Editorial

After the summer holidays, it is time to update the news regarding the EAA. The European Accounting Review has good news on their submission procedure: The electronic submission procedure starts 1st of January 2012. I would also like to remind you about the greatest EAA event, the annual congress, which will be held in Slovenia in May 2012. The President of EAA, Begoña Giner, will summarise the new submission guidelines in her presidential letter. I hope that you do pay attention to the new rules which have the purpose of further developing the quality of the annual congress. The submission deadline is 1st December and it is coming soon.

This newsletter provides three interesting reports on the research workshops and congresses that have been held during the summer time. It shows that our society is very active - even during the summer season. I hope you enjoy reading these reports. In addition, Rolf Uwe Fülbier and Joachim Gassen will tell us about accounting traditions in Germany, one of the biggest countries in the EAA. Germany can also be seen as an important player in the cooperation with other German speaking countries.

Yours,

Hanna Silvola
Hanna.Silvola@tse.fi
Letter from the president, Begoña Giner

Dear Colleagues,

It is frequently said that no news is good news. This is particularly true if we consider the very bad news we have received this summer. The economic situation is still very bleak, and the stock exchanges have reacted accordingly. Of course August is traditionally a bad month, but this last summer has been especially worrying. Moreover it seems that there has been something of a contagion effect, as society itself begins to be altered. We have witnessed horrific terror attacks in Norway, as well as dramatic riots throughout the UK at the end of July. These are clearly symptoms that evidence serious problems within society. Thus in this very difficult scenario perhaps having no real news is not so bad after all. And so in a similar fashion this summer has been particularly quiet for the EAA.

In spite of this difficult scenario, I hope that the summer has offered you all the chance to relax, charge the batteries, and catch up on those things that you did not have the time to do during the last academic year, perhaps, dare I say, even a little research…

So, the new year starts full of new ideas, plans and projects; this is especially true for those that are now embarking on their academic careers. I wish them every success in their endeavors; I would also advise them to have a lot of patience and work slowly but surely. Academic life can be extremely rewarding, but requires considerable time and effort, and perhaps the present economic atmosphere is not going to make it easier. Starting a new academic year is also particularly exciting for those that are moving or changing workplaces; although they might be very familiar with the work itself, they still need to settle in, get accustomed to a new context, and more importantly to the rules of the new group. Fortunately for all us, no two departments are ever the same! So I would say a large dose of patience is called for. And for those, as is my case, that have had the chance to work outside their own University for the last year (many thanks to the accounting group of the University of North Carolina at Chapel Hill for giving me the opportunity to spend such a wonderful year with them), starting again presents a new challenge. This is particularly true if the university is facing major changes, perhaps in order to adopt the Bologna agreements (whatever this might mean in practice!), as is the case of the University of Valencia where I am based.

Research is the engine of universities and of EAA congresses and now is the time to complete papers to be submitted before the 1st of December to the 35th annual congress that will be held in Ljubljana (Slovenia) from 9th to 11th May, 2012. I strongly encourage you to visit the website (http://www.eaa2012.org/r/home), and start making plans to attend the meeting. I am sure this is going to be a wonderful experience for all concerned, but I would ask you not to leave your hotel bookings and other organizational aspects until last minute. Aljosha Valentinic and his team have devoted a lot of time and effort to organize a very special event, but unfortunately due to space constraints, there will have to be a limit on the number of attendants at the event. I would also call your attention to the changes that the Standing Scientific Committee has introduced for the next conference, about which Herve Stolowy has recently informed you. In short, these are: comments by reviewers will be communicated to the authors, papers have to be available on the EAA congress website, and authors of papers accepted for a PSD session are also expected to act as discussants. Indeed these changes have been made following requests by many delegates and with the idea of continually improving the way congresses work.

As I mentioned at the outset, this summer has provided us with very little news. However, this is not entirely true. At the end of June we were informed that the Impact Factor for the EAR has increased from 0.96 to 1.47. This is indeed a very significant increase, as well as a wonderful reward for the great work that Salvador Carmona has done as editor of the journal over the last six years. I would like to take this opportunity to congratulate him and his team for this remarkable success and at the same time welcome and offer our best wishes to Laurence Van Lent as the new editor starting in 2012.

Before I conclude, I just would just like to mention a few words about the EAA website. In the next Management Committee meeting to be held in October, we are going to take some decisions regarding the site. The idea here is not to make any major changes, but rather to modernize and update both its structure and content. If you have ideas or suggestions, I would be very pleased to hear from you (begona.giner@uv.es); as always we sincerely appreciate your comments and views.

And finally I would like to wish everyone a successful start to the new term and of course another fruitful, rewarding and enjoyable academic year.

Begoña Giner
EAA President
Forthcoming articles in the EAR:

Capital Allocation Effects of Financial Reporting Regulation and Enforcement
Roland Königsgruber

The Basu Measure as an Indicator of Conditional Conservatism: Evidence from U.K. Earnings Components
Audrey Hsu; John O’Hanlon; Ken Peasnell

Governance Role of Auditors and Legal Environment: Evidence from Corporate Disclosure Transparency
Sam Han; Tony Kang; Yong Keun Yoo

The Effect of Accounting Education and National Culture on Accounting Judgments: A Comparative Study of Anglo-Celtic and Chinese Culture
Parmod Chand; Lorne Cummings; Chris Patel

Performance Measurement and Incentive Compensation: An Empirical Analysis and Comparison of Chinese and Western Firms’ Practices
Kenneth A. Merchant; Wim A. Van der Stede; Thomas W. Lin; Zengbiao Yu

A. William Richardson; Raafat R. Roubi; Kazbi Soonavalla

The Information Content of Earnings Components: Evidence from the Chinese Stock Market
Gongmeng Chen; Michael Firth; Tuen Mun; Daniel Ning Gao

Introduction of international accounting standards, disclosure quality and accuracy of analysts’ earnings forecasts
Martin Glaum; Jörg Baetge; Alexander Grothe; Tatjana Oberdörster

Important announcement – New Submission procedure starting 1st of January 2012

As of January 1, 2012 European Accounting Review will enforce a process of electronic submission of manuscripts. Papers submitted as of date should be forwarded through http://mc.manuscriptcentral.com/rear

All submissions made up until December 31st, 2011 will still be handled through ear@ie.edu.

