market

Presenter: Serdar Ozkan

Author(s): Gokberk Can, American University of the Middle East
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Serdar Ozkan, American University of the Middle East

Abstract: This paper investigates the direct and moderating effects of IFRS adoption on the firms' cash holdings in Turkey for the period of 1992-2016. We found a significant and negative relationship between IFRS adoption and cash holdings. We further incorporated an accounting quality variable, earnings variability, in our models to investigate the moderating effect of IFRS. We found significant negative relationship between earnings variability and cash holdings in post-IFRS period, whereas the relationship is significant and positive in the pre-IFRS period. This reveals that higher levels of earnings variability imply lower accounting quality in pre-IFRS, but imply higher accounting quality in the post-IFRS periods.

Debt or equity? The characteristics of European convertible bonds

Presenter: Kunchih Chen

Author(s): Kunchih Chen, National Taiwan University
Yann-Ching Tsai, National Taiwan University

Abstract: Entity theory has an ambiguous definition for liability and cause a dispute on the classification for different types of convertible bonds (CBs). This study takes the risk and return approach to examine the economic substance of European Convertible Bonds (ECBs) and the convertible bonds with repricing clauses. The empirical results indicate that both the ECBs and convertible bonds with repricing clauses are negatively associated with common equity risk and expected return, consistent with the notion that the market treated it as equity. This finding may contribute to the discussion on the classification of both CBs and ECBs in current accounting standards.

The research of capital misallocation based on reclassification of business activity

Presenter: Binglei Duan

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Abstract: Under the New Normal in China, improving the allocation efficiency of capital and other factors is an important way to realize the transformation of economic growth mode. This paper constructs the firm capital misallocation variable from the perspective of reclassification of business activities. Based on the empirical analysis of the Chinese A-share listed companies from 2007 to 2016, it is found that the misallocation between the business activities is common in China and the firms with higher differences in corporate performance evaluation system, higher cost of agency, lower incentive of corporate management, lower corporate financing constraints, and lower asset specificity tend to have higher capital misallocation. Moreover, the firms with the more serious capital misallocation have lower firm values (ROA and Tobin's Q). Further analysis shows that the increase of asset specificity will aggravate the negative effect of capital misallocation on ROA, but will mitigate the negative effect of capital misallocation on Tobin's Q. This paper discovers a kind of capital misallocation that damages firm value, finds out a series of factors that affect the misallocation of capital, broadens the research angle of micro-capital allocation, and provides reference and suggestion for the capital allocation of listed companies.

A comparative study of small and medium business in Australia and China

Presenter: Yong Li

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Abstract: There is growing interest in the research community, public and governments in small firm sector. The fundamental approach to study the topic in literature is to consider a single issue drawn out from the set of complex factors. The outcomes of the approach provide a limited understanding of the inter-related multiplicity of factors impacting on small firm performance. This paper considers the inter-mix and relative importance of the range of factors small firm owners confront in Australia and China. This study uses an innovative method to analyze the data collected from a representative survey of Australian and Chinese firms. This approach is designed to provide a visual map that starts to explain the combination of factors that matter most to business owners rather than the elements of a single issue. The analysis has identified five key segments within the small firm sector that vary significantly on the factors impacting on Australian firms. The five factors are: economic uncertainty; maintaining and growing revenues; managing cash flows, costs and overheads; competition; red tape, taxation and compliance. The paper also finds 4 factors that are perceived by Chinese firms as the major impediments, namely, shortage of skilled labor, Increase in wages, control of operating cost and uncertainty of external business environment. The results suggest while there are some overlapping factors, Australian and Chinese small firms are exposed to different risks, having different opportunities and difficulties due to different legal, economic and institutional systems between the two countries.

Antecedents of the International Association for Accounting Education and Research (1966–1983): The initiatives of Raymond J. Chambers, Adolf Enthoven, and Seigo Nakajima

Presenter: Graeme Dean

Author(s): Frank Clarke, University of Sydney
Graeme Dean, University of Sydney
Martin Persson, University of Western Ontario

Abstract: The authors' interest in this topic was aroused by the examination of sources of relevant material discussing several antecedent proposals for the establishment of an international academic accounting association in the period 1966–1983, culminating in the formation of the International Association for Accounting Education and Research (IAAER) in 1984. Relevant correspondence between several academics is now publicly available in the R.J. Chambers' Archive at the University of Sydney. This paper examines these sources to provide evidence that enables 'justified statements' (Napier, 2002) to be made about the pre-1984 antecedents of the IAAER, thereby filling a vacuum in respect of what is presently known about the organization from Needles and Olmsted (2004). The post-1984 history of the IAAER, with its confederation structure of individual and association members, is well covered in Needles and Olmsted. Drawing on previously unexamined material our account initially discusses Ray Chambers' and others' desire for, and attempts to promote via an international body, an international approach to the research and practice of accounting. Chambers made several unsuccessful

attempts to get an international think tank off the ground, beginning in the mid-1960s. Initially he proposed something like the International Economic Association of that time (IEA 1963, 1968, 1971). He persisted with this in his participation in the elite accounting society, ARIA (Edwards et al., 2013). Eventually those efforts would be pushed to the side as he and others proposed an international confederation of accounting educators and researchers in 1977 and 1978, with its official formation in 1984.

Overlaps between auditors' and clients' corporate charitable donations, audit pricing and audit quality

Presenter: Anne Jeny

Author(s): Nava Cohen, ESSEC Business School
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Abstract: Our study analyzes the influence of charitable alignment between auditor and client i.e., the overlaps of their corporate charitable donations [CCDs] on two major audit outcomes: audit pricing and audit quality. We posit that overlaps of auditors' and clients' charitable donations capture social capital at the firm-level in an audit setting. Overlaps of CCDs reveal firms' shared norms and build social networks based on a greater trust. In an exploratory analysis of the determinants of these overlaps, we find that firms with a corporate charitable foundation, a higher firm value or a bigger board size are more likely to overlap their CCDs. Moreover, we find that auditors and clients that make CCDs to the same nonprofits exhibit higher audit quality and higher audit fees. This evidence implies a better information exchange and trustworthiness among auditor and client as well as auditor's extra efforts to preserve their network. In a further analysis, we find that the effect of overlaps of CCDs between auditor and client is much stronger when auditor has a better knowledge of firms (i.e., longer auditor tenure). This study presents new evidence that the alignment of CSR activities, in particular charitable activities, between audit firms and clients, is one driver of audit outcomes and modify auditors' perceptions of firms' reporting.

