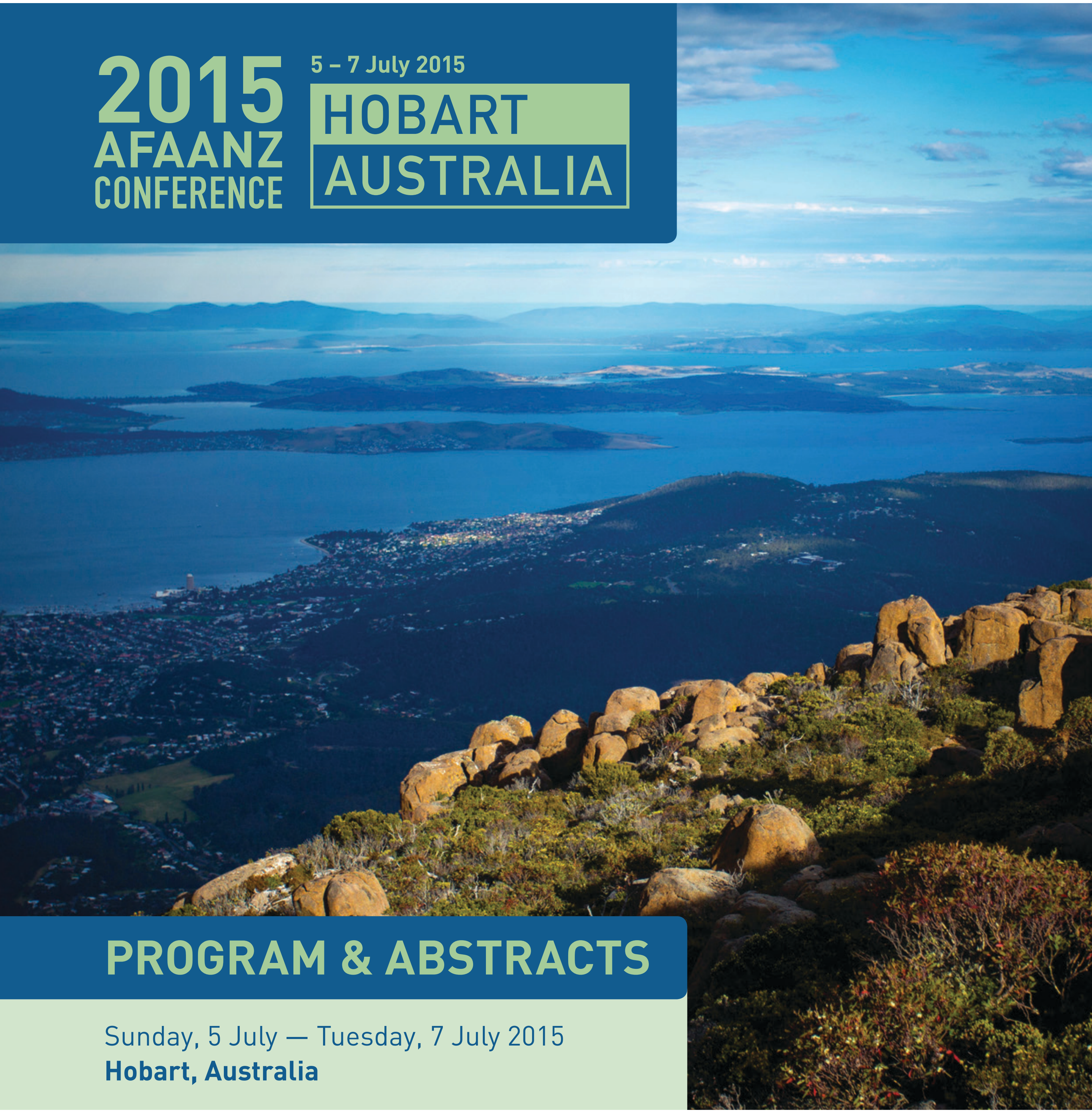
afaanz
Accounting & Finance Association of Australia and New Zealand

afaanz 55th anniversary
CELEBRATING 55 YEARS OF THE ASSOCIATION

2015 AFAANZ CONFERENCE

5 – 7 July 2015

HOBART AUSTRALIA



PROGRAM & ABSTRACTS

Sunday, 5 July — Tuesday, 7 July 2015
Hobart, Australia

ISSN# 1328-780X

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

CPA AUSTRALIA

The AFAANZ Board of Directors and the 2015 Organising Committee gratefully acknowledge the sponsorship generously provided to the Annual Conference by:

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

CPA AUSTRALIA

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Department of Accounting, Economics and Finance

Department of Accounting and Department of Banking & Finance

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School of Accounting

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Business School

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Fax: +61 3 9363 6133
Email: info@theconferencemanager.com.au

WELCOME

ON BEHALF OF THE BOARD OF DIRECTORS, WE WOULD LIKE TO WELCOME YOU TO THE 2015 AFAANZ CONFERENCE.

The AFAANZ mission is to promote and maintain excellence in the fields of pedagogy, practice, and policy in accounting, finance, and other related subjects through the development of teaching and research in Australia and New Zealand. The 2015 conference is an opportunity to advance this mission and to showcase the skills and contributions of our diverse membership.

Once again, we received a large number of research papers across a broad range of topics. As usual, the research areas with the greatest number of submissions are financial accounting, finance, auditing, corporate governance and accounting education. We have been able to continue with the streams in the areas of critical perspectives and interdisciplinary research as well as the usual sessions in international accounting, corporate social responsibility accounting, public-sector and not-for-profit accounting, accounting history, management accounting and tax. The broad scope of research streams continues to reflect our desire to ensure that AFAANZ reaches out to all accounting and finance academics in our region.

We thank all of you who have submitted papers and who have indicated your willingness to chair sessions and discuss papers.

The conference continues to provide a variety of outstanding speakers and topics including keynote addresses from Professor Robert Faff, The University of Queensland, Australia, and Professor Teri Lombardi Yohn from Indiana University, USA.

The conference is the culmination of the work of some very committed and selfless individuals who strive to ensure that the experience is one that you will enjoy and find inspirational. The AFAANZ Board thanks all who have worked so hard to put this very special conference together.

Paul de Lange (Australia)
Norman Wong (New Zealand)
AFAANZ Presidents

Chris van Staden
Andrew Jackson
Co-Chairs, 2015 Conference Technical Committee

Cheryl Umoh
Executive Director

GENERAL INFORMATION

REGISTRATION

The registration desk is located in the pre-function / exhibition area outside the Grand Ballroom. It will be open as follows:

Sunday, 5 July 10:00am–6:00pm

Monday, 6 July 7:30am–5:30pm

Tuesday, 7 July 7:30am–5:30pm

Please report to the registration desk upon arrival to collect conference materials.

MEETING ROOMS

The conference meeting rooms are located on the mezzanine level of the Grand Chancellor Hotel, Hobart.

SPEAKERS PREP ROOM

The speakers prep room is located on the mezzanine level. Please ask the staff at the registration desk for directions. The Prep Room will be open at the following times:

Sunday, 5 July, 10:00am–5:00pm

Monday, 6 July, 7:30am–5:30pm

Tuesday, 7 July, 7:30am–4:30pm

Upon registration, all speakers will be directed to the speakers prep room to load presentation material. As a speaker, you are responsible for your own material. It must be loaded correctly and checked into the speakers prep room at least two hours prior to your presentation time. An audio/visual technician will be in the speakers prep room at all times to assist. No personal laptops are permitted.

REFRESHMENT BREAKS

Refreshment breaks will take place within the trade exhibition area, located on the mezzanine level outside the Grand Ballroom.

SPECIAL DIETARY REQUIREMENTS

Every effort has been made to accommodate all special dietary requirements however advance notification is required. If you did not provide this information at the time of registering, please notify the registration desk immediately. You will need to make yourself known to venue staff during refreshment breaks. Vegetarians will be catered for on the buffet during lunches.

NAME BADGES

All delegates will receive a name badge upon registration. This badge is the official pass and must be worn to obtain entry to all conference sessions, the trade exhibition area and social events.

PEOPLE WITH SPECIAL NEEDS

Every effort has been made to ensure people with special needs are catered for. Should you require any specific assistance, please advise the registration desk immediately to enable us to make your time at the conference a pleasant and comfortable experience.