Upcoming EIASM events

Here are some of the upcoming EIASM events. For a full list, please visit www.eiasm.org.

EDEN Seminar on Quantitative Empirical Research in Management Accounting, December 12-16, 2011, Brussels, Belgium

Workshop on Accounting and Economics, June 7-8, 2012, Segovia, Spain

2nd Workshop on Current Research in Taxation, July 2-3, 2012, Münster, Germany

7th International Conference on Accounting, Auditing and Management in Public Sector Reforms, September 4-6, 2012, Milan, Italy

Workshop on Management and Accounting in Historical Perspective, September 21-22, 2012, Warsaw, Poland

The wording of the editorial policy of Accounting in Europe has been updated to allow it to reflect better our aims and editorial practice. The revised wording reads:

Accounting in Europe aims to contribute to policy debate by publishing high quality articles that provide new insights for research, practice, policy and regulation. The journal therefore welcomes contributions in all areas of accounting, including, but not limited to, analyses of contemporary developments in accounting, auditing, standard setting and regulation.

Accounting in Europe consists of two main sections: Issues in European Accounting contains articles solicited by the editorial team, while Research Articles contains standard academic research papers. All papers are subject to review.

Accounting in Europe welcomes papers from a wide range of paradigms and research methods, as long as they are presented in an accessible manner to its mixed academic and practitioner readership and enhance the understanding or the development of accounting and auditing either in Europe or for Europe from a global perspective.
Call for papers

EAA 2012 - 35th Annual Congress
Ljubljana, Slovenia, May 9, 2012 – May 11, 2012

The European Accounting Association (EAA) will hold its 35th Annual Congress in Ljubljana, Slovenia, from 9-12 May 2012.

You are kindly invited to submit papers to be considered for presentation at the EAA 2012 congress:


As you may remember, if you want to submit a paper, you have to be an EAA member in the year of the congress for which you submit. Hence if you are not yet an EAA member for 2012, the system will invite you to subscribe before allowing you to submit.

Please note that only full papers can be submitted. All submitted papers will be double-blind peer-reviewed. Please carefully read the information that you will find on the web page under the item “Submission Rules”, which will be very useful in submitting a paper and get the most out of the conference.

The paper submission deadline is December 1, 2011.

As in previous years, there will be a two and a half day colloquium for doctoral students from 5-8 May 2012 that will take place in Bled.

For more information on the conference and doctoral colloquium, please visit the EAA 2012 website at http://www.eaa2012.org.

Call for applications

2012 PhD Student International Accounting Section Travel Grant Program

The International Accounting Section of the American Accounting Association (IAS) seeks nominations for its 2012 PhD Student Travel Grant Program. The grant provides $750 towards the travel expenses of each of five PhD students to attend the 2012 Washington D.C. AAA annual meeting. Recipients will be expected to be actively involved in the 2012 meeting by being a discussant or presenter at one of the IAS sessions and may be asked to make a short introduction of themselves at the sections luncheon.

Persons wishing to apply should send a package containing a two page resume, letter of application, and letter of support from their faculty advisor by email to sbsalter@utep.edu. Packages must be received by December 15, 2011.

Selection will be based on the applicant’s interest and potential in international accounting research (paper acceptance in the conference will be viewed positively), potential future contribution to the section and AAA, and the advisor’s recommendation.

Winners will be announced at the IAS midyear meeting in Phoenix, AZ (February 23-25, 2012).
The Aims and Scope

The Annual Conference for Management Accounting Research (ACMAR) is an event that takes place at WHU – Otto Beisheim School of Management in Vallendar (Germany) at the beginning of March each year.

ACMAR offers the opportunity for presenting management accounting research in parallel sessions and finding out what colleagues in the field are working on. In addition, ACMAR provides a friendly and sociable platform for meeting colleagues in management accounting research, to instigate joint research projects, and generally to keep in touch.

Therefore, we encourage researchers and PhD students to submit their papers on management accounting research.

In addition to the parallel sessions our keynote speakers Michal Matějka and Martin Messer as well as high-ranking practitioner will present general topics of interest.

Previous keynote speakers include Frank Hartmann, Sven Modell, Stefan Reichelstein, Dieter Pfaff, Teemu Malmi and other renowned national and international researchers.

Preliminary programme outline

Programme March 8th, 2012

Morning: Registration
           Keynote Speaker
Midday:   Lunch
Afternoon: Parallel Sessions
           Coffee Break
           Parallel Sessions
Evening:  Official Dinner

Programme March 9th, 2012

Morning: Keynote Speaker
         Parallel Sessions
Midday:  Lunch / Closing

Registration

Registration is open until February 1st, 2012 at http://www.whu.edu/acmar.

Further information, such as directions to the conference location or a list of suitable hotels nearby, can be found on our website.

Conference fees include catering, material and official dinner:

- EUR 70 for professors, postdoctoral candidates
- EUR 50 for PhD students

We invite you to present your research at one of the parallel sessions of the conference. Research papers dealing with all aspects of management accounting will be considered for presentation. Please note the following when submitting your proposal:

- Full papers and/or abstracts may be submitted.
- When submitting a full paper, you have the option of applying for a session with an individual discussant.
- Please indicate whether the paper is intended for the English or German track.