Financial constraints and cost stickiness

Presenter: Mabel D. Costa

Author(s): Mabel D. Costa, Massey University

Abstract: This study investigates the association between financial constraints and cost stickiness. Using a large U.S. sample from 1976 to 2016, we find that financially-constrained firms exhibit cost anti-stickiness, i.e., costs increase proportionately less when sales increase; but decrease proportionately more when sales decrease. We document that such anti-stickiness is consistent with

the 'adjustment cost theory' argument, as evidenced through the presence of cost anti- stickiness in five contextual settings: namely, the availability of free cash flow; earnings management incentives; the future value-creating potential of SG&A costs; the existence of growth opportunities; and, finally, R&D investment. We also investigate whether the association between financial constraints and cost behaviour varies across the economic cycle. We find that cost anti-stickiness is observed during both economic expansion and economic contraction periods, although the effect is more pronounced during contraction. As resources drive the cost of a business, and financial constraints affect resource availability, studying the cost behaviour of constrained firms makes a valuable contribution to the existing cost stickiness literature.

Chartered accountant CEOs and tax avoidance: Does it matter?

Presenter: Phillip G. de Jager

Author(s): Phillip G. de Jager, University of Cape Town
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Abstract: Purpose: This research paper aims to investigate the impact of CA-qualified CEOs on firms' tax payment behaviour. Methodology/Approach: This relationship is investigated using a data sample that consists of the 50 largest firms as measured by market capitalisation on the Johannesburg Stock Exchange. The data sample covers the periods 2005 to 2014 and has been obtained from Bloomberg. The study utilises the following statistical methods: Pearson correlation analysis, pooled ordinary least squares regression analysis, fixed effects regression analysis and a preferred measure test. Findings: Overall, the study finds statistically inconclusive evidence of any relationship between a CA-qualified CEO and a firm's tax payment behaviour. However, there is some evidence that a firm with a CA-qualified CEO, in fact, pays more tax. Social Implications: Our findings are in contrast to current anecdotal evidence in South Africa that firms with CA-qualified CEOs pay less tax. Reducing tax avoidance has many positive social benefits. Research limitations/implications: The statistical tests performed lacked power due to limited instances of turnovers between CA- qualified CEOs and non-CA CEOs. Originality: This research study adds to the prior literature on the influence of accountants in organisations by making use of an abnormal feature of the South African market; the high number of CA-qualified CEOs. Furthermore, the paper adds to knowledge about tax avoidance and how CEO characteristics influence corporate culture that influences avoidance behaviour.

Perceived financial impact of mandatory audit firm rotation in South Africa

Presenter: Michael Harber

Author(s): Phillip G. de Jager, University of Cape Town
Michael Harber, University of Cape Town
Ben Marx, University of Johannesburg

Abstract: Purpose: This study intends to explore the perceptions of key audit-industry stakeholders with regards to the direct and indirect financial effects of the implementation of mandatory audit firm rotation in South Africa. Context: Internationally, mandatory audit firm rotation is a highly topical and debated audit industry regulation. The European Union has recently ruled in its favour, while other countries have considered and rejected it, such as Australia and the United States. In 2017 the South African audit regulator issued a ruling to require audit firm rotation every ten years, effective April 2023. Methodology: Structured surveys were distributed via the Johannesburg Stock Exchange, to auditors, chief financial officers and audit committee chairs of exchange-listed companies. The respondents represent the key participants to the audit engagement, with experience in managing the appointment of auditors and the oversight of the audit engagement. Findings: All participant groups perceived that mandatory firm rotation will result in increased audit fees and significant additional costs to the company. In particular, the tendering process was considered a significant cost to all parties involved, as well as the need for company staff to invest considerable time in upskilling the incoming audit team with respect to the company's financial processes and operations. All participant groups believe that, on an overall cost-benefit analysis, the regulation is detrimental to shareholder value and will introduce a significant additional cost and administrative burden in the wider South African economy. The study provides useful descriptions and quantitative estimates of the potential costs imposed.

For better or for worse? The economic consequences of frequent accounting standard changes

Presenter: Melanie Demirtas

Author(s): Melanie Demirtas, Frankfurt School of Finance and Management
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Abstract: This paper sheds light on the short-term capital-market effects of all changes or amendments of International Financial Reporting Standards (IFRS) in the period between 2005 and 2014. The dynamic nature of IFRS is an interesting, yet underexplored setting. Since 2005 the International Accounting Standards Board (IASB) has adopted more than 100 changes to its accounting standards, claiming to improve transparency of financial reporting from the viewpoint of investors. But any change in the measurement system also makes it hard to understand why there is a change in key indicators – due to a change in fundamentals or due to technical reasons. We thus ask whether standard changes are always for the better, or – at least sometimes – for the worse. Based on an international sample of more than 35,000 firm-year observations from 39 countries, we show that the IASB is generally compliant with its mission to increase the usefulness of financial reports for capital market participants. Looking at the "content" of changes, we however also show that positive capital market effects (bid-ask-spreads, price impact and liquidity) mainly arise when disclosure rules are changed whereas changing definition or measurement sections in accounting standards might even increase short-term opacity. We also show that changing accounting standards may have adverse effects for firms closer to covenant violations. The paper contributes to the literature by testing capital market responses to firms' first-time-application of new and revised standards and adds to the scarce literature on effects of (frequently) changing accounting standards.

The effects of recall order and textual salience on memory reconstruction and the judgements of non-professional investors

Presenter: Andreas Hellmann

Author(s): Yike Ding, Macquarie University
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Abstract: This paper examines the role of memory on non-professional investors' performance evaluations towards a company after reading its chairman's letter. Specifically, it adopts an experimental approach to analyse the effects of memory recall order and textual salience on non-professional investors' memory of previously encoded accounting information and subsequent memory-based judgements. The results show that embedding textual salience in a chairman's letter and altering investors' memory recall order will influence their memory of some key financial indicators of the company, and this will further influence investors' memory-based performance evaluations. One important implication of the findings is that impression management techniques are not only influencing instant judgments but also have the capacity to affect the process of memory retrieval.

The changes in perceptions of accounting students of peer-assessment

Presenter: Tanya Hill

Author(s): Juanita Dos Santos-Venter, University of Pretoria
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Abstract: Relying on Bandura's Social Cognitive Theory, a teaching intervention was developed to test students' perceptions, willingness and attitudes towards peer-assessment in a controlled learning environment. The theory was tested using a longitudinal approach with two survey waves. Data was gathered from 764 respondents over a four month interval. Participation in a teaching intervention was found to influence students' perceptions, willingness and attitudes to participate in a peer-assessment environment. The results suggest that students' perceptions changed and became more positive towards peer-assessment after being exposed to a peer-assessment intervention. The peer-assessment intervention also enhanced their motivation to participate in future peer-assessment assignments. Overall, the findings provide a strong confirmation that a teaching intervention will positively impact a student's behavioral reactions towards a peer-assessment learning experience.