MESSAGE BOARD

A message board is located at the registration desk. Please check this from time to time to ensure that you pick up your messages. Urgent messages may be directed to the registration desk (Telephone Number +61 3 9363 6111) where conference management will do their best to find the recipient. However, it is normally best to have messages left at your hotel for collection.

PRE AND POST TOURS

If you are planning on extending your stay in Hobart or have some free time to explore all that Tasmania has to offer, below are some useful websites that may assist in your planning:

www.discovertasmania.com.au

www.tasmania.com

www.gobehindthescenery.com.au

MOBILE PHONES AND PAGERS

Please turn off all electronic devices while you are in sessions.

CPD HOURS CLAIM

The Chartered Accountants Australia and New Zealand; and CPA Australia recognise that AFAANZ conference participation may count towards Continuing Professional Development (CPD) hours to the extent that learning activities have taken place. To claim your hours you will need to maintain records confirming your participation, which may consist of receipts, attendance lists, or a confirmation notice from AFAANZ.

GENERAL INFORMATION

SOCIAL FUNCTIONS

Entry to all social functions is by name badge and/or entry ticket. If you indicated your intention to attend a particular social function at the time of registration but are no longer able to attend, please advise the registration desk. Additional tickets for social functions can be purchased at the registration desk (subject to availability).

Welcome Reception

Mezzanine level, Grand Chancellor Hobart

Sunday, 5 July, 6:00–7:00pm

Additional tickets: $55.00

Sponsored by CPA Australia

Happy Hour

Mezzanine level, Grand Chancellor Hobart

Monday, 6 July, 5.45–6.45pm

Additional tickets: $50.00

Sponsored by Chartered Accountants Australia and New Zealand

Conference Dinner

Federation Ballroom, Grand Chancellor Hobart

Tuesday, 7 July, 7:30–11.45pm

Dress code: Formal (Theme: Masquerade)

Additional tickets: $140.00

All prices quoted are in Australian Dollars and are inclusive of GST.

TRADE EXHIBITION AREA

Entry to the conference's comprehensive exhibition is included in delegate registration fees. The trade exhibition is located on the Mezzanine, level and it will be open as follows:

Sunday, 5 July, 3:00pm–7:00pm

Monday, 6 July, 8:30am–6.45pm

Tuesday, 7 July, 8:30am–4:00pm

The following organisations will be exhibiting this year:

Cengage Learning
www.cengage.com.au

Chartered Accountants Australia and New Zealand
www.charteredaccountantsanz.com

CPA Australia
www.cpaaustralia.com.au

SIRCA
www.sirca.org.au

Springer
www.springer.com

Wiley
www.wiley.com

INSURANCE

Delegates are strongly advised to secure appropriate travel and health insurance. Delegate registration fees do not provide any such insurance coverage. The organising Committee and the Conference office accept no responsibility for any loss in this regard.

SMOKING POLICY

Hotel Grand Chancellor is a non-smoking hotel and has a 'no smoking' policy in all rooms. Smoking is permitted outdoors and there is a guest smoking area in the outdoor courtyard off the lobby.

TIME ZONE

Hobart's time zone is gmt +10 hours

ACCOMMODATION

Hotel Grand Chancellor
1 Davey Street
Hobart TAS 7000

Check in is available from 3.00pm, Check out is 11.00am

TRANSPORT

United Taxis
133 222

Yellow Cabs
131 924

Airport Bus Transfers
www.tasredline.com.au

1300 360 000

CAR HIRE

All the major car hire companies operate in Hobart, including:

www.thrifty.com.au

www.europcar.com.au

www.budget.com.au

www.hertz.com.au

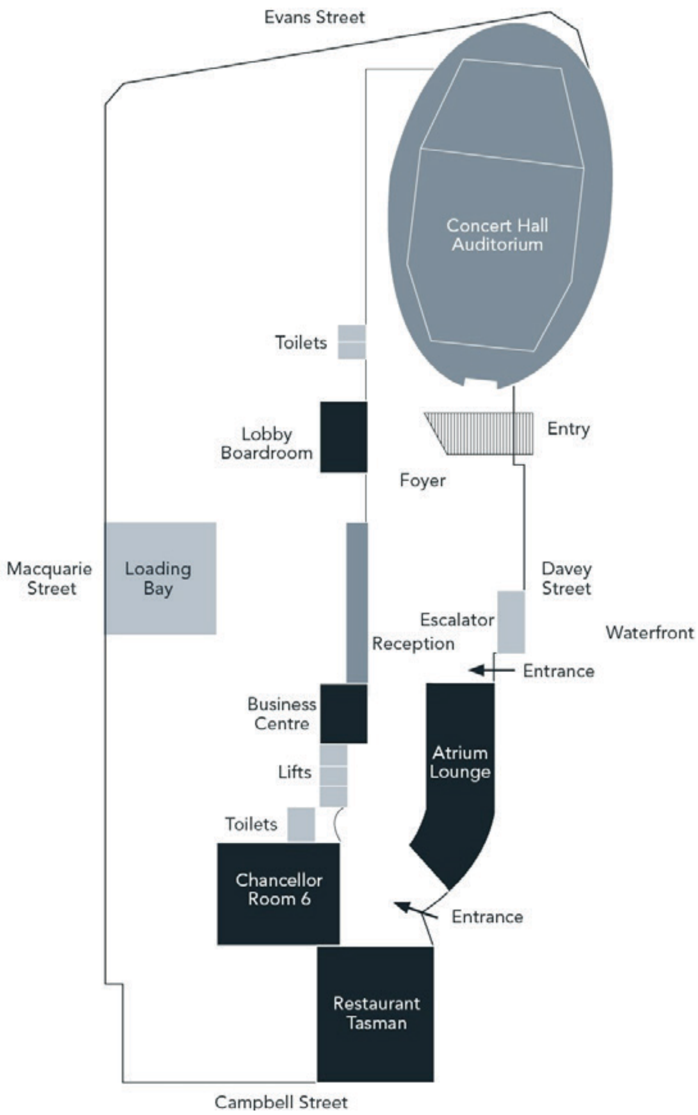
AIRLINES

www.qantas.com.au

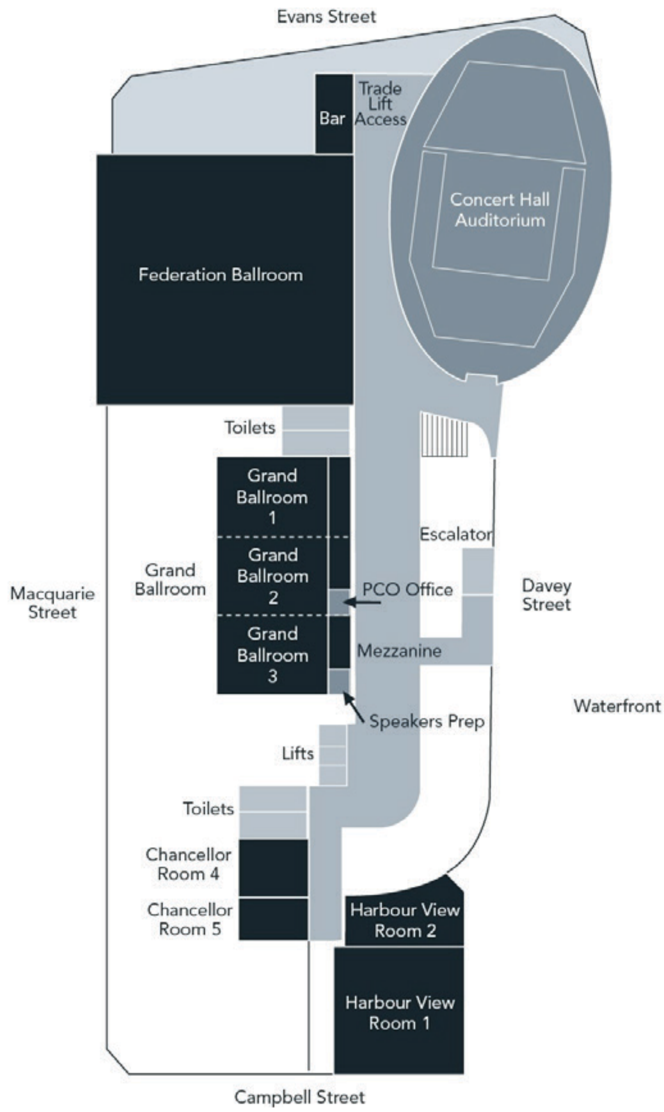
www.virginaustralia.com

HOTEL GRAND CHANCELLOR FLOOR PLAN

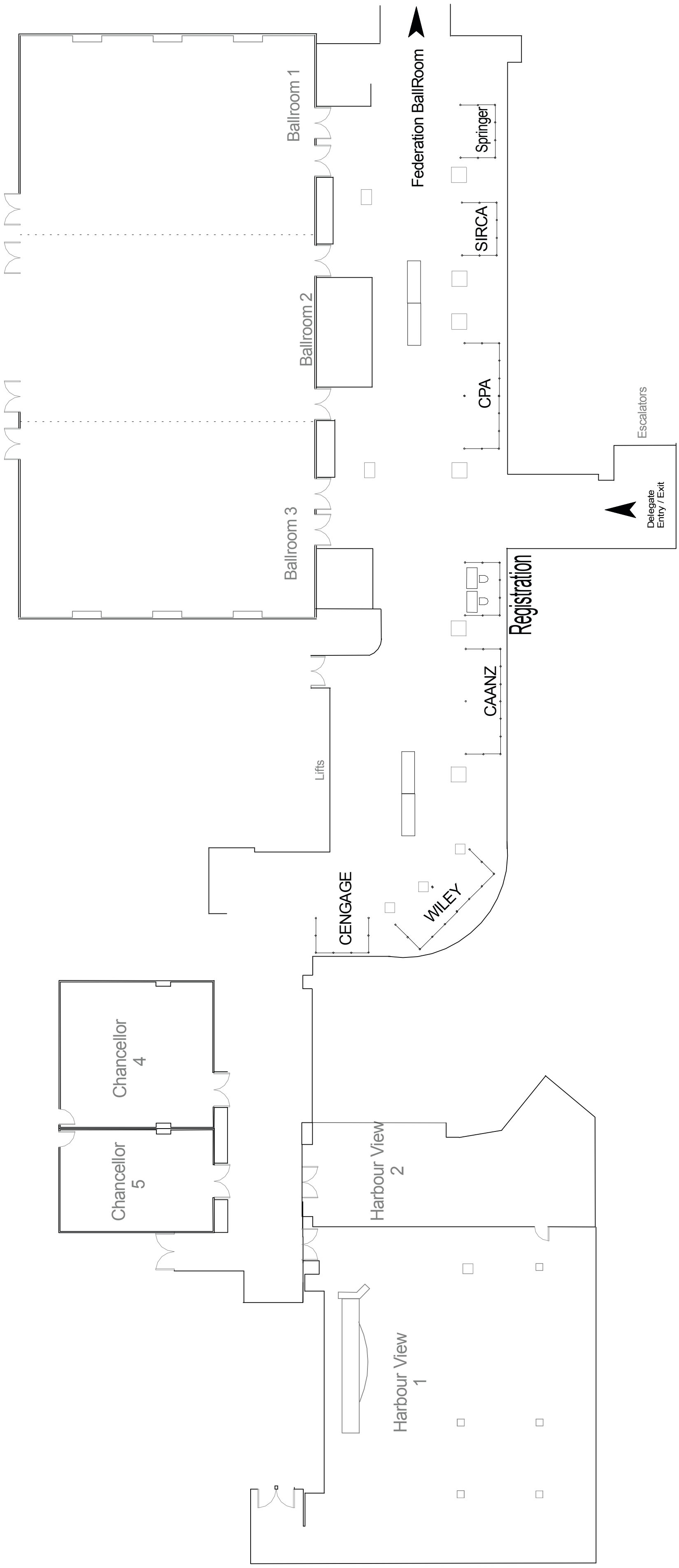
Lobby Level



Mezzanine Level



EXHIBITION FLOOR PLAN



Announcing the:

2016 AFAANZ Conference

3-5 July 2016 | Gold Coast, Queensland Australia

Call for papers

This is the first call for papers for the 2016 AFAANZ Conference to be held in Tasmania, Australia. Papers are invited in the broad areas of accounting, finance, auditing, corporate governance, accounting information systems, accounting education, ethics, corporate social responsibility, behavioural finance, tax and related topics.

Papers should conform to the style and format of Accounting and Finance, an AFAANZ journal. All papers will be subject to blind peer review so please ensure that there are no author details mentioned in your paper.

Submission of Papers

Further details regarding the submission of papers will be made available in the September 2015 issue of the AFAANZ Newsletter and on the AFAANZ website at **http://www.afaanz.org/conferences**

Submission Date

Papers must be submitted by Friday, 12 February 2016, 5pm AEST. Late submissions will NOT be accepted under any circumstances so please allow adequate time to complete
our online submission process.

EVENT SPONSORS

WE ARE GRATEFUL TO THE FOLLOWING ORGANISATIONS FOR SPONSORING THE EVENTS BELOW:

WELCOME RECEPTION

CPA AUSTRALIA

HAPPY HOUR

CHARTERED ACCOUNTANTS AUSTRALIA • NEW ZEALAND

BEST PAPER:

Auditing

Australian National University

Research School of Finance, Actuarial Studies & Applied Statistics

SIRCA

sirca

EXHIBITION:

CENGAGE Learning

CHARTERED ACCOUNTANTS AUSTRALIA • NEW ZEALAND

CPA AUSTRALIA

sirca

Springer

WILEY

afaanz
Accounting & Finance Association of Australia and New Zealand

2015 AFAANZ CONFERENCE
5 – 7 July 2015
HOBART AUSTRALIA

KEYNOTE SPEAKERS & PROGRAM

PROGRAM AT A GLANCE

SATURDAY, 4 JULY

08:30–17:00	Accounting Education Meeting (SIG5)
08:30–16:30	Accounting Standards Special Interest Group Meeting (SIG3)
08:30–16:00	Accounting History Meeting (SIG2)

SUNDAY, 5 JULY

08:30–13:30	Management Accounting Meeting (SIG8)
08:30–13:00	Auditing and Assurance Meeting (SIG1)
08:30–12:30	Quality Research in Accounting Network Meeting (SIG4)
09:30–13:30	Behavioural Finance Meeting (SIG7)
10:45–13:30	Public Sector and Not-for-Profit Meeting (SIG6)
13:30–14:30	Heads of Departments Meeting
14:30–14:45	President's Address - Paul de Lange (AFAANZ President - Australia)
14:45–16:00	Panel Session - Research Issues - Emerging Topics, Data Intergrity and Ethics
16:30–17:30	Panel Discussion - Preparing Business Leaders and Accountants for 2025 Future Finance Leadership
17:30–18:00	First Time AFAANZ Conference Attendees - Welcome Meeting
17:30–17:55	Accounting History (SIG2) AGM
18:00–19:00	Welcome Reception - Exhibition Area - Mezzanine Level - Sponsored by CPA Australia

MONDAY, 6 JULY

08:30–10:00	Accounting Quality Audit Quality Volatility Analysts and Cash Flows CSR Qual Profession and Policy Public Sector 1 Finance Early Career Researchers Board Governance
10:00–10:30	Morning Tea - Exhibition Area - Mezzanine Level
10:30–12:00	Plenary Session 1 - The Process of Research - Professor Robert Faff
12:00–13:00	Concurrent session with no discussant: CSR Concurrent session with no discussant: Audit Outcomes Concurrent session with no discussant: Pricing Studies Concurrent session with no discussant: Interdiciplinary Concurrent session with no discussant: International Accounting Concurrent session with no discussant: Management Accounting Issues
13:00–14:00	Lunch - Exhibition Area - Mezzanine Level
14:00–15:30	Financial Accounting Research Audit Staffing and Skepticism History Accounting and Governance Management Accounting Research Critical perspectives 1 Tax Household Wealth Public sector NFP 2
15:30–16:00	Afternoon Tea - Exhibition Area - Mezzanine Level
16:00–17:30	Comparability Auditor Choice and Audit Risk Managerial

	Investment Decisions
	CSR Quant
	IFRS
	Learning Strategies
	Interdisciplinary 1
	Board Diversity
17:45–18:45	Happy Hour - Exhibition Area - Mezzanine Level - Sponsored by Chartered Accountants Australia and New Zealand