The deadline for submission is January 15th, 2012.

Proposals will be evaluated by peer review. Notification of acceptance of proposals will be sent by January 30th, 2012. Please send your paper to evelyn.busch@whu.edu.

Conference Location

WHU – Otto Beisheim School of Management, Institute of Management Accounting and Control (IMC)
Burgplatz 2
D-56179 Vallendar, Germany

Contact: Evelyn Busch, Conference Management
Email: evelyn.busch@whu.edu
Tel.: +49 261 6509 472
Homepage: www.whu.edu/acmar

WHU – Otto Beisheim School of Management is in Vallendar, about 5 km from Koblenz, a 2000-year-old town situated in the picturesque landscape of the Rhine and Moselle rivers and surrounded by four low mountain ranges.

Vallendar is around one hour away from Frankfurt (Main) Airport and from Cologne/Bonn Airport, either by car or by train. A direct train connection (RE 8) runs from Cologne/Bonn to Vallendar. There are also convenient train options connecting Frankfurt (Main) Airport to Vallendar or nearby Koblenz.
In 2012, for the first time, a colloquium for doctoral students engaged in empirical management accounting will be held in conjunction with the Annual Conference for Management Accounting Research (ACMAR) and WHU – Otto Beisheim School of Management.

The colloquium will take place on March 7th, 2012 just before the 9th ACMAR. The event will start on Wednesday morning and finish that evening with a joint dinner. Participating students are also encouraged to attend the 9th ACMAR that will commence on Thursday, March 8th, 2012.

The Colloquium’s target is to provide an opportunity for doctoral students in management accounting from various countries to discuss their empirical research with an experienced faculty. In addition to the academic program, the colloquium agenda will provide sufficient opportunity for students to interact informally with other participants and the faculty.

The faculty for the colloquium will consist of Michal Matějka (Arizona State University), Martin Messner (University of Innsbruck) and Utz Schäffer (WHU – Otto Beisheim School of Management).

Practicalities

The colloquium will be conducted in English.

Participants are expected to meet their own travel costs and accommodation expenses for the duration of the Colloquium and Congress. The colloquium itself (including meals) is included in the ACMAR conference fee of 50,- Euro.

Please send your applications as soon as possible and certainly no later than December 1st, 2011.

Applications should be submitted via email (evelyn.busch@whu.edu) and must encompass an extended abstract of the dissertation project (max. 3 pages, 11pt Times) and a one-page CV. Approx. ten students will be accepted for the colloquium.

Notification of acceptance will be sent before December, 20th 2011.

Venue and organization

The 1st ACMAR Doctoral Colloquium will be held at WHU – Otto Beisheim School of Management. The WHU was founded in 1984 and it has since become one of Germany’s leading business schools. It is located in the small town of Vallendar near Koblenz, which is in the heart of the Upper Middle Rhine Valley World Heritage Area, approximately an hour from Frankfurt and Cologne, either by car or by train. A direct train connection (RE 8) runs from Cologne/Bonn to Vallendar.

WHU – Otto Beisheim School of Management, Room G-001-002
Burgplatz 2
D-56179 Vallendar, Germany
www.whu.edu

Coordinator of the 1st ACMAR Doctoral Colloquium:

Evelyn Busch
Institute of Management Accounting and Control (IMC)
WHU – Otto Beisheim School of Management
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Phone: ++49 (0) 261 6509 472
E-mail: evelyn.busch@whu.edu
http://www.whu.edu/acmar
Call for papers

Sustainability Accounting for the Industrial Use of Biomass

Guest Editors

Prof. Dr Stefan Schaltegger, CSM
Leuphana University Lüneburg, Germany

Prof. Dr Roger L. Burritt, CAGS
University of South Australia Adelaide, Australia

Prof. Dr Rob Bailis, Yale University, New Haven USA

The environmental impacts of oil use are increasing and oil reserves are decreasing. This has led to the development of plant oil based biofuels such as bioethanol, biodiesel, biokerosene. Plant oils, such as palm oil, soy oil or rape seed oil, have furthermore “conquered” global food and cosmetic production.

However, biofuels have been heavily criticised for not necessarily guaranteeing positive ecological or social benefits. Conflicts have been reported between agribusinesses, local communities and smallholder farming discussed as “fuel versus food” and “land grabbing”. In response, numerous sustainability certification schemes and guidelines have emerged, leading to a complex set of regulations and standards. LCAs, however, have indicated substantial reduction in emissions if producers follow good land use practices.

It is thus timely to analyse the relevant factors which influence whether, under which conditions and with which production systems biofuels can actually create a real contribution to a more sustainable or less unsustainable oil based economy.

Accountants face a new set of challenges to account for and communicate the issues of plant oil production for key stakeholders such as airlines, the food industry, or agricultural supply chains. Conventional accounting systems and lifecycle assessments face unprecedented physical and monetary measurement challenges. Management accounting will be critical to providing internal decision support for managers, non-government organizations and governments to identify, measure and prepare information that assists decision makers about the industrial use of biomass. Issues about units of measurement, data quality and its sources cannot be neglected if purpose orientated information is to be provided.

Accounting for sustainability performance is critical because, if biofuels and plant oil production systems are not confirmed to be sustainable, redesign of current paths of development would be necessary.