What matters to credit professionals in accounting: Survey evidence from two continents

Presenter: Harri J. Seppanen

Author(s): Frank Doussy, University of South Africa
Harri J. Seppanen, Aalto University

Abstract: We surveyed a class of sophisticated financial statement users from African and Nordic countries regarding the importance of qualitative characteristics of useful of financial statement information in credit risk assessment. The characteristics were selected based on the IASB Framework and accounting literature. In general the credit professionals perceived financial statements to have a high importance in credit risk assessment. While the respondents emphasized confirmatory role and comparability of financial statement information, they assigned only average emphasis on the predictive value, neutrality and timeliness of information. The respondents further viewed that the quality of management, auditing and board are important contributing factors to the usefulness of financial statement information. Interestingly, we find little evidence on the existence of disagreement in the respondents' opinions within the full sample and especially between the two subsamples from substantially different institutional environments. We infer that global professional practices, but not necessarily institutional factors or accounting standards, contribute to unifying professionals' perceptions of the importance of qualitative characteristics of decision-useful financial statement information in credit risk assessment. We conjecture that survey method using non-probabilistic sampling can yield generalizable results conditionally to the nature of the target population.

Accounting information in innovative small and medium entities

Presenter: Alessandro Ghio

Author(s): Andrei Filip, ESSEC Business School
Alessandro Ghio, Monash University
Luc Paugam, HEC Paris

Abstract: We examine the relevance and use of accounting information in innovative Small and Medium Entities (SMEs). Using a sample of SMEs listed on the AIM London Stock Exchange between 1996 and 2014, we document that cash flows are more highly associated with stock returns than earnings for innovative SMEs than for non-innovative SMEs. Using Twitter to directly measure investors' interest in firms' financial information, we also find that investor retweet and include as favorite more frequently information about cash flows than about earnings for innovative SMEs relative to non-innovative SMEs We then show that innovative SMEs engage less intensively in earnings management, and that they focus more on operating efficiency through cash flow increasing real activities compared with non-innovative SMEs. These results are consistent with the argument that investors assign less importance to earnings of innovative SMEs, which reduces the temptation to manage earnings. Our findings suggest that operating efficiency, and not earnings, constitutes the objective of investment decisions by innovative SMEs. This study extends the literature concerning firms' characteristics to the relevance of accounting information and to managerial decisions.

National Institutional Factors and Accounting for Goodwill: The Case of Goodwill Impairment Recognition under IFRS in Europe

Presenter: Keishi Fujiyama

Author(s): Keishi Fujiyama, Kobe University
Sidney J. Gray, University of Sydney

Abstract: We investigate whether national institutional factors have a persistent influence on accounting practice under the global standard setting regime of International Financial Reporting Standards (IFRS) in respect of a key financial decision i.e. goodwill impairment recognition. Using a sample of 870 firm-year observations from 13 European Union (EU) countries during 2007 to 2014, we find that firms in countries with a common law tradition, strong equity financing and higher culturally derived accounting transparency values are more likely to recognise goodwill impairment losses. Our findings show that national institutional factors affecting accounting norms continue to influence goodwill impairment practices under IFRS.

An experimental study of the effect of accounting transparency on impairment loss recognition

Presenter: Kazunori Miwa

Author(s): Keishi Fujiyama, Kobe University
Kazunori Miwa, Kobe University
Satoshi Taguchi, Doshisha University

Abstract: This study experimentally investigates how accounting transparency affects the decision-making of chief executive officers (CEOs) regarding impairment loss recognition, with a focus on management compensation plans and the disclosure of conflicts of opinion with auditors. We find that CEOs are more likely to avoid recording impairment losses under conditions that include a performance-based compensation plan than under conditions without such a plan. Further, the disclosure of conflicts of opinion with auditors attenuates management's incentive to avoid impairment recognition. In this regard, CEOs with a higher fear of negative evaluation are more inclined to recognize impairment losses. Finally, the positive effect of disclosing conflicts of opinion is greater under conditions that include a performance-based compensation plan than under conditions without such a plan. This result suggests that although a performance-based compensation plan adversely affects management's decision-making regarding impairment loss recognition, a transparent disclosure system results in more timely impairment losses.

Political interference in financial reporting in the financial industry

Presenter: Araceli Mora

Author(s): Begona Giner, Universitat de Valencia
Araceli Mora, Universitat de Valencia

Abstract: This paper provides a theoretical background based on legal and political arguments on 'rights versus public interest' to explain political interference in accounting. This framework goes beyond the traditional political cost hypothesis. We illustrate it by examining the behavior of the newly elected Spanish Government during the financial crisis in 2012, by interfering in bank impairment rules in spite of IFRS being in place. We show how after applying the new rules, the industry impairment trend was completely unrelated with the evolution of delinquency, while linked to Government goals. Thus, they allowed the financial sector bailout and avoided the country rescue. We use a highly political connected entity —Bankia— as a case under study, where the interference might have affected the accounting practices as well. We conclude that non-compliance with the accounting rules to achieve economic aims provides a new angle to analyze political behavior and highlight the potential long-term unintended consequences and implications for the global accounting rules adoption

Accountability and accounting in NGO's – A Bourdieun analysis

Presenter: Andrew Goddard

Author(s): Andrew Goddard, University of Winchester

Abstract: This paper has two purposes; the first is to contribute to the limited but growing literature on accounting for NGOs, particularly those involved with poverty reduction in developing countries. The second is to contribute to the growing literature using Bourdieu to understand accountability and accounting in organisations. The paper uses Bourdieu's technique of field analysis to understand these phenomena in a range of institutions in the UK and Africa. This analysis elucidates the way in which accountability and accounting is imposed by dominant institutions in the field upon the dominated institutions and the way these new perceptions and practices become accepted by these dominated organisations. The paper also draws upon the work Sayer's (2005) in extending field analysis to incorporate a moral dimension which was found to be an important aspect of NGOs.

Unveiling globalization influences on accounting educators in Russia

Presenter: Alena Golyagina

Author(s): Alena Golyagina, RMIT University
Danielius Valuckas, RMIT University

Abstract: The paper investigates the perceptions of globalization by Russian accounting educators. The paper argues that globalization has an ideological impact on accounting educators in Russia by shaping accounting education discourse. Global discourse is seen as exclusionary, value-laden, capitalistic, imperialistic and marketing-focused. The study findings indicate that global accounting textbooks play a major role in reinforcing western educational paradigm among Russian educators. These changes result in McDonaldization of Russian universities and eventually may lead to decrease in educational quality and decrease in value of academic profession. The study suggests that by supporting the globalization discourse, accounting educators may not be behaving in the best interests of their profession. The paper calls accounting educators to engage in the globalization debate by making their counter-globalization 'voices' heard.