TUESDAY, 7 JULY

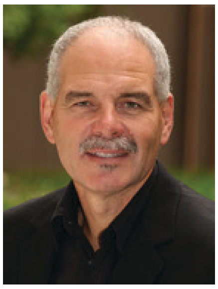
08:30–10:00	Learning tools
	Asset Pricing
	Earnings Management
	Auditor Judgement and Decision-Making
	Internal Control and Strategy
	Strategy and the Role of Management Accounting
	Governance and remuneration
	Public Sector 3
	CSR Quant
10:00–10:30	Morning Tea - Exhibition Area - Mezzanine Level
10:30–12:00	Plenary Session 2 - Research on the Use of Financial Statement Information for Forecasting Profitability: Implications - Professor Teri Lombardi Yohn
12:00–13:00	Concurrent session with no discussant: Auditor Judgement and Decision-Making
	Concurrent session with no discussant: Reporting Issues
	Concurrent session with no discussant: Interdiciplinary
	Concurrent session with no discussant: Corporate Governance
	Concurrent session with no discussant: IFRS
	Concurrent session with no discussant: Performance Measurement Systems
13:00–14:00	Lunch - Exhibition Area - Mezzanine Level
14:00–15:30	Economics of Auditing
	Segments and Profitability
	Readability
	Disclosure
	Experimental Research in Management Accounting
	CSR
	Interdisciplinary Investment
	Tax
	Profession and Policy
15:30–16:00	Afternoon Tea - Exhibition Area - Mezzanine Level
16:00–17:30	Financial Accounting Issues
	Disclosure Issues
	International Issues in Auditing
	Auditor Regulation
	Trading
	CSR
	International Accounting Issues
	Banking
	Corporate governance
19:30–20:00	Pre-Dinner Drinks (Dress code: Formal - Theme: Masquerade) - Federation Ballroom Foyer
20:00–23:45	Dinner (Dress code: Formal - Theme: Masquerade) - Federation Ballroom
2015 AFAANZ	Conference At-A-Glance

PLENARY SESSIONS

2015 AFAANZ CONFERENCE PLENARY SPEAKERS

PLENARY SESSION 1

MONDAY, 6 JULY 2015: 10.30AM-12.00PM



Robert Faff

Professor at UQ Business School
The University of Queensland, Australia

THE PROCESS OF RESEARCH

Traditionally, the "process of research" is a "life skill" that accounting and finance academics assimilate somewhat haphazardly and imperfectly, in a piecemeal fashion over many years during their academic career. Even in more recent times, while particular key elements of the process are covered formally or informally in PhD coursework, doctoral students have a highly varied experience in this regard. In this talk, I outline the full spectrum of the research process with a mindset of quantitative empirical work in mainstream contemporary finance and accounting.

My core focus is thinking about long-term strategies for a successful academic career. Key elements of the research process include: generating and pitching new research ideas; understanding research design trade-offs; data management in the C20th; ethical clearance; identifying "value-adds" to research topics; the art of research writing; the art of research presentations; the art of giving and receiving constructive research feedback; understanding the journal refereeing process and the quality rating of journals; developing strategies for sustainable publishing success.

Since this agenda is huge, to illustrate, I briefly signpost several such elements in the context of a unit being offered into the new AFAANZ PhD Coursework Program ["The Research Process"]. As part of my plenary talk, I will also give a brief update on the "pitching research" workshop program partially sponsored by AFAANZ in 2014-2015.

PLENARY SESSION 2

TUESDAY, 7 JULY 2015: 10.30AM-12.00PM

Teri Lombardi Yohn

Professor at Kelley School of Business
Indiana University, USA

RESEARCH ON THE USE OF FINANCIAL STATEMENT INFORMATION FOR FORECASTING PROFITABILITY: IMPLICATIONS FOR MARKET EFFICIENCY AND STANDARD SETTING

I will discuss and provide examples of research that examines the use of financial statement information for forecasting profitability. I will highlight the value of this research for improving the market's efficiency with respect to incorporating financial statement information into stock prices and for identifying potential arbitrage opportunities in the stock market. I will also highlight the usefulness of this research for informing standard setters and regulators on financial statement disaggregation and presentation issues. I will provide examples of how this research can benefit and impact not only the academic literature but also teaching and practice.

afaanz PRESENTS A PANEL SESSION ON

RESEARCH ISSUES – EMERGING TOPICS, DATA INTEGRITY AND ETHICS

SUNDAY, 5 JULY 2015: 2.45-4.00PM, at The Federation Ballroom

Moderator:

Dr Jacqueline Birt
The University of Queensland

Speakers:

Ms Kristy Robinson & Dr Alan Teixeira (via video link)
International Accounting Standards Board (IASB)

Mr Angus Thomson
The Australian Accounting Standards Board (AASB)

Professor Ann Tarca
The University of Western Australia

Professor Tom Smith
The University of Queensland

PANEL DISCUSSION

afaanz PRESENTS A PANEL DISCUSSION ON

PREPARING BUSINESS LEADERS AND ACCOUNTANTS FOR 2025 FUTURE FINANCE LEADERSHIP

SUNDAY, 5 JULY 2015: 4.30-5.30PM, at The Federation Ballroom

Moderator:

Professor Paul de Lange
Curtin University of Technology

Speakers:

MEGA TRENDS SHAPING THE PROFESSION
Mr Rob Thomason
Executive General Manger, Education, CPA Australia

THE CLASS OF 2025
Mr Jason Dale
Head of Education, Chartered Accountants Australia and New Zealand

SHAPING THE FUTURE OF ACCOUNTING IN BUSINESS EDUCATION IN AUSTRALIA
Professor Brendan O'Connell
RMIT University

Accounting History Meeting (SIG2) — Harbour View Room 2 Saturday 4 July 8.30 am - 4.00 pm

Accounting Standards Special Interest Group Meeting (SIG3) — Chancellor Room 4 Saturday 4 July 8.30 am - 4.30 pm

Accounting Education Meeting (SIG5) — Harbour View Room 1 Saturday 4 July 8.30 am - 5.00 pm

TECHNICAL PROGRAM

Quality Research in Accounting Network Meeting (SIG4) — Harbour View Room 2
Sunday 5 July 8.30 am - 12.30 pm

Auditing and Assurance Meeting (SIG1) — Harbour View Room 1
Sunday 5 July 8.30 am - 1.00 pm

Management Accounting Meeting (SIG8) — Chancellor Room 5
Sunday 5 July 8.30 am - 1.30 pm

Behavioural Finance Meeting (SIG7) — Chancellor Room 4
Sunday 5 July 9.30 am - 1.30 pm

Public Sector and Not-for-Profit Meeting (SIG6) — Harbour View Room 1
Sunday 5 July 10.45 am - 1.30 pm

Heads of Departments Meeting — Harbour View Room 1
Sunday 5 July 1.30 pm - 2.30 pm

President's Address - Paul de Lange (AFAANZ President - Australia) — Federation Ballroom
Sunday 5 July 2.30 pm - 2.45 pm

Panel Session - Research Issues - Emerging Topics, Data Intergrity and Ethics — Federation Ballroom
Sunday 5 July 2.45 pm - 4.00 pm

Panel Discussion - Preparing Business Leaders and Accountants for 2025 Future Finance Leadership — Federation Ballroom
Sunday 5 July 4.30 pm - 5.30 pm

Accounting History (SIG2) AGM — Harbour View Room 2
Sunday 5 July 5.30 pm - 5.55 pm

First Time AFAANZ Conference Attendees - Welcome Meeting — Harbour View Room 1
Sunday 5 July 5.30 pm - 6.00 pm

Welcome Reception - Exhibition Area - Mezzanine Level - Sponsored by CPA Australia
Sunday 5 July 6.00 pm - 7.00 pm