Issues to be addressed in submissions could include, but are not limited to:

- Sustainability accounting, accountability and reporting of plant oil production and related agricultural systems, incl. supply chain issues and comparison with conventional fuels, oils and fats
- Case studies and empirical analysis of plant oil and biofuels
- Analysis of fuel versus food issues, or large agribusiness versus smallholder farming issues, etc.
- Methodological issues of sustainability performance measurement, accountability and reporting, incl. environmental impact assessment, LCA, LCC, EMA and other methods
- Stakeholder issues in the assessment and reporting of the sustainability of biofuels and plant oils
- Comparative case studies with biofuels and plant oils used in transportation (including aviation, shipping and road transport), or the food and cosmetics industry
- Assessment of emerging sustainability certification systems and their relevance for EMA

Submission deadline: 29 February 2012

For a more encompassing Call for Papers see:

http://www.emeraldinsight.com/products/journals/call_for_papers.htm?id=3369&PHPSESSID=7816vflj58ub75cfd1ae4hp3
Call for papers
International Journal of Accounting and Financial Reporting (IJAFR)

International Journal of Accounting and Financial Reporting (IJAFR) is an internationally refereed journal published quarterly in February, May, August and November, published by Macrothink Institute, United States.

This established journal publishes theoretical, empirical and experimental papers that significantly contribute to the disciplines of accounting and finance. Using a wide range of research methods including statistical analysis, analytical work, case studies, field research and historical analysis, articles examine significant research questions from a broad range of perspectives.

Call for Research Articles
IJIIM will cover all areas of Accounting and Financial Reporting. Welcome papers in Accounting, Finance, Banking, Financial Reporting, Auditing and relevant subjects. The journal welcomes the submission of manuscripts that meet the general criteria of significance and scientific excellence, and will publish:

- Original articles in basic and applied research
- Case studies
- Critical reviews, surveys, opinions, commentaries and essays

IJAFR is indexed in the following world’s most popular databases that are recognized by higher education authorities of all the countries.

- Index Copernicus
- Ulrich’s Periodical Directory
- Open J-Gate
- EBSCOhost
- Gale’s Academic Databases
- Google Scholar
- PKP Open Archives Harvester
- ProQuest

IJAFR is an Open Access Journal
One key request of researchers across the world is unrestricted access to research publications. Open access gives a worldwide audience larger than that of any subscription-based journal and thus increases the visibility and impact of published works. It also enhances indexing, retrieval power and eliminates the need for permissions to reproduce and distribute content. IJAFR is fully committed to the Open Access Initiative and will provide free access to all articles as soon as they are published.

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Site URL: http://www.macrothink.org/journal/index.php/ijafr/index

Report on the workshop on Writing to Publish in International Accounting Journals
Prague, Czech Republic, 18-19 March 2011

European Accounting Association in cooperation with the Faculty of Finance and Accounting, Department of Financial Accounting and Auditing at the University of Economics in Prague represented by Marcela Zarova and Ladislav Mejzlík organized the workshop on Writing to Publish in International Accounting Journals. Four members of faculty Salvador Carmona, IE Business School (Spain), Katerina Hellström, Stockholm School of Economics (Sweden), Jiri Novak, Charles University in Prague (Czech Republic), Ann Vanstraelen, Maastricht University (The Netherlands) were chaired by Salvador Carmona.

Eighteen participants were selected from countries in Central, Eastern Europe and Turkey. Scholars interested in participating in the Workshop submitted the paper they intended to present in the workshop as well as a short statement of how the Workshop could specifically help their work-in-progress. Participants were split into four workgroups and presented their papers. Then, the faculty leading the workgroup commented on both the content of the paper and its writing, providing participants with specific insights into both aspects. The Workshop was opened and closed by faculty presentations on the critical success factors for publishing in international journals. From the messages received, the participants have enjoyed and gained from the help and support they got on the Workshop.

Marcela Zarova
Zarova is a Vice-dean for Foreign Relations at the University of Economics in Prague
Report on the
EIASM & Münster Institute of Accounting & Taxation:
Workshop on Current Research in Taxation
Münster, Germany, 27-28 June 2011

On June 27th and 28th the first Workshop on Current Research in Taxation took place in Münster. The workshop was organized in cooperation with the European Institute for Advanced Studies in Management (EIASM). More than 70 participants from 18 different countries (Canada, Australia, Chile, USA and numerous European countries) and 36 universities came to Münster to present and discuss current research projects. 50 papers of high quality were submitted to this workshop and it was a difficult task to select those 38 to be presented. The program started with a welcoming address by Professor Christoph Watrin the main host and chair of the workshop. Further, Professor Eva Eberhardtinger from the Tax Management Group of Vienna University of Economics and Business served as the second chair of the workshop.

The two workshop days started with keynote speeches given by Professor Michelle Hanlon (Massachusetts Institute of Technology (MIT) in Boston) and Professor Edward Maydew (University of North Carolina at Chapel Hill) who both made their way from the USA to Münster. Michelle’s research on book-tax differences has greatly advanced our understanding of tax information in financial statements. Edward Maydew’s teaching and research interests include, among other things, tax strategy, financial accounting, corporate taxation, economic effects of taxation and the role of accounting information in valuation. As experts in the field of empirical research in taxation they shared their view on the “Past, Present and Future of Tax Research” and gave helpful insight into “Recent Papers and Issues in Publishing Tax Research”.

In 13 sessions with three presentations and subsequent discussion, current research related to tax issues of multinational firms, tax harmonization and tax competition, the interplay of financial accounting and taxation, the taxation of groups and individuals, the relevance of book-tax differences, aspects of corporate finance related to taxation, capital markets and taxation, merges & acquisitions, tax reforms, and tax compliance was shared. A special highlight was Professor Douglass Shackelford’s (University of North Carolina at Chapel Hill) presentation of a paper in which he investigated the location decisions of multinational groups.

The sessions were characterized by lively discussions and helpful suggestions by Professor Hanlon and Professor Maydew and all other participants. Overall, presenters benefited greatly from receiving many helpful suggestions to improve their research. Concurrently many new research questions came up and were discussed. Participants agreed that the rather small workshop group and the focused research area allowed to provide a unique setting where each presentation and each idea received the attention it deserved.