Non-Adoption of the IFRS for SMEs in Australia: Ideological influences on the standard setting debate

Presenter: Sidney Gray

Author(s): Sidney Gray, University of Sydney
Ronita Ram, University of Reading

Abstract: We seek to understand the ideological influences driving the controversial decision in Australia not to adopt the IFRS for SMEs. Using document analysis and interviews with the key players involved in the standard setting process, our research shows that maintaining the existing IFRS recognition and measurement criteria for all corporate entities was at the heart of the debate. We use Eagleton's six ideological strategies to show that the dominant ideology—to use the same recognition and measurement criteria for all entities—was deeply rooted in the Australia reporting system. This common belief held by the AASB, ASIC, Big 4 firms, public sector entities and large corporations, created an illusionary homogeneous group which shaped the differential reporting debate where the IFRS for SMEs was not seen as a "good fit" for the Australian economy.

Do firms really overproduce to manage earnings? A reexamination of the production costs proxy

Presenter: Zhaoyang Gu

Author(s): Zhaoyang Gu, Chinese University of Hong Kong
Wing Hei Sao, Chinese University of Hong Kong

Abstract: This study questions the use of the production costs measure developed by Roychowdhury (2006) as a proxy for firm's overproduction behavior. By disaggregating the production costs measure into its components COGS and inventory change, we find that suspect firms exhibit higher abnormal COGS and insignificant abnormal inventory change. This is inconsistent with the prediction of the hypothesis that suspect firms overproduce to decrease reported COGS in order to meet earnings target. On the contrary, suspect firms appear to have a COGS overrun-related earnings shortage that gives rise to earnings management through other means. We provide further examples to demonstrate how this incorrect inference from the result of production costs affects the interpretation of subsequent studies which use it to measure overproduction.

The influence of civil liberty and external assurance on corporate social and environmental transparency: A study of financial institutions

Presenter: Chris J. van Staden

Author(s): Jianan Guo, Deakin University
Azizul Islam, University of Aberdeen
Ameeta Jain, Deakin University
Chris J. van Staden, Auckland University of Technology

Abstract: This paper examines corporate social and environmental transparency within the global financial services sector. Using the notion of civil liberty, we evaluate if the influence of civil liberty at the country level and the influence of external Corporate Social Responsibility (CSR) assurance at the firm level, have an impact on corporate social and environmental transparency. Transparency is an important quality of social and environmental information that allows stakeholders to make informed decisions on their interactions with an organisation and therefore enhance the relationship between the organisation and its stakeholders. We use a sample of 619 observations representing 213 financial institutions from 36 countries, drawn from the GRI and Bloomberg databases, to investigate the influence on corporate social and environmental transparency. We find that financial companies with external CSR assurance and companies from countries with higher levels of civil liberty have higher corporate social and environmental transparency. Further we find that external CSR assurance has more influence on transparency in countries with lower levels of civil liberty. Our findings suggest that in countries with higher levels of civil liberty, the constant and increased surveillance by external actors influence corporate transparency and therefore the effect of external assurance is less noticeable, while improving corporate transparency in a country with lower levels of civil liberty requires independent CSR assurance.

Medieval accounting, from single entry to double entry in Datini's businesses in the 1360s

Presenter: Mikhail Kuter

Author(s): Marina Gurskaya, Kuban State University
Mikhail Kuter, Kuban State University

Abstract: This paper examines how entries were recorded in accounts for the individual partners of Datini's Avignon partnerships during the 1360s. The accounts of the partners of medieval businesses were in the same form as personal accounts of third parties. This study found that although the debit and credit sides of each of these accounts was located in a different section of the ledger, the accumulated debit and credit totals were periodically compared and a balance derived by transferring the lower amount to the other half of the account, closing off the account from which it was transferred. There was no set time at which this was done. It also finds that, contrary to what is believed, Datini was using double entry in the 1360s.

Is there a possibility to predict fraud using MD&A?: Evidence from Japan

Presenter: Masumi Nakashima

Author(s): Hirohisa Hirai, Kanagawa University
Yoshitaka Hirose, Osaka City University
Masumi Nakashima, Kanazawa Gakuin University

Abstract: This study investigates whether managers' narrative disclosure in annual reports can predict fraudulent financial statements by comparing the MD&A of the top management committed fraud firms and firm-wide fraud firms with the

MD&A of pair sample, following Churyk et al.'s (2009) approach. The followings are our findings: First, univariate analysis results suggest that although there is a significant difference in LENGTH for top management fraud firms between fraud firms and non-fraud firms, there is a no significant difference in GRADE for top management fraud firms between fraud firms and non-fraud firms. In addition, there is no significant difference in LENGTH nor GRADE for firm-wide fraud between fraud firms and non-fraud firms. Therefore, there is a significant difference in narrative information between top management fraud sample and firm-wide fraud sample. This suggests that when top management committed fraud, top management focuses on the narrative information. Key words: Fraud; MD&A; management, length; level of difficulty.

Going concern audit opinions: Good news for corporate insiders?

Presenter: Allan Hodgson

Author(s): Sandra Ho, Murdoch University
Allan Hodgson, University of Queensland
Zhengling Xiong, University of Queensland

Abstract: We report that corporate insiders are able to profit from conservative first time going concern audit opinions (GCOs). GCOs comprise a high percentage of type I error that transforms into a going concern opinion withdrawal (GCOW) within one year. We conjecture and affirm that the anticipatory trading of corporate insiders, who have access to firm based private information, drives positive abnormal returns before a GCOW. This increased trading volume is associated with firms that have audit documented financial issues, and is positively associated with herding by other insiders on senior executive trades. The degree of economic significance is highlighted by constructing arbitrage hedge portfolios that follow the trading of all corporate insiders in GCOW firms, which returns abnormal profits of 25.6% over 60 days.

Qualitative disclosure, firm life cycle, and audit fees

Presenter: Mahmud Hossain (King Fahd University of Petroleum and Minerals)

Author(s): Mahmud Hossain, American University of Sharjah
Mahmud Hossain, King Fahd University of Petroleum and Minerals
Feras Salama, American University of Sharjah

Abstract: The objective of this study is to examine whether and to what extent qualitative disclosure features, such as complexity, and ambiguity of annual reports are associated with audit fees. Using 47,582 observations for the years 2000 to 2014, we observe that these narrative disclosure traits have positive audit pricing consequences. We infer from these findings that these narrative disclosure characteristics play important roles in auditors' client risk

estimations and, therefore, the audit fee determination process. We further posit that the audit fee consequences of these disclosure traits vary across different phases of a client firm's corporate life cycle. While the positive association of the narrative disclosure traits with audit fees does not seem to considerably vary between introduction and growth phases, this association is moderated when firms enter the maturity phase. Finally, these lexical features seem to play a more important role in the audit fee determination process when firms advance from the maturity to decline phase. We argue, based on these findings, that to examine the audit fee consequence of a management disclosure strategy, one needs to treat a client firm as a dynamic evolving entity.