MONDAY 6 JULY 8.30 AM - 10.00 AM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
FINANCIAL ACCOUNTING	AUDITING	FINANCE	FINANCIAL ACCOUNTING	CSR	EDUCATION	PS/NFP	FINANCE	CORPORATE GOVERNANCE
Accounting Quality	Audit Quality	Volatility	Analysts and Cash Flows	CSR Qual	Profession and Policy	Public Sector 1	Finance Early Career Researchers	Board Governance
Moderator: Jonathan Tyler	Moderator: Richard Fisher	Moderator: Karen Benson	Moderator: Brad Potter	Moderator: Chris Van Staden	Moderator: Jenny Kent	Moderator: Zahirul Hoque	Moderator: Millicent Chang	Moderator: Michaela Rankin
The Effect Of The Us-chile Free Trade Agreement On The Earnings Quality Of Chilean Firms	Capital Raising And Demand For Auditing In Private And Public Firms	Earnings Announcement Idiosyncratic Volatility And The Cross-section Of Stock Returns	Analyst Forecasts And Firm Reporting Bias	Social Audits And Multinational Company Supply Chain: A Study Of Rituals Of Social Audits In The Bangladesh Garment Industry	Employability Of Graduate Accountants: What Skills Shortage And What Really Matters?	Auditing Annual Reports And Long Term Plans In A Local Government Setting	Corporate Capital Budgeting Practices: The Relative Influence Of The Nature Of The Firm And National-development Level	Market Reaction To Diversity In New Director Appointments: Application Of The Blau Index
Mariela Carvajal	WenHua Sharpe, Peter Carey, Hong Feng Zhang	Cameron Truong	Greg Clinch, Sandip Dhole, Yan Meng	Craig Deegan, Muhammad Azizul Islam, Robert Gray	Paul De Lange, Graeme Wines	Michael Bradbury, Adrian Raftery, Tom Scott	Pratheepkanth Puwanenthiren, Samanthala Hettihewa, Chris S Wright	Martin Livingstone, Jacqueline Birt, Michael Turner
Discussant: Ann Tarca	Discussant: Greg Shailer	Discussant: Karen Benson	Discussant: Robert Czernkowski	Discussant: Philip Palmer	Discussant: Carolyn Fowler	Discussant: Nives Botica Redmayne		Discussant: Sorin Daniliuc
How The Discovery Of Accruals-based Versus Real Earnings Management Affects Investment Decisions: The Importance Of Trust	Audit Quality And Accounting Conservatism	Do Management Specific And Firm Specific Organization Capital Effect Firm Risks Identically?	On The Complementarity Between Analysts' Cash Flow And Earnings Forecasts	Stakeholders Seeking Corporate Accountability: The Emergence, Development And Maintenance Of Capitals In The Field Of Corporate Social Responsibility	Potential Contradictions Between Professional Skills Development In The New Admission Requirements For Chartered Accountants In New Zealand And What Is Required By Employers	Financial Reporting And The Sustainable Management Of Heritage Assets: Further Evidence From New Zealand Museums	Do Firms' Free Cash Flow Movements Fit Arithmetic Brownian Motion? Evidence From The New Zealand Capital Market	The Impact Of Target Directors' Experience On Their Retention On Acquirer's Boards And On The Post-acquisition Performance
Max Hewitt, Frank Hodge, Jamie Pratt	Peter Vassallo, Stuart Taylor	Mostafa Hasan, Adrian (Wai-Kong) Cheung	Sandip Dhole, Sagarika Mishra, Ananda Pal	Conor Clune, Brendan O'Dwyer	Sue Malthus, Carolyn Fowler	Nives Botica Redmayne, Fawzi Laswad	John Van der Burg	Chenyang Zhang, Sorin Daniliuc
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Brian K. Akins, Andrew B. Jackson, Brian R. Rountree	Dale Fu, Elizabeth Carson, Roger Simnett	Adrian Chapman-Davies, Jerry Parwada, Kian Tan	Baljit Sidhu, Chuan Yu	Salmin Mustafa, Philip Palmer, Carol Tilt	Nancy Bagranoff, Keith Houghton	Demi Chung	Khoa Hoang	Angela Andersen, Aaron Gilbert
Discussant: Jeffrey Ng	Discussant: Mukesh Garg	Discussant: Angel Zhong	Discussant: David Lont	Discussant: Conor Clune	Discussant: Sue Malthus	Discussant: Elka Johansson		Discussant: Jacqueline Birt

Morning Tea - Exhibition Area - Mezzanine Level
Monday 6 July 10.00 am - 10.30 am

Plenary Session 1 - The Process of Research - Professor Robert Faff — Federation Ballroom
Monday 6 July 10.30 am - 12.00 pm

TECHNICAL PROGRAM

MONDAY 6 JULY 12.00 PM - 1.00 PM					
Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
CSR Concurrent session with no discussant: CSR Moderator: Chew Ng	AUDITING Concurrent session with no discussant: Audit Outcomes Moderator: Peter Carey	FINANCIAL ACCOUNTING Concurrent session with no discussant: Pricing Studies Moderator: Majella Percy	INTERDISCIPLINARY Concurrent session with no discussant: Interdiciplinary Moderator: Grant Samkin	INTERNATIONAL ACCT Concurrent session with no discussant: International Accounting Moderator: Jacqueline Birt	MANAGEMENT ACCT Concurrent session with no discussant: Management Accounting Issues Moderator: Nava Subramaniam
Convergence Or Divergence? Corporate Climate-change Reporting In China Helen YANG, Alan Farley, Russell Craig	Overlapping Membership On Audit And Compensation Committees, Audit Committee Equity Holdings, And Audit Outcomes Ahsan Habib, Borhan Bhuiyan	8-k Filings, Twitter Activities And Stock Market Reactions ROGER DEBRECENY, Asheq Rahman, TAWEI (DAVID) WANG	Inscriptions And Boundary Objects As Network Control: The Case Of Purchaser-provider Relationships Nur Haiza Zawawi, Zahirul Hoque	Is Reverse Merger An Inferior Choice For Chinese Emerging Firms? Mary L.P. Chai , Virginia M.C. Lau, Kitty F. Xie	Leadership Style, Entrepreneurial And Cooperative Performance: The Mediating Role Rozita Amiruddin, Siti Yusnida Mohd Yusof
The Determinants Of Voluntary Carbon Emission Disclosures In Australia Post The Implementation Of The National Greenhouse And Energy Reporting Act 2007 Rowena Rayner, Reza Monem, Chew Ng	Does The Pcaob's International Inspection Program Improve Audit Quality For Non-us-listed Foreign Companies? Simon Fung, KK Raman, Kevin Zhu	Corporate Social Responsibility And The Market Pricing Of Corporate Earnings Eli Bartov, Yan Li	The Economic Consequences Of Corporate Financial Reporting On Twitter Larelle Chapple, Acklesh Prasad, Feng Xiong	The Impact Of Labor On The Role Of Income Smoothing Nini Zhang, Xiaojun Lin	Pondering Value In Healthcare Delivery Lyn Murphy, William Maguire
	Trading Volume And Volatility Of Returns: High-frequency Evidence From Indonesia Stock Market Haryadi Haryadi, Terrence Hallahan, Hassan Tanha	The Pricing Of Firms With Expected Losses/profits: The Role Of January Peng-Chia Chiu, Alexander Nekrasov , Terry Shevlin	The Influence Of Co-authorship On Article Impact In Or/ms/om And Exchange Of Knowledge With Finance In The 21st Century Necmi Avkiran, Karen Alpert	The Role Of Stock Exchange Efficiency In Earnings Quality: Evidence From The Mena Region Enas Hassan, Farshid Navissi, Michaela Rankin	Kilgors: A Performance Management Simulation Albie Brooks, Gillian Vesty, Sarah Tesar