Two organized lunch breaks and a joined dinner allowed participants to share some free time together which was further used to discuss projects or to meet with researchers working in the same area. More than 40 participants attended a guided city tour through Münster and learned a lot about Muenster and its history.

The two organizing parties as well as the participants agreed in the overall success of the workshop. Therefore Cristina Setyar from the EIASM and Professor Watrin decided on repeating the workshop on 2-3 July 2012 in Münster and are happy to welcome again tax research fellows from all over the world in Münster!

Nadine Ebert & Christiane Pott,
Münster University
During the week of July 18, 2011, thirty doctoral students from Austria, France, Germany, Slovenia, Spain, and Switzerland attended the 2nd WHU Doctoral Summer Program in Accounting Research (SPAR) at WHU – Otto Beisheim School of Management. WHU, one of Germany’s leading business schools, is located in Vallendar, a small town situated in the picturesque landscape of the Rhine River between Cologne and Frankfurt. The 2nd SPAR was jointly organized by the chairs of Prof. Dr. Igor Goncharov and Prof. Dr. Thorsten Sellhorn. The program, which is held annually, introduces European PhD students in accounting to some central theoretical, methodological, and practical issues involved in conducting high-quality, primarily empirical-archival accounting research.

The 2nd SPAR was centered on the theme “Current Issues in Empirical Financial Reporting Research” and was taught by

- Prof. Dr. Laurence van Lent, Professor of Accounting, Department of Accountancy and CentER, Tilburg University, Incoming Editor of the European Accounting Review
- Prof. Dr. Edward J. Riedl, Associate Professor, School of Management, Boston University
- Prof. Dr. Igor Goncharov, Professor of Financial Accounting, Accounting and Control Group, WHU – Otto Beisheim School of Management, Vallendar, and
- Prof. Dr. Thorsten Sellhorn, Professor of Accounting, WHU – Otto Beisheim School of Management, Vallendar.

The focus of the first two days was on reading, critiquing, and discussing research papers in the following topical areas:

- Measuring the impact of IFRS adoption;
- Identifying and implementing open research questions surrounding IFRS;
- Assessing accounting conservatism; and
- Determinants of accounting choice.

Some of the selected papers were co-authored by SPAR faculties, thus, the participants had the possibility to get first-hand insight in the – sometimes not straight forward – development of high quality research papers. Also the faculties explained their differing motivations to conduct these studies.

On the third day morning, Prof. Riedl discussed how to judge the quality of research papers as well as how to conduct academic peer reviews. For this purpose, the participants were asked to prepare a short review including primary concerns only about a paper of SPAR faculties which is published in a top journal in the meantime. Afterwards, Prof. Riedl picked up some of the concerns raised by participants as well as by one of the true reviewers and explained how the authors reacted to these suggestions.

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Report on the SPAR (cont’d)

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In the afternoon, Prof. Riedl led the students through key aspects of the publication and review process, including an introduction to workshop presentation and etiquette. As a part of this format, Prof. Riedl gave an actual research workshop presentation of one of his current research papers ("Mandatory IFRS Adoption and Financial Statement Comparability", co-authored by Francois Brochet, Harvard Business School, and Alan Jagolinzer, University of Colorado, Boulder). Afterwards, Prof. van Lent, the incoming editor of the European Accounting Review, illustrated major aspects of publication and review process in high quality journals from an editor’s perspective.

The fourth day saw students become actively involved in designing and conducting an empirical study in financial accounting. Prof. Goncharov walked students step-by-step through the process of data collection using common capital-market and accounting data bases; data preparation; selected statistical analyses using Stata as well as related issues including the treatment of panel datasets, heteroskedasticity, and endogeneity.

In addition to interactive classroom activities, each student was given the great opportunity to discuss their doctoral research project in a face-to-face setting with one of the SPAR faculty.

The participants earned 3 ECTS from the WHU doctoral program for three assignments: One brief research paper presentation or discussion; one written review of a current working paper; and preparation of a research outline for the individual feedback sessions with the SPAR faculty.

Socializing certainly was not neglected! During coffee breaks, lunches, and evening dinners, participants took great advantage of the opportunity to network and have fun with their fellow students as well as the faculty members. This aspect of the program arguably peaked in the historic cellar of a traditional Koblenz wine and brew pub.

At the end of the program, students were asked to complete a feedback questionnaire. Overall, the participants indicated being very satisfied with the course and commented that “a remarkably large number of important and current topics for young researchers were covered in only four days”.

Khaled Kholmy and Michael Stich, SPAR participants from the Ruhr-University Bochum, Germany, noted: “Participating in the 2nd WHU Doctoral Summer Program in Accounting Research (SPAR) in July 2011 has been a truly rewarding personal and professional experience for us. We learned not only how to prepare academic peer reviews and how to use statistical software packages but we also received practical first-hand insights in how to conduct, publish, and review research in several areas of financial accounting. Additionally, we enjoyed meeting outstanding researchers and doctoral student colleagues from all around Europe. We also got direct and very individual feedback from the SPAR faculty which was invaluable to improve the quality of our own research projects. Besides the required assignments and preparation for the SPAR, broad extracurricular activities gave participants and SPAR faculty adequate time to get to know each other, expand networks, and to further discuss and share insights.

We would like to thank the faculty and the organizers of the SPAR as well as the WHU – Otto Beisheim School of Management for four fabulous days in Vallendar, and we can nothing but strongly recommend all current and future European PhD students in accounting to apply for this course in the next year(s).”

The 3rd WHU doctoral SPAR is scheduled to take place in the second half of July 2012.

For current information, please visit www.whu.edu/accounting or contact Thorsten Sellhorn at thorsten.sellhorn@whu.edu.