Do gains and losses on available-for-sale securities reverse?

Presenter: Kimberly J. Smith

Author(s): Margot Howard, The College of William and Mary
Denise A. Jones, The College of William and Mary
Kimberly J. Smith, The College of William and Mary

Abstract: Gains and losses on available-for-sale securities are presented in US GAAP financial statements as four separately identifiable components: 1) realized gains and losses recognized in net income, 2) unrealized impairment losses designated as credit losses and recognized in net income, 3) unrealized impairment losses designated as non-credit losses stored on the balance sheet in Accumulated Other Comprehensive Income (AOCI), and 4) all other unrealized gains and losses, also stored in AOCI. The choices by standard-setters that resulted in so many different accounting treatments are based in part upon assumptions about whether and when each component is likely to reverse. In this study we provide evidence about the validity of these assumptions. We focus our analysis on a sample of banks and insurance companies during the recent financial crisis. We find evidence that unrealized gains and losses in AOCI reverse, both during and after the financial crisis. In addition, we find that non-credit losses reverse during the financial crisis but credit losses do not, supporting the current accounting that treats these losses differently. However, this finding does not extend into the post-crisis period.

The issuance and assurance of corporate social responsibility reports and earnings informativeness

Presenter: Chia C. Hsieh

Author(s): Chia C. Hsieh, National Chung Cheng University
Shing J. Wu, Soochow University

Abstract: This paper investigates whether the disclosure and external assurance of Corporate Social Responsibility (CSR) reports enhances earnings informativeness. We hypothesize that voluntary disclose on non-financial information (such as CSR reports in this study) provide investors with more current and future information about a firm's prospects, leading to better decision making by investors and higher stock returns of that firm. Using a sample of listed and over-the-counter firms in Taiwan during 2005 and 2012, we show that firms that disclose CSR reports indeed show higher future earnings response coefficients (FERC), even after controlling for firm size, growth, future earnings volatility, private information search activities and the occurrence of loss. We further investigate whether the assurance of CSR reports in Taiwan enhances the positive relationship between CSR disclosure and FERC. The results are insignificant, suggesting that investors do not value the assurance information related to CSR reports.

The IFRS effect on investment data in Japan

Presenter: Joshua Hudson
Author(s): Joshua Hudson, Kwansei Gakuin University
Noriaki Yamaji, Kwansei Gakuin University

Abstract: Abstract The primary aim of this research is to investigate the effects of International Financial Reporting Standards (IFRS) on investor data in the Japanese market. Of specific interest is the impact of IFRS on common Financial Ratios often used to judge Foreign Direct Investment (FDI) opportunities. By establishing statistical correlations between IFRS implementation and these ratios, the authors seek to demonstrate that IFRS implementation by Japanese companies has the potential to impact the primary financial indicators that fuel capital investment. As implementation among Japanese companies remains limited, it is hoped that this connection will spur further adoption thereby increasing the overall impact at the national level. To achieve this end, decision makers must recognize IFRS based information impacts financial information sufficiently enough to influence economic and corporate valuations and ultimately FDI inflows. As few research studies investigate this issue in depth, this study will contribute substantially to this information gap and help alleviate the uncertainty and risk averse nature that still grips the Japanese market.

The value relevance of net income information to IFRS adopters in Japan

Presenter: Noriaki Yamaji
Author(s): Joshua Hudson, Kwansei Gakuin University
Noriaki Yamaji, Kwansei Gakuin University

Abstract: The purpose of this paper is to validate the value relevance of net income information on IFRS Adopters in Japan. After considering the characteristics of income, information from IFRS adopters is considered and the value relevance of net income information to IFRS Adopters in Japan is discussed using the return model. The results suggest that IFRS earnings are indeed associated with stock returns however, earnings per share are more strongly influenced by Japanese GAAP than IFRS. One possible reason for the insignificance of the change variables is that during the preparation for disclosure, in the year of first-time adoption of IFRS, the preceding year’s data was not appropriately evaluated.

Accounting information, the limits to certainty, and capital growth

Presenter: David Johnstone

Author(s): David Johnstone, University of Wollongong

Abstract: Research in accounting theory considers how financial disclosure can cause greater uncertainty, rather than necessarily reduced uncertainty. Using ideas from the theory of economic Darwinism, I explain how investors gain from less resolved, but more accurate, probability beliefs. Over-confidence leading to over-betting is more costly than under-betting. Accounting disclosure should promote a more accurate view of the firm's prospects even if investors are left with very low resolution, just as would occur when the outcome in question is a statistical "lottery". When investors, like fund managers, trade against the market, a small information advantage is sufficient, but if that edge is overstated, losses easily follow. Remarkably, over-investment in the sense of "betting too much on under-priced horses" is a sure way to lose capital.

Relevance of the narrative information of the annual reports

Presenter: Milos Tumpach

Author(s): Zuzana Juhaszova, University of Economics in Bratislava
Zuzana Kubascikova, University of Economics in Bratislava
Lucia Pivkova, University of Economics in Bratislava
Anna Slosarova, University of Economics in Bratislava
Milos Tumpach, University of Economics in Bratislava

Abstract: In accordance with Shirata et al. (2011, p. 31) and Magnusson et al. (2005), the signals of changing financial position of a company may be reflected in the qualitative information much earlier that they can be identified in the financial numbers. Traditionally, the annual reports are the most important source of verbal information to shareholders, creditors, and regulatory organisations. In order to assess the said claims about the predictive value of the verbal information, the quantitative data presented in the financial reports of the sample of companies had been used for the distinction of the respective entities as either financially healthy or financially distressed. Consequently, the resulting information have been aligned with the outcome of the examination of the narrative content of the annual reports of the companies conducted by applying thematic content and readability analyses as proposed by the Louhgran et McDonald (2016) and Beattie et al. (2004). Though we came to the conclusion that the narrative information can indeed signal the changing financial position in advance of the financial data, the textual analysis should be considered to be a supplement, rather than a replacement, of the conventional financial analysis.