Lunch - Exhibition Area - Mezzanine Level Monday 6 July 1.00 pm - 2.00 pm

MONDAY 6 JULY 2.00 PM - 3.30 PM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
FINANCIAL ACCOUNTING Financial Accounting Research	AUDITING Audit Staffing and Skepticism	ACCOUNTING HISTORY History	CORPORATE GOVERNANCE Accounting and Governance	MANAGEMENT ACCT Management Accounting Research	CRITICAL PERSPECTIVE Critical perspectives 1	TAX Tax	FINANCE Household Wealth	PS/NFP Public sector NFP 2
Moderator: Norman Wong	Moderator: Noel Harding	Moderator: Carolyn Fowler	Moderator: Greg Shailer	Moderator: Linda Chang	Moderator: Peter Vassallo	Moderator: Asheq Rahman	Moderator: Necmi Avkiran	Moderator: Nives Botica Redmayne
The Spillover Effect Of Sec Comment Letters On Qualitative Corporate Disclosure: Evidence From The Risk Factor Disclosure	The Effect Of Audit Regulation On Staffing Decisions	Exploring The Elusive Professional Identity	Firm Characteristics, Shareholder Sophistication And The Incidence Of A 'first Strike' Under The 'two Strikes' Rule In Australia	The Role Of Heteroglossic Dialogue In Performance Evaluation: A Case Study Of A Non-government Organization	'people Like Us': Exploring The Cultural Fit Of Migrant Accountants In Seeking Employment In Australia And The Use Of Generic Skills In Education To Increase Employability.	Debt Maturity Structures, Managerial Ability, And Corporate Tax Avoidance	Financial Wealth, Housing Wealth And Expenditure: Does Consumer Confidence Matter?	Paradoxes And Tensions In New Public Management Reforms: The Case Of New Zealand's Earthquake Commission
Stephen Brown , Xiaoli Tian, Jennifer Tucker	Robyn Moroney, Carlin Dowling, W. Robert Knechel	Emma Blake, Grant Samkin, Mary Low	Mahdi Faghani, Reza Monem, Chew Ng	Susan O'Leary, David Smith	Neil Parry, Beverley Jackling	Ahsan Habib, Mahmud Hossain, Mostafa M. Hasan	Hassan Gholipour Fereidouni, Reza Tajaddini	BRYAN YAN, SUSAN NEWBERRY
Discussant: Neil Fargher	Discussant: Roger Simnett	Discussant: Brian West	Discussant: Martin Livingstone	Discussant: Rina Dhillon	Discussant: Gillian Vesty	Discussant: Catriona Lavermicocca	Discussant: Adrian Raftery	Discussant: Amanda Carter
Corruption In Bank Lending: The Role Of Timely Loan Loss Provisioning	Audit Team Experience And Audit Efficiency	Profession, Education And Status: The Development Of Disengaged Scholarly Activity In Accounting In South Africa	Implications Of Board Capital And Firm Growth-options On Auditor Assessments	Management Controls In Cross-cultural Alliances And Non-cross-cultural Alliances	Construction Of Accounting Identities In Vietnam: Experimenting With Bourdieu's Practice Theory	Does Firm Life Cycle Explain The Propensity For Firms To Engage In Corporate Tax Avoidance?	Hofstede Cultural Dimensions And Default On Mortgages	The Role Of Regulation In Improving Charities' Accountability To Stakeholders
Brian Akins, Yiwei Dou, Jeffrey Ng	Christine Contessotto	Grant Samkin, Grietjie Verhoef	Kevin Smith, Jenny Stewart, Conor O'Leary	Wei Zeng	Lisa Nguyen, Keith Hooper, Rowena Sinclair	Mostafa Monzur Hasan, Ahmed Al-Hadi, Grantley Taylor, Grant Richardson	Reza Tajaddini, Hassan Gholipour Fereidouni	Elka Johansson, George Tanewski, Peter Carey
Discussant: Martien Lubberink	Discussant: Hwee Ping Koh	Discussant: Nieves Carrera	Discussant: Reza Monem	Discussant: Paul Thambar	Discussant: Neil Parry	Discussant: Ahsan Habib	Discussant: Necmi Avkiran	Discussant: Susan Newberry
Firm-specific Estimates Of Differential Persistence And Their Incremental Usefulness For Forecasting And Valuation	Effects Of Culture And Acculturation On Auditors' Trait Scepticism	Unification Failure: The Initial Attempt To Merge Australia's Two Major Professional Accounting Bodies In The Late 1960s	The Determinants And Consequences Of Shareholder Versus Stakeholder Corporate Governance Disclosure Policies: Evidence From Post-apartheid South Africa	The Joint Effects Of The Forms Of Information Representation And Investment Position On Investors' Information Search: An Eye-tracking Study	Personal Values And Environmentalism Of Future Indian Managers: Does Gender Matter?	Multinational Transfer Pricing Of Intangible Assets And Tax Audit Adjustments: Evidence From Indonesia	Self-managed Superannuation Funds: What Is The Real Cost?	Understanding The Role Of Chief Financial Officers In The Not-for-profit Sector
Andy Call, Max Hewitt, Terry Shevlin, Teri Yohn	Radzi Jidin, Gary Monroe	Jasvinder Sidhu, Garry Carnegie, Brian West	Ernest Gyapong, Reza Monem, Fang Hu	John Chi Wa Ko, Mandy Cheng, Wendy Green	Asit Bhattacharyya	Abdul Haris Mohammadi, Zahir Ahmed, Ahsan Habib	Adrian Raftery, Ameeta Jain	Lyn Daff, Amanda Carter
Discussant: Andrew Jackson	Discussant: Mohammed Jahanzeb Khan	Discussant: Grant Samkin	Discussant: Chew Ng	Discussant: David Bedford	Discussant: Rowena Sinclair	Discussant: Grant Richardson	Discussant: Nonthipoth Buranavityawut	Discussant: Peter Carey

Afternoon Tea - Exhibition Area - Mezzanine Level
Monday 6 July 3.30 pm - 4.00 pm

TECHNICAL PROGRAM

MONDAY 6 JULY 4.00 PM - 5.30 PM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
FINANCIAL ACCOUNTING Comparability	AUDITING Auditor Choice and Audit Risk	FINANCE Managerial	FINANCIAL ACCOUNTING Investment Decisions	CSR CSR Quant	INTERNATIONAL ACCT IFRS	EDUCATION Learning Strategies	INTERDISCIPLINARY Interdisciplinary 1	CORPORATE GOVERNANCE Board Diversity
Moderator: Peter Easton	Moderator: Andrew Ferguson	Moderator: Cameron Truong	Moderator: Robert Czernkowski	Moderator: Muhammad Azizul Islam	Moderator: Janice Loftus	Moderator: Anne Abraham	Moderator: Niamh M. Brennan	Moderator: Maria Balatbat
Audit Committee Characteristics And Financial Reporting Comparability	Auditor Switch And Clients' Choice For Big 4 Or Non-big 4 Auditors	Is There A Honeymoon For New Ceos?	Managers' Discussion Of Competition In The 10-k, Firms' Investing Activities And Future Operating Performance	Corporate Social Responsibility And Corporate Disclosures: An Investigation Of Investors' And Analysts' Perception	The Value Relevance Of Reclassification Of Non-derivative Financial Instruments: A Cross-country Study	Information Provision To International Students: A Study Of Gap Identification In A Selected Australian University.	A Review Of Meta-analytic Research In Accounting	Gender Diversity In The Boardroom On Private Equity Placements: Evidence From China
Medhat Endrawes, Zhuoan Feng, Meiting Lu, Yaowen Shan	Kam-Wah Lai	Paul Geertsema, Helen Lu, David Lont	Kyle Peterson, Nam Tran	Audrey Hsu, Kevin Koh, Sophia Liu, Yen H. Tong	Maithm Khaghaany, Reza Monem, Chew Ng	Sarod Khandaker, Mohammed Mazharul Islam	Hichem Khlif , Keryn Chalmers	M M Fonseka
Discussant: Brad Potter	Discussant: Andrew Ferguson	Discussant: Cameron Truong	Discussant: Chuan Yu	Discussant: ISSAM LAGUIR	Discussant: Helen YANG	Discussant: David Bond	Discussant: Peter Vassallo	Discussant: Heyvon Herdhayinta
Earnings Co-movements And The Informativeness Of Earnings	Internationalization And Auditor Choice	Does Management Compensation Affect Derivatives Use? Evidence From The Asx 200 Firms	Do Short Sales Restrictions Bias The Measure Of Conditional Conservatism? Evidence From Hong Kong	Firm Political Connections And Corporate Social Responsibility Disclosures: Evidence From An Emerging Economy	Dual Objectives In Financial Reporting?	Making Better Decisions: Incorporating Self, Others, Choice And Environment Into The Process.	Hard And Soft Information: The Relevance Of Embodiment	The Influence Of Board Diversity On Financial Performance: An Empirical Study Of Asia-pacific Companies
Andrew B. Jackson, S. W. Alice Kwan, Richard Morris	Shou-Min Tsao, Hsueh-Tien Lu, Edmund Keung	Guang ping Huang, Steven Li	Simon Fung, Suresh Radhakrishnan, Jun Yao	Mohammad Muttakin, Dessalegn Mihret, Arifur Khan	Carolyn Cordery, Rowena Sinclair	Susan Briggs, Scott Copeland	Peter Vassallo, Rosalyn Diprose	Heyvon Herdhayinta, Sumiyana
Discussant: Max Hewitt	Discussant: Christine Contessotto	Discussant: Kathleen Walsh	Discussant: Sandip Dhole	Discussant: Sophia Liu	Discussant: Janice Loftus	Discussant: Mohammed Mazharul Islam	Discussant: Tehmina Khan	Discussant: Peter Baxter
Sga Costs Stickiness, Stock Price Informativeness, And Information Asymmetry	Auditors' Materiality Judgments Under Integrated Reporting:	Corporate Governance And Cash-box Mining Firm Lifecycles	Can The Design Of Equity-based Compensation Limit Investment-related Agency Problems?	The Influence Of Corporate Social Responsibility On Corporate Tax Aggressiveness: An Empirical Study		Voluntary Participation: A Predictor Of Future Study Choices		Women On Corporate Boards And The Incidence Of Receiving A "strike" On The Remuneration Report
Ferdinand A Gul, Mei Yee Lee, Jeyapalan Kasipillai	Wendy Green, Mandy Cheng	Victoria Clout, Ellie (Larelle) Chapple, Sirimon Treepongkaruna	Xin (Tracy) Qu, MaJella Percy, Fang Hu, Jenny Stewart	ISSAM LAGUIR		Roger San, David Bond, Jonathan Tyler, James Wakefield		Ammad Ahmed, Chew Ng
Discussant: Tom Scott	Discussant: PRERANA AGRAWAL	Discussant: Wenjuan Ruan	Discussant: Thu Phuong Truong	Discussant: Mohammad Muttakin		Discussant: Susan Briggs		Discussant: M M Fonseka