Thorsten Sellhorn

Thorsten Sellhorn is a Professor of Accounting at WHU – Otto Beisheim School of Management.
The European Financial Reporting Research Group (Eufin) held its seventh annual workshop at the Otto Friedrich University of Bamberg. The conference included a range of plenary speakers from the world of European financial reporting and some 32 research papers. Eufin aims to provide longer working sessions and feedback from specialists on research papers as well as the opportunity to learn more about practical issues from professionals. It acts as an incubator for papers intended for Accounting in Europe and an opportunity to discuss the work of the EAA’s Financial Reporting Standards Committee (FRSC).

The opening plenary on the governance of the IASB, included an analysis of the IASB’s evolution from Alan Teixeira, the senior director of the IASB technical staff. Nicolas Véron of the Bruegel Institute discussed whether the IASB was keeping its promises, while Liesel Knorr, chair of the German standard-setter, discussed the difficulties of being a private sector standard-setter. Nicolas Véron suggested that the IASB was more akin to a religious organisation than anything else, and he preferred to think of it as the Vatican. He noted that as more countries adopted IFRS, the influence of Europe would diminish, and he speculated on how the Commission would feel about that.

Alan Teixeira reported on what he saw as a continuous fine-tuning of the IFRS Foundation and attempts to make its decision-making more transparent and accessible. He noted, though, that this was not without its problems. When the IASB had decided to publish daily decision-summaries on standard-setting days, there was a complaint from a commercial provider of such summaries. Similarly, they had introduced the Monitoring Board but now some people were asking who monitored the Monitoring Board?

The other plenary was on enforcement. Herbert Meyer, who recently finished a five year term as the first head of Germany’s Financial Reporting Enforcement Panel, gave an analysis of the errors picked up by his team. He said that roughly 25% of the 600-plus companies reviewed so far had revealed errors. However, he thought these were to do with the complexity of IFRS and the insistence on the use of fair values which mostly had to be estimated rather than observed.

Jürgen Wagner of Siemens discussed the problems of financial reporting in a multinational that reported to several different national authorities, including the SEC. He discussed conflicts between different requirements and the difficulty of streamlining reporting to avoid duplication.

Andreas Barckow, head of Deloitte Germany’s IFRS desk, discussed complexity in accounting standards. He suggested that the company activity was complex and so was the reporting infrastructure. However he thought this could be mitigated. He recommended that standard-setters should not over-engineer, and should address the mainstream preparer, not the 5% who systematically aimed to abuse the system. He suggested that they should look at a wide range of countries and be aware of translation problems. He suggested the auditors should also avoid creating a second tier of quasi-standards.

In addition to the 32 papers discussed in parallel sessions, David Cairns and Christopher Nobes outlined the response of the FRSC to the EFRAG paper on Considering the Effects of Accounting Standards. The response included a taxonomy of possible effects that should be brought to the attention of the standard-setter. The EAA response also included a section on how to research these effects, an element missing from the original discussion paper.

It was decided that Eufin should be chaired for the next three years Brigitte Eierle, who organised this year’s event. The Bamberg workshop was voted a great success by the participants, who, after a hard day’s work, had the opportunity to sample local specialities including smoked beer. They learned that although the 1000 year-old city is administratively part of Bavaria, the inhabitants see themselves rather as Franconians.

Next year’s workshop will be on 6-7 September 2012 in Prague. (E-mail gozdik@essec.fr to be put on the mailing list).

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European traditions in accounting

German Accounting Tradition
Rolf Uwe Fülbier and Joachim Gassen

The Beginning

Although accounting thought in Germany can be traced back (at least) to the business practices of the Fugger family, the development of the academic German accounting tradition is closely connected to the development of business administration as a separate academic discipline in Germany. Erich Gutenberg (1897-1984), one of the most influential German business scholars in the 20th century, even claims that accounting research has helped German business administration to establish itself as a science. Also one of the oldest and most important associations for business administration in Germany, the Schmalenbach Society, bears the name of Eugen Schmalenbach (1873-1955), an accounting researcher and another major protagonist of German business economics in its early era.

Business administration arose as an academic discipline in the German speaking countries at the beginning of the 20th century. Birthplaces were business schools (Handelshochschulen) which were founded as a result of public demand for higher management education at university level (e.g., Leipzig, Aachen, St. Gallen and Vienna in 1898, Frankfurt and Cologne in 1901, Berlin in 1906). The first generation of academic scholars such as Johann Friedrich Schär (1846-1924), Leon Gomberg (1866-1935), Joseph Hellauer (1871-1956), Eugen Schmalenbach (1873-1955), Friedrich Leitner (1874-1945), Heinrich Nicklisch (1876-1946), Wilhelm Rieger (1878-1971), Fritz Schmidt (1882-1950) and Walter Le Coute (1885-1965) published seminal monographs on various fields, especially financial accounting and cost accounting. While mainly instructive and descriptive in nature, these works laid out the underpinnings of a normative measurement-oriented accounting theory. These thoughts, developed over time to more sophisticated theory constructs, spawned a long-lasting academic debate about the objective(s) and design of financial statements.

Development of German accounting theory

Eugen Schmalenbach and Fritz Schmidt are probably the best known representatives of this early era. Schmalenbach developed theoretical foundations to cost and financial accounting. He established a system of cost accounting and cost theory which systematically links cost to production volume. He particularly emphasized the problem of activity level-independent fixed cost and developed the concept of imputed costs (Kalkulatorische Kosten). His notion of imputed interest on equity inspired the concept of imputed costs. In the balance sheet as major financial statements with the “static” approach. According to the “static” perspective, the calculation of profit or loss derived from the change of net assets over the period, is being viewed as less important. Early representatives of the “static” theory were the lawyer Hermann Veit Simon (1856-1914) with his seminal book about corporate financial statements in 1886, as well as Schär, Leitner and later, especially in dispute with Schmalenbach, Le Coute, Nicklisch and Rieger. Both theory approaches, static and dynamic, influence German accounting regulation and practice until today. They also correspond to the current international debate about the asset-liability and the revenue-expense approaches.