What about the real needs of the accounting profession? Perceptions of Tunisian professionals

Presenter: Rim Khemiri

Author(s): Rim Khemiri, French Accounting Association

Abstract: Some factors, such as technology and globalization have generated fundamental changes in the business environment and have given rise to new needs in terms of knowledge and skills which the accounting profession must meet. Academic accounting education should therefore continually evolve in order to better prepare future professionals for these new needs. This research aims to ascertain the knowledge, skills and teaching methods considered to be the most important for the successful practice of certified public accountants (CPA). For this purpose, we conducted a survey of 306 CPAs and CPA trainees in Tunisia. The research focuses on four dimensions: knowledge (19 items), professional skills (22 items), technological skills (18 items), and teaching methods (12 items). This paper presents what the respondents agreed upon as being the most important in terms of knowledge, skills, and teaching methods for the accounting profession, although results indicated that there are significant differences among subgroups regarding the perceived importance of such knowledge and skills. The findings also revealed that there are a similarities and differences between the perceptions of Tunisian professionals and those of Americans and Chinese.

Rescuing "fairness" from fair value accounting through the Rawlsian perspective

Presenter: Katsuhiko Kokubu

Author(s): Katsuhiko Kokubu, Kobe University

Abstract: Fair value accounting has an established position in accounting standards through strong promotion by both the IASB and FASB for more than two decades. However, the meaning of "fair" in the accounting profession, including standard setters, practitioners, and academia, is still unclear. Thus,

they promote or oppose fair value accounting without exploring the meaning of "fair" or "fairness". However, since "fairness" is not an accounting term but a social norm within democratic society, even in accounting circles, the meaning needs an examination beyond the discipline. This paper adopts Rawls' theory of justice as a criterion and examines how the concept of "fairness" has been prescribed, discussed, and interpreted within the accounting profession. On the surface, there are almost no arguments on "fairness" as a social norm in accounting discourses, but we found some commonalities between fair value accounting and "fairness" in the relationship among market participants, the reporting entity and other stakeholders concerning their right to engage in accounting. Through the Rawlsian perspective, this paper explores the possibility of discussing "fairness" as a social norm in accounting, which could open a path to new accounting thinking.

Exerting oneself in the market for PIEs? A fresh look at client importance for small and midsized auditors

Presenter: Hansrudi Lenz

Author(s): Hansrudi Lenz, University of Würzburg
Daniel Schaupp, WHU - Otto Beisheim School of Management

Abstract: This paper uses a German sample of 1,052 firm-year observations between 2007 and 2014 to analyze whether firms audited by small and midsized audit firms change their earnings management (EM) behavior when client importance increases. In particular, we ask whether firms audited by small and midsized audit practices (SMPs) use higher/lower accrual-based earnings management (AEM) around certain critical client importance thresholds and whether this in-crease/decrease in AEM involves a trade-off in real activities earnings management (REM). We investigate two measures to proxy client importance: (1) total sales from the client in relation to total sales of the audit firm from all (public interest entity (PIE) and non-PIE) clients and (2) non-audit sales in relation to total sales from the client. For measure (1), we find that clients below the threshold engage in less AEM and more REM as importance increases until reaching a threshold level of importance, at which point the relationship reverses. We do not find significant results for measure (2). Our results hold for de-facto office and partner level analysis, and we provide further reasoning for our results, thereby offering a new perspective on small and midsized auditors' eligibility to perform PIE audits.

Market optimism and bidder performance: The Australian evidence

Presenter: Hoa Luong

Author(s): Hoa Luong, Curtin University

John Evans, Curtin University
Lien Duong, Curtin University

Abstract: This paper investigates bidder performance from takeovers among listed companies in different market conditions in Australia from 2002 to 2015. Contrasting to the US and UK studies, the findings reveal that bid premiums are significantly higher if the deals initiated in high optimism market. The correlation between market optimism and bidder announcement returns is significantly positive, while a negative association with the two-year post-takeover returns is documented. The findings suggest that acquirer positive announcement returns can be explained by market sentiment in bull markets. We do not find evidence of the consequence of overpayment on the long-term underperformance, instead target selection is the possible explanation.

The professionalization of accountancy in Lebanon (1963 - 1994): Institutional work towards closure

Presenter: Greg Stoner
Author(s): John McKernan, University of Glasgow
Sami F. Sadaka, University of Glasgow
Greg Stoner, University of Glasgow

Abstract: This case study explores the professionalization project of the Lebanese Association for Certified Public Accountants (LACPA), the exclusive body of accountants in Lebanon. It explains how the LACPA obtained legislated authority to control standard setting and entry to professional practice, especially that the state was initially unaware of, and unwilling to legislate for the accounting profession. The institutional work (Lawrence et al, 2009) of indigenous accountants was a significant impetus towards convincing the state to recognise accounting just like other reputable professions. Materialised in the year 1994, the professionalization project established the LACPA as an autonomous professional association with minimal state intervention. However, the conditions preceding this establishment were not devoid of conflicts between different groups with different goals and understandings of the accounting profession. Two main contributions are presented in this paper. First, the institutional work framework challenges mainstream studies of professionalization projects whereby the accounting profession is understood to be developed with minimal attention dedicated to the role of actors. Second, this study provides a more nuanced explanation of the concept of closure, which occupies most of the studies of accounting professionalization.

Ethics of accounting educators: A global survey and evaluation

Presenter: Belverd E. Needles

Author(s): Belverd E. Needles, DePaul University

Abstract: Accounting education is a fundamental element and precondition of the global institutional framework that protects against financial crisis, but very little has been written with regard to the ethics of the accounting educators who prepare the accountants that play an important role in this process. This study represents the first empirical assessment of the Global Code of Ethics for Accounting Educators, published by the International Association for Accounting Education and Research (IAAER), by surveying accounting academics on the current state of the ethics of accounting educators globally. The results show that accounting educators are in strong agreement with the need for the Global Code of Ethics for Accounting Educators and most of its components, but these educators also responded by statistically significant margins to indicate that compliance with the Global Code of Ethics for Accounting Educators and its components is less than ideal, especially in the area of ethical compliance in accounting education guidelines. This study supports the premise that more attention must be given to the awareness, education, and training of accounting academics in their own ethical responsibilities.

Government budget under accrual accounting: Economic entity perspective

Presenter: Wojciech A. Nowak

Author(s): Wojciech A. Nowak, University of Lodz

Abstract: The paper is devoted to the issue of the possibility of the application of generally recognized accrual accounting regulations to the budget of public authorities. These regulations have been driven by the accountability of economic entity and its general-purpose financial reporting. Both global and regional supranational regulations and national regulations refer to this kind of entities. However, these regulations don't usually encompass the budgets of public authorities. In the paper, the public authorities and their budgets were subjected to the analysis from the perspective of complex adaptive system concept. As a result, it has been found that both public authorities and their budgets belong to the class of economic entities being subset of complex adaptive systems set. Recognition as the economic entity, brings to mind the question about applying accrual accounting and reporting regulations, generally predicted for economic entities, to the budget accounting and reporting. Conducted deliberations are pointing out to such a possibility both from the theoretical side, and from the practicality what was illustrated on the example of Poland.