Happy Hour - Exhibition Area - Mezzanine Level - Sponsored by Chartered Accountants Australia and New Zealand
Monday 6 July 5.45 pm - 6.45 pm

TUESDAY 7 JULY 8.30 AM - 10.00 AM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
EDUCATION Learning tools	FINANCE Asset Pricing	FINANCIAL ACCOUNTING Earnings Management	AUDITING Auditor Judgement and Decision-Making	FINANCIAL ACCOUNTING Internal Control and Strategy	MANAGEMENT ACCT Strategy and the Role of Management Accounting	CORPORATE GOVERNANCE Governance and remuneration	PS/NFP Public Sector 3	CSR CSR Quant
Moderator: William Maguire	Moderator: Marvin Wee	Moderator: Andrew Jackson	Moderator: Paul Coram	Moderator: Edmund Keung	Moderator: John Sands	Moderator: Chelsea Liu	Moderator: Rowena Sinclair	Moderator: Ellie Chapple
An Investigation Into The Role Of Phased E-assessments And Student Engagement	A Better Model? An Empirical Investigation Of The Fama-french Five-factor Model In Australia	Interactive Reporting Bias Surrounding Ceo Turnover	An Application Of The Dual Process Model In Explaining Variations In Auditor’s Perception Of The Propensity To Engage In Reduced Audit Quality Acts: An Experiment	Business Strategy And Internal Control Over Financial Reporting	Managing Strategic Change: A Longitudinal Analysis Of The Role Of Management Accounting	Evolution Of Executive Remuneration Regulation In Australia: An Analysis Of Public Responses To The Productivity Commission Inquiry	Public Sector Accounting Reform And Its Unintended Consequences At Local Level: The Case Of Indonesia	Determinants Of Water Disclosures Among Australian Publicly Listed Companies
Victoria Clout, Trish Strong	Mardy Chiah, Daniel Chai, Angel Zhong	Chia-Feng (Jeffrey) Yu	Hwee Ping Koh	Kathleen Bentley-Goode, Nathan Newton, Anne Thompson	Margaret Abernethy, Henri Dekker, Jennifer Grafton	Stacey Beaumont, Peter Clarkson, Irene Tutticci	Harun Harun, Monir Mir, Mohobbot Ali Ali, Yi An	Noor Afzalina Mohamad, Evangeline Elijido-Ten, Christine Jubb
Discussant: Lisa McManus	Discussant: Tom Smith	Discussant: Greg Clinch	Discussant: Paul Coram	Discussant: Edmund Keung	Discussant: Mandy Cheng	Discussant: Bryan Howieson	Discussant: Sabine Schuhrer	Discussant: Philomena Leung
First Year Accounting Students’ Perceptions On Blended Learning	Unemployment Risk And The Time-varying Equity Premium Before The Twenty-first Century	The Impact Of Regulations On Earnings Management Via Related Party Sales In China	The Effects Of Prior Commitment And Risk Of Material Misstatement On Auditors’ Evaluation Of Subsequent Events	The Dark Side Of News Coverage: Evidence From Corporate Innovation	The Role Of Management Control Systems In Open Strategy Processes	The Impact Of Binding Vote “say On Pay” Regulations, Australian Evidence.	Rethinking Public Accountability In The Digital Age: Australia's Myschool Initiative	Does Integrated Reporting Matter To The Capital Market?
Deborah Delaney, Lisa McManus, Chew Ng	Nonthipoth Buranavityawut, Mark Freeman	Juncheng Hu, Greg Shailer	Soon-Yeow Phang, Neil Fargher	Lili Dai, Rui Shen, Bohui Zhang	Paul Thambar, David Brown, Prabhu Sivabalan	Will Mackay, Bryan Howieson, George Shan	Rina Dhillon	Shan Zhou, Roger Simnett, Wendy Green
Discussant: Tony McMurtrie	Discussant: Alastair Marsden	Discussant: Xu-dong Ji	Discussant: Stuart Taylor	Discussant: Ana Marques	Discussant: Ian Eggleton	Discussant: Graeme Wines	Discussant: Harun Harun	Discussant: Chris Van Staden
Use Of Social Media By University Accounting Students And Its Impact On Learning Outcomes	The Max Effect: An Exploration Of Risk And Mispricing Explanations	Segment Reporting, Earnings Management & Board Specialization	The Impact Of Independent Assurance On The Decision Usefulness Of Non-financial Information– An Affect-based And Information-based Perspective.		The Use Of Customer Accounting Practices To Support A Customer-focused Strategy: A Case Study In A Global Courier Company.	The Influence Of Remuneration Committee Existence & Quality On Ceo Compensation	The Harmonisation Of Gaap And Gfs Financial Reporting In The Australian Public Sector: Why And How Did It Happen? An Agenda Setting Perspective	The Nature Of Voluntary Greenhouse Gas Disclosure By Non-ghg Registered Australian Companies — An Explanation Of The Changing Rationale.
Tehmina Khan, Michael Kend, Susan Robertson	Angel Zhong, Philip Gray	Yi Xiang, Jacqueline Birt	Hien Hoang		Ken Bates, Carolyn Fowler, Ian Eggleton	Sutharson Kanapathippillai, Shireenjit Johl, Graeme Wines	Sabine Schuhrer	Zahra Borghei, Philomena Leung, James Guthrie
Discussant: Victoria Clout	Discussant: Marvin Wee	Discussant: Mariela Carvajal G.	Discussant: Wei Chen		Discussant: Linda Chang	Discussant: Stacey Beaumont	Discussant: Anne Abraham	Discussant: Noor Afzalina Mohamad

Morning Tea - Exhibition Area - Mezzanine Level
Tuesday 7 July 10.00 am - 10.30 am

Plenary Session 2 - Research on the Use of Financial Statement Information for Forecasting Profitability: Implications -
Professor Teri Lombardi Yohn — Federation Ballroom
Tuesday 7 July 10.30 am - 12.00 pm

TECHNICAL PROGRAM

TUESDAY 7 JULY 12.00 PM - 1.00 PM					
Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 6
AUDITING	FINANCIAL ACCOUNTING	INTERDISCIPLINARY	CORPORATE GOVERNANCE	INTERNATIONAL ACCT	MANAGEMENT ACCT
Concurrent session with no discussant: Auditor Judgement and Decision-Making	Concurrent session with no discussant: Reporting Issues	Concurrent session with no discussant: Interdiciplinary	Concurrent session with no discussant: Corporate Governance	Concurrent session with no discussant: IFRS	Concurrent session with no discussant: Performance Measurement Systems
Moderator: Neil Fargher	Moderator: Sorin Daniliuc	Moderator: Scott Copeland	Moderator: Jenny Stewart	Moderator: Richard Morris	Moderator: Mandy Cheng
Audit Committee Experience And Financial Reporting Quality	Ceo Compensation, Asset Impairment And Powerful Ceos	Generic Skills In Accounting: Perspectives Of Chinese Post-graduate Students	The Dilemmas Of Independent Directors In China: An Empirical And Comparative Analysis	Institutional Factor, Ifrss Adoption, And Earnings Quality Of Cross-listed Firms	Assessing The Fit Between Design And Use Of Eco-controls: An Application Of Polynomial Regression With Response Surface Analysis
Harjinder Singh, Nigar Sultana, Asheq Rahman	KIN WAI LEE	Bernadette Smith, Helen Han, William Maguire	Wei Cai	Singgih Wijayana	Campbell Heggen, Nava Subramaniam, VG Sridharan
A Conducive Environment For The Exercise Of Professional Skepticism: The Role Of Human Values	The Impact Of Operating Leases Capitalisation: Australian Evidence	The Effects Of Csr Reporting Regimes And Financial Conditions On Managers' Willingness To Invest In Csr Project	Debt Enforcement, Political Connections, And The Efficiency Of Real And Financial Resource Allocations	Ifrs Regulation And M&a Synergy	The Role Of Risk Representation In Performance Measurement Systems Upon Managerial Risk-taking
Mohammed Jahanzeb Khan, Noel Harding	Wei Xu, Chee Cheong, Robyn Davidson	Yasheng Chen, Johnny Jermias, Jamal A. Nazari	Tianyu Zhang, Mengxin Zhao	Rita Yip, Danqing Young, Zili Zhuang	Kristian Rotaru, Axel Schulz, Dennis Fehrenbacher
	The Influence Of Nasd Rule 2711 On The Usefulness Of Analyst Stock Recommendations Prior To Corporate Bankruptcy				
	Induck Hwang, Youngdeok Lim				