Schmalenbach considered business administration to be an applied and prescriptive science. Addressing criticism such as Rieger’s that pure science is value free he ironically proclaimed business administration to be an applied science. The epistemological question about the role of value judgments was fiercely discussed at the beginning of the 20th century in the Werturteilsstreit and has been an open and controversial issue in German business economics and accounting research ever since.

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Accounting research in Germany (cont’d)

After World War I, the attempts to attend to the inflation problem in cost and financial accounting and the development of appropriate instruments for management and control strengthened the academic foundations of accounting and received a considerable international attention. The hyperinflation in Germany at the beginning of the 1920s challenged historical cost accounting and its ability to measure the value of net assets and income. Schmalenbach developed a concept of real capital maintenance based on price level adjustments. At the same time Fritz Schmidt advocated the maintenance of “real” net assets measured by current replacement prices. His current value approach had a wider scope than just solving inflationary problems: Schmidt proposed the universal application of his approach to detect the “real” return of investment. In his “organic” accounting theory (his book Die organische Bilanz im Rahmen der Wirtschaft was first published in 1921) the current replacement values of all single net assets add up to the reproduction value (Reproduktionswert) of the firm, which equals, under certain conditions, a specific form of the net present value of the invested capital. This valuation-oriented approach bears some similarities with the fair value notion of current accounting regimes. According to Schmidt the Reproduktionswert is a (supply) market-based net present value. Moreover, the preference for mark-to-market values, the subordinated role of reliability and the attempt to distinguish revaluation and speculation effects from the operating performance provide further analogies.

Development in Managerial Accounting and Valuation

During Nazi dictatorship academic accounting thought quickly came to a near hold. Concepts of centralized state planning were developed by those who accepted subordination, others suffered due to emigration, ban or other occupational obstructions. After World War II accounting research separated into a Western and Eastern stream. While the Soviet-style centralized planning system of the German Democratic Republic shaped accounting education and research in East Germany, accounting research lost its dominant position in West German business administration research. Erich Gutenberg (1897-1984) detached business administration from the accounting predominance. He tried to develop a comprehensive model of firm processes by bridging the gap between business administration and neoclassical microeconomic theory. In contrast to the fragmented, often pragmatic and qualitative works before, he introduced a consistent, mathematical-quantitative approach. Moreover, in contrast to Schmalenbach and the practical normative tradition of the discipline so far, Gutenberg proposed a positive descriptive approach to business economics. The old methodological and epistemological dispute (Methodenstreit) blazed up again, this time in particular between Gutenberg and Konrad Mellerowicz (1891-1984).

The thoughts of early academic generations around Schmalenbach and Gutenberg still affect cost and management accounting theory even today. However, considerable progress on various fields occurred in the second half of the 20th century. The 1960s were characterized by a lively discussion concerning the methods of direct and marginal costing, particularly the different systems of standard marginal costing which were developed, partly based on Gutenberg’s concepts, into applicable procedures. Contributing pioneers include especially Gutenberg’s former research assistant Wolfgang Kilger (1927-1986) and Hans-Georg Plaut (1918-1992) with their publications about marginal cost accounting (Grenzplankostenrechnung). Worth mentioning is also Paul Riebel (1918-2001) and his insights into relative direct costing (Relative Einzelkostenrechnung). The U.S. based concept of activity based costing was modified in the 1980s especially by Péter Horváth (born 1937) to a process-based approach (Prozesskostenrechnung) although basic elements were already described by Schmalenbach and, later, Kilger. However, at the same time, a noticeable gap between academic theory and practice developed. The full cost methods, which had been developed, standardized and applied in Germany during the 1930s, dominated corporate practice for a long time.

A more current topic in German management accounting research focuses on convergence and integration of accounting systems. On the one hand there have been endeavors to integrate accounting information into capital budgeting and strategic business planning activities. On the other hand, the traditional German separation between management and financial accounting has eroded since the early 1990s. Also, there has been an increasing demand for a modification of traditional cost accounting techniques into management-oriented instruments. Against this background, the rise of “controlling” started in Germany in the 1970s when Horváth accepted a newly created chair of controlling at Darmstadt Technical University (later Stuttgart). Only some decades later, controlling is not only widely accepted as part of corporate organization but also established academic discipline at Universities in the German language area. In contrast to the terminological roots in the English language and the Anglo-American controller tradition, the notion of controlling specifies a unique German language area approach to management accounting and beyond. However, there is still no common understanding. Major protagonists of controlling thought such as Horváth, Hans-Ulrich Käpper (born 1945) and Jürgen Weber (born 1953) are linked with different concepts.

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Accounting research in Germany (cont’d)

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Closely connected to measurement theories of financial accounting, an accounting-based literature on firm valuation developed in the 1950s and 1960s. Compared to the U.S. valuation literature, the German literature is less capital-market based and focuses more on acquirer-specific valuation approaches, also incorporating tax effects in substantial detail. This different focus seems understandable, given the market share of German private firms. The development of this literature is especially connected to the University of Cologne (Kölner Schule) and researchers such as Hans Münstermann (1899-1986), Walther Busse von Colbe (born 1928), Günter Sieben (born 1933) and Manfred J. Matschke (born 1943). This specialized strand of literature is still active today and continues to have a focus on specific German aspects, for example the effect of different legal forms and tax considerations (see especially the relevant publications of Adolf Moxter (born 1929), Jochen Drukarczyk (born 1938), Lutz Kruschwitz (born 1943) and Wolfgang Ballwieser (born 1948)).