Incentive for adopting the consolidated tax return system, corporate governance, and tax avoidance: Evidence from Japan

Presenter: Hiroshi Ohnuma

Author(s): Hiroshi Ohnuma, Tokyo University of Science

Abstract: CTR is defined as a system that requires firms to deem a corporate firm group as an entity for tax returns, and to pay corporate income tax against the entire taxable income. This system has been established since the Corporate Income Tax Reform Act of 2002 (corporate income tax §81). The introduction of CTR to a consolidated firm group depends on the group's needs; therefore, this study estimates some economic incentives for groups' decisions to introduce this system. The contribution of this study is to reveal the following points. First, there is some relationship between the CG situation and CTR adoption. However, the quality and strength of the CG have a multidimensional aspect, and it seems that companies with a high proportion of outside directors, with a young average age, and a small-sized Board of Directors will likely adopt CTR. Second, effective use of tax loss carryforwards affects the decision to adopt CTR. Third, firms that do not have many tangible fixed assets, but have a large number of subsidiaries, are likely to consider CTR adoption.

Disposition-based fraud model: Is disposition distinct from narcissism?

Presenter: Vasant Raval

Author(s): Vasant Raval, CREA

Vivek Raval, University of Illinois

Abstract: A disposition-based fraud model (DFM) aligns the actor (agent) and the circumstances surrounding the fraud (action). The model identifies a role for the agent committing the fraud that is distinct from the circumstances contributing to it. A key argument of the DFM is that people of self-regarding (SR) disposition are more vulnerable to moral temptations than those who are other-regarding (OR). In this paper we empirically examine the proposed relation, seeking to shed light on two motivating questions: (1) is there a relation between SR and vulnerability to temptation? And (2) is narcissism, another previously-examined personal trait, distinct from SR? The second question emerges from the prima facie similarity between SR and narcissism. Using survey responses from law and business students, we find preliminary evidence supporting the existence of a relation between SR and vulnerability to temptation. However, we do not find an association between SR and narcissism. Our secondary analysis examines if SR is associated with any of the sub-categories that comprise narcissism. We find that SR is positively associated with exhibitionism and self-sufficiency, and that these same characteristics of narcissism are also associated with vulnerability to temptation. The findings suggest that, while SR does appear to be distinct from narcissism, it is does share some characteristics that are particularly important with respect to vulnerability to temptation, and that the previously documented relation between narcissism and fraud is not inconsistent with the DFM.

Assessing pillar 3 risk disclosures practices of the top GCC banks

Presenter: Fethi Saidi

Author(s): Fethi Saidi, Qatar University

Abstract: "The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of banks' risk profiles within and across jurisdictions" (Basel Committee, 2015). The purpose of this study is to investigate and evaluate risk disclosures practices under the 2015 revised version of Basel III, Pillar 3 risk disclosure regulation in 25 large banks operating in the Gulf Countries Council (GCC) zone for the year 2016. The primary objective is to assess whether they are providing acceptable disclosure level concerning the market risks to which they are exposed. It is expected that GCC banks, even though they have to comply with the same risk disclosure regulation, will demonstrate specific disparities in their risk reporting. Relying on an adapted version of a bank disclosure index originally proposed by Erlend from the Bank of England (2004), the present study is based on a content analysis approach to allow the measurement of risk disclosures. Six risk disclosure categories are identified as the major sections regarding this particular type of reporting. Furthermore, the content analysis is also investigating Basel III, Pillar 3 qualitative and quantitative disclosures. Hence, the analysis deals with risk management objectives and policies, operational risk, liquidity risk, capital structure and adequacy, credit risk and market risk. From a regulatory perspective, the study refers to the most relevant international accounting standards, namely, Basel III Agreement Pillar 3 (2015 revised version), and IFRS 7.

Medieval bills of exchange: their primary role

Presenter: Alan Sangster

Author(s): Alan Sangster, University of Sussex

Abstract: This paper addresses misunderstandings in the accounting and economic history literature concerning medieval bills of exchange. First introduced in the 13th century, their impact on commerce and society was enormous, more important in trade than the minting of coins. Without bills of exchange, the medieval world would have been a very different place. Yet, while the movement of funds between two centres of trade is an obvious reason for their

use then and now, the literature is generally silent beyond that on any other reason why they were so important at that time. The one exception is embraced by the accounting history literature where they are viewed as having another primary purpose: to avoid disclosing usurious lending and borrowing. Unnoticed in that literature, this claim has been dismissed by economic historians as having been insignificant in terms of their overall use. This paper presents evidence reopening this debate. It finds that not only were they used for this purpose, instruction in their use in this way was a significant part of the education of a merchant. However, evidence from a 15th century merchant reveals that, while this was an important reason for their use, their principal purpose was in facilitating commerce and the expansion of trade.

Salience of IFRS reporting framework: Accounting- and market-based comparability

Presenter: Elmar R. Venter

Author(s): Christelle Smith, University of South Africa
Madeleine Stiglingh, University of Pretoria
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Abstract: We investigate whether the comparability of the financial statements of firms from a country with local GAAP that is already word-for-word the same as IFRS, increased following the mandatory adoption of IFRS, as issued by the IASB, in that country. Despite claims that more than 100 countries have adopted IFRS, adoption varies by national approaches. This could result in differences between the IFRS applied within a country and IFRS as issued by the IASB. We use data from South Africa, a country where local GAAP was word-for-word the same as IFRS prior to the mandatory adoption of IFRS and enforcement remained unchanged. We identify two types of comparability, namely accounting- and market-based comparability. We compare South African firms with two different groups: IFRS adopters and non-adopters. We find an increase in accounting-based and market-based comparability of financial statements of South African firms with adopters and an increase in market-based comparability with non-adopters. Furthermore, we find a global increase in market-based comparability consistent with market changes unrelated to IFRS adoption. However, an incremental increase in the market-based comparability of financial statements of South African firms is consistent with benefits from the increased salience of adopting IFRS, as issued by the IASB.