Link Between Accounting and Law

Financial Accounting thought in Germany after the World War II was closely related to legalistic thought. Ulrich Leffson (1911-1989) and, later, Jörg Baetge (born 1937) advanced the understanding of the basic principles of financial accounting (GoB). Moreover, legal and business scholars such as Georg Döllerer (1921-1993), Heinrich Beisse (born 1927) and especially Adolf Moxter (born 1929) turned away from the classical prewar accounting theories and the pure business economic tradition of accounting. They developed the legal doctrine of accounting (Bilanz im Rechtssinne). Due to the close link between financial and tax accounting in Germany, supreme tax court (Bundesfinanzhof, BFH) decisions were analysed in order to establish a positive and jurisprudential grounded accounting theory. Academic researchers use stated accounting objectives and their strong institutional expertise to answer open accounting questions. Doing so, accounting academics have influenced and continue to influence legal thought as documented by significant contributions to influential legal commentaries.

It is an open question why the legalistic, often legalistic-deductive research tradition has been dominant in Germany compared to, e.g., empirical research approaches. Several explanations seem possible: The code law tradition in Continental Europe and the principles-based regulation as well as the fact that legal consequences such as taxation, profit distribution and insolvency have been directly linked to financial accounting. Moreover, data availability was limited, also because of the relative small numbers of publicly-listed firms in Germany. Especially the latter may justify the rise of empirical capital market oriented research when international accounting has been introduced in Germany in the 1990s. The characteristics of the German university system, for example the non-existing or, at the most, weak department structures, the typical career path of German doctoral accounting students, many of them choose careers outside academia, and the (resulting) lack of standardized doctoral education might be additional issues. All these factors may motivate to realize synergies between research and rules-oriented teaching and may explain a certain distance to econometrical methods, to higher specialization and to the “publish or perish” game.

Accounting and Economics

A major strand of current German accounting literature uses the microeconomic toolbox to analyze research questions in the area of accounting. Although German accounting theory was right from the beginning embedded into economic thought (see esp. Fritz Schmidt), this development was also inspired by the US driven idea of “economic analysis of law” and the rise of neo-institutional microeconomics since the 1970s and 1980s. The analytical formalization is especially connected to the works of Ralf Ewert (born 1957) and Alfred Wagenhofer (born 1959) and their respective research (see their two major books about management and financial accounting as distinct examples). Currently, researchers from German speaking countries play a significant role in the international domain of analytical accounting research.

Internationalization and rise of empirical research

Driven by the internationalization of accounting practice at the beginning of the 1990s, the first academic chairs of international accounting were founded at the universities in Frankfurt (Dieter Ordelheide, 1939-2000) and in Münster (Bernhard Pellens, born 1955, later Bochum). This first generation of scholars introduced US-GAAP and IAS/IFRS to both, German academics and practitioners. The PhD thesis of Axel Haller (born 1961) about US-GAAP in 1988 is a well-known example. Driven by the traditional deductive orientation of German research the frameworks and basic principles were also intensively analyzed and, quite frequently, inconsistencies between rules and principles were identified. Even the traditional German concept of commentaries – huge and detailed interpretations which are necessary in a principles-based system – has been applied in the context of IFRS.

In the beginning, the U.S. driven positive-empirical turn in research methodology in the 1960s and 1970s had only a modest impact on the research agenda in Germany. However, the importance of positive empirical research has increased substantially over time.

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Accounting research in Germany (cont’d)

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Early empirical studies addressed accounting-based prediction models, the value relevance of alternative financial reporting regimes and, of course, the effects of IFRS adoption. The long-time dominance of non-empirical research methods also applies to management accounting. Normative, conceptual and analytical methods have dominated the relevant publications whereas empirical research account for only a minor portion – however with upward trend. Most of the empirical research comprise here case and field studies. Large-sample and archival studies have been scarcely conducted.

Current Situation

The process of internationalization has continued. While internationalization in German codification and accounting practice was and still is restricted to the group accounts, single financial statements remained unaffected due to their material legal consequences. Therefore, the German financial accounting world has separated into two subsets: Capital market oriented accounting at group level, especially for publicly traded companies based on IFRS, and the more contracting, i.e. tax, dividend distribution and debt covenants oriented HGB accounting on the legal entity level. This distinction also affects the research community which increasingly disaggregates due to the necessary specialization in both areas.

In recent years, the German university system is undergoing substantial changes with respect to funding and incentivization. Research output is being evaluated on an international level and countable success is the key to prestigious positions, funds and other resources. Therefore, especially younger accounting scholars are forced into the “publish or perish” game. Accepting this change of rules, they focus on research questions and methodologies which might yield publications in renowned international journals. Journal rankings, like the one published by the German association of business professors (VHB) or by a German leading business newspaper (Handelsblatt), consistently rank even mid-tier international journals higher than top German research journals. As a result, German accounting scholars and their research have become more visible internationally (see for example the increasing German attendance at EAA annual congresses in the last years). In addition, doctoral education in Germany is becoming more structured and methodologically oriented.

Although the focused interest on publishing results in internationally renowned journals has led to an increase of “international mainstream” research, there is an observable interest in other, internationally approved research fields and methods aside the mainstream. As an example, German language scholars get more visible in areas like behavioural accounting, critical and epistemological approaches and accounting history. The hope is that the specific German accounting research tradition with its prescriptive roots will survive on an internationally competitive level, contributing to our understanding of complex accounting phenomena and keeping in mind that accounting research is an applied science and not an end in itself.

Reading list (in-depth overviews about the German accounting tradition):

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