Incentivizing innovation: The role of knowledge exchange and distal search behavior

Presenter: Gerhard Speckbacher

Author(s): Gerhard Speckbacher, WU Vienna
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Abstract: Prior research has produced conflicting views on whether firms can improve the performance of their R&D teams with the use of incentives. In addressing these controversial views, we point at the importance of knowledge exchange and distal search as two key behaviors within the innovation process that complement each other in driving innovation performance. We argue that these two key behaviors are fundamentally different because they refer to different work and knowledge domains and we derive separate roles of explicit and implicit incentives in promoting knowledge exchange and distal search behavior, respectively. Thus, our theoretical model establishes and explains explicit and implicit incentives as control choices that are interdependent because of their distinct effects on two complementary behaviors. We test our hypotheses using survey and patent data from 282 firms in the chemical and pharmaceutical industry and find evidence that is consistent with our predictions.

Revisiting Sorter's [1969] events approach and accounting data modelling theory: Exploring the problems of the intersection between accounting theory and database research

Presenter: Sadaharu Takeshima

Author(s): Sadaharu Takeshima, Kanazawa University

Abstract: Around 50 years ago, in 1969, The Accounting Review published George Sorter's paper on the events approach. After Sorter [1969], a wide range of arguments and accounting data modeling theories emerged that reference Sorter [1969]. Most of these interpret the events approach as a database approach that looks to comprehensively change the conventional recording methods of double-entry bookkeeping. However, upon proceeding with my inquiry, I have come to consider whether the conventional interpretation was perhaps a fragmentary understanding of the approach, or if its true meaning was conceivably different. This paper offers a new interpretation of the events approach and reevaluates the approach based on the new interpretation.

Calculating the effect of employee stock options on diluted EPS

Presenter: Warrick B. van Zyl

Author(s): Enrico Uliana, University of Cape Town
Warrick B. van Zyl, University of Western Australia

Abstract: This paper examines the calculation of diluted earnings per share (DEPS) when a firm has outstanding employee stock options (ESOs). Three possible methods are described and compared. The first is the current International Accounting Standard 33 – Earnings Per Share (IAS 33) approach which is based on the intrinsic value of the ESOs. The second method, advocated by Core et al. (2002), is very similar to that of IAS 33 but instead of the intrinsic value uses the fair value of the outstanding options. This paper derives an alternative method which adjusts the earnings for the year by the change in fair value of the outstanding ESOs, with no adjustment to the denominator in the DEPS calculation. The three methods are compared using a simple firm. The earnings adjustment method best describes the change in economic value of the current shareholders, the fair value is more useful in predicting future profits, and the intrinsic value method appears to provide no additional information to that already contained in the other two measures. The earnings adjustment method has a further advantage in that it provides an identical result at a DEPS level to that which would have been obtained if the ESOs were cash-settled and treated as liabilities in terms of IFRS 2. Thus using this method will improve comparability as cash-settled and equity-settled options have a very similar economic effect on current shareholders.

Determinants of integrated report quality: Evidence from a mandatory setting

Presenter: Andrew van der Burgh

Author(s): Andrew van der Burgh, University of Pretoria
Elmar R. Venter, University of Pretoria
Rieka von Well, University of Pretoria

Abstract: Integrated reporting is a relatively new reporting initiative, focussing on the value created by firms. It is increasingly becoming popular, but because guidance on the preparation of integrated reports is principles-based, vast differences exist among firms regarding the content and quality of their integrated reports. We aim to provide evidence on the firm-level determinants of integrated report quality. The proxy used to measure integrated report quality is constructed from the underlying scores allocated to firms in the EY's Excellence in Integrated Reporting survey, which involves the top 100 firms listed on the Johannesburg Securities Exchange (JSE). The study finds a positive association between unrecognised intellectual capital, profitability, industry and firm size, respectively, and integrated report quality. These findings suggest that firms with large quantities of unrecognised intellectual capital, more profitable firms, firms operating in environmentally sensitive industries, as well as larger firms, produce integrated reports of higher quality. These findings should be of interest to investors making use of integrated reports, as well as the International Integrated Reporting Council (IIRC), who constantly strives to promote integrated reporting.

An empirical analysis of "superior" management earnings forecast

Presenter: Tina Wang

Author(s): Tina Wang, University of Houston - Downtown

Abstract: This paper examines whether capital markets reward the controversial practice of issuing short-term management earnings forecasts. Using a sample of quarterly earnings forecasts issued over 2001-2009, we find that firms may temporarily reduce stock price volatility by providing quarterly earnings forecasts. Further, our analysis shows that not all guidance issuers are equally rewarded by capital markets. The benefits of reduced stock price volatility and favorable market valuation primarily accrue to firms with a track record of supplying accurate and timely short-term earnings forecasts. Our findings suggest that superior short-term earnings guidance, which fosters transparent financial information environments and reduces investor information uncertainty, is indeed rewarded by capital markets.

Factors influencing compliance with IFRS disclosure requirements by Australian listed companies

Presenter: Jo Wang

Author(s): Jo Wang, University of Sydney

Abstract: Prior literature indicates that compliance with IFRS disclosure requirements is limited. This paper empirically investigates the extent of compliance by Australian listed companies with IFRS disclosure requirements of eight Standards, and the factors influencing compliance. It provides evidence of how a firm's auditor is associated with the level of compliance and how a company's size, its sector and other factors might affect this. The findings reveal material non-compliance, and show that company size and type of auditor (and even which firm of auditors) have statistically significant positive associations with compliance. The non-compliance raises questions about audit quality and regulatory oversight in Australia.

Shock transmission in the cryptocurrency market. Is Bitcoin the most influential?

Presenter: Damian Zieba

Author(s): Damian Zieba, University of Warsaw
Ryszard Kokoszczynski, University of Warsaw
Katarzyna Sledziewska, University of Warsaw

Abstract: The growing cryptocurrency market has attracted the attention from many investors worldwide, mainly due to the ease of entering the market and its extremely volatile character, leading to both potentially huge gains and losses. The main aim of this paper is to examine interdependencies between cryptocurrencies, with the special focus on Bitcoin, providing information for portfolio managers which may be useful for the construction of their portfolio. We provide the two-step analysis, comparing results between two subsequent periods (2015-2018). We study relationships between log-returns of mostly pure cryptocurrencies, using data from coinmarketcap.com, as other types of crypto-tokens have not been developed before 2015. Based on implications from the literature, we use methods dedicated for studying stock market. Results obtained using MST method show that cryptocurrencies form hierarchical clusters, consistently over two separate periods. This indicates potential topological properties of the cryptocurrency market. Then, using VAR Model, we study the potential transmission of demand shocks within formed clusters. Results show that changes in Bitcoin price do not affect and are not affected by changes in prices of other cryptocurrencies. However, results indicate that findings obtained for Bitcoin shall not be generalized to the entire cryptocurrency market. More specifically, more network effects may be observed within the groups of cryptocurrencies not including Bitcoin. It may be interpreted that discovered clusters contain cryptocurrencies held by similar groups of investors, as there is a potential economic interpretation for the formulation of such clusters.