Lunch - Exhibition Area - Mezzanine Level Tuesday 7 July 1.00 pm - 2.00 pm

TUESDAY 7 JULY 2.00 PM - 3.30 PM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
AUDITING Economics of Auditing Moderator: Roger Simnett	FINANCIAL ACCOUNTING Segments and Profitability Moderator: Muhammad Houqe	FINANCIAL ACCOUNTING Readability Moderator: Sandip Dhole	FINANCE Disclosure Moderator: Tom Smith	MANAGEMENT ACCT Experimental Research in Management Accounting Moderator: David Smith	CSR CSR Moderator: Gillian Vesty	INTERDISCIPLINARY Interdisciplinary Investment Moderator: Paul Andon	TAX Tax Moderator: Grant Richardson	EDUCATION Profession and Policy Moderator: Paul Wells
Voluntary Certification And Disclosure Of Internal Controls, Corporate Governance And Audit Fees Mukesh Garg, Ferdinand Gul, J. Wickramanayake Discussant: Kathleen Bentley-Goode	Segment-level Sustainability Reports: Impact On Financial Statement User Profit Predictions Shuwen (Wendy) Cai, Jayne Godfrey, Robyn Moroney Discussant: Mei Yee Lee	Readability And Thematic Manipulation In Corporate Communications: A Multi-disclosure Investigation Glenn Richards, Chris Van Staden, Richard Fisher Discussant: George Tanewski	Effects Of The Informativeness Of Corporate Disclosures On Price Discovery Millicent Chang, Felix Lim, Marvin Wee Discussant: Andrew Jackson	More Than A Screening Device: The Influence Of Self-selection On Effort Intention And Fairness Perception Dennis Fehrenbacher, Burkhard Pedell Discussant: Ken Bates	An Examination Of The Impact Of Integrated Reporting On Early- Moving Firms Mary Arguelles, Maria Balatbat, Wendy Green Discussant: Lyndie Bayne	Differentiating Control, Monitoring And Oversight: Insights From Investment Fund Boards Niamh M. Brennan, Margaret M. Cullen Discussant: Feng Xiong	Auditor-provided Tax Services, Quality Of Tax Reporting, And Analyst Forecast Properties Ahsan Habib, Mostafa Hasan Discussant: Youngdeok Lim	Global Versus Local: Uk Versus Italy Accounting Education Practice Louise Crawford, Christine Helliar, Elizabeth Monk, Claudio Teordori, Monica Veneziani Discussant: Nadana Abayadeera
Longer Term Audit Costs Of Ifrs And The Differential Impact Of Implied Auditor Cost Structures Stephen Higgins, David Lont, Tom Scott Discussant: Elizabeth Carson	Capital Expenditure And Its Impact On Future Profitability: An Empirical Study Of Australian Firms Neal Arthur, Kaiying Ji, Shawn Ho Discussant: Danny Burton	Does Annual Report Readability Explain Accrual Anomaly? Zhefeng Liu, Xiaofeng Peng Discussant: Zhuoan Feng	Was The Global Settlement Effective In Mitigating Systematic Bias In Affiliated Analyst Recommendations? Minzhi Wu, Mark Wilson, Yi (Ava) Wu Discussant: Millicent Chang	The Effect Of Mood And Incentives On Negotiators' Judgements About Negotiated Transfer Prices LINDA CHANG , Mandy Cheng , Samual Ly Discussant: James Wakefield	Environmental Strategy And Strategic Management Accounting - Conceptual Framework And Evidence Giao Reynolds Discussant: Maria Balatbat	The Nature And Extent Of Use Of Twitter For Financial Reporting By Asx Listed Companies-an Exploratory Study Feng Xiong, Acklesh Prasad, Ellie Chapple Discussant: Chrisann Palm	Ethics As A Key Element Of A Comprehensive And Effective Tax Risk Management System Catriona Lavermicocca Discussant: Mostafa Hasan	The Impact Of Ethics Education On Earnings Management Judgment: A Quasi-experimental Approach Mahfud Sholihin, Ahmad Zakki, Eko Suwardi Discussant: Christine Helliar
Unexpected Audit Fees: Effort, Risk Or Bribe? Jeff Coulton, Gilad Livne, Angela Pettinicchio, Stephen Taylor Discussant: David Hay	The Usefulness Of Fair Values In Improving The Predictive Ability Of Earnings: Evidence From International Banks DaiFei (Troy) Yao, MaJella Percy, Fang Hu Discussant: Roger Willett	Earnings Predictability, Ownership And Governance Structure: Emerging Trends In Australia Omar Al Farooque Discussant: Xiaofeng Peng	Keeping The Market Informed: How Effective Is The Market Operator's Monitoring Of Listed Firms' Disclosure Larelle (Ellie) Chapple, Martien Lubberink, Thu Phuong Truong Discussant: Allan Hodgson	Honesty In Managerial Reporting:the Impact Of An Enabling Management Control System And Informal Cost Targets Nicole Ang, Mandy Cheng, Remie Izani Discussant: David Smith	The Evolution Of Environmental Sustainability Reporting Practices Of Large Supermarkets: Multi-perspective Evidence From The Western Australia Agrifood Sector Lyndie Bayne, Sharon Purchase Discussant: Giao Reynolds	Measuring Financial Literacy Of Superannuation Fund Members: Preliminary Results Chrisann Palm Discussant: Niamh M. Brennan		Teaching Effectiveness Of Non-native And Native English Speaking Teachers In Business Disciplines: Student Perceptions Nadana Abayadeera, Jayasinghe Hewa Dulige Discussant: Eko Suwardi

Afternoon Tea - Exhibition Area - Mezzanine Level
Tuesday 7 July 3.30 pm - 4.00 pm

AFAANZ CONFERENCE 2015

TECHNICAL PROGRAM

TUESDAY 7 JULY 4.00 PM - 5.30 PM								
Federation Ballroom	Grand Ballroom 1	Grand Ballroom 2	Grand Ballroom 3	Harbour View Room 1	Harbour View Room 2	Chancellor Room 4	Chancellor Room 5	Chancellor Room 6
FINANCIAL ACCOUNTING Financial Accounting Issues Moderator: Victoria Clout	FINANCIAL ACCOUNTING Disclosure Issues Moderator: Jennifer Tucker	AUDITING International Issues in Auditing Moderator: Robyn Moroney	AUDITING Auditor Regulation Moderator: Gary Monroe	FINANCE Trading Moderator: Barry Oliver	CSR CSR Moderator: Amanda Carter	INTERNATIONAL ACCT International Accounting Issues Moderator: Helen Kang	FINANCE Banking Moderator: Aaron Gilbert	CORPORATE GOVERNANCE Corporate governance Moderator: Peter Baxter
Are Banks' Below-par Own Debt Repurchases A Cause For Prudential Concern? Martien Lubberink Discussant: Yan Meng	Financial Reporting Quality And Voluntary Disclosures In Private Companies Azlina Abdul-Jalil, George Tanewski, Peter Carey Discussant: Omar Al Farooque	Pcaob International Inspections: Are Global Audit Firm Networks Effective In Mitigating Quality Control Deficiencies? Ashna Prasad Discussant: Neil Fargher	Management's Experts' Credibility: Auditors' Evaluation Vs Asic's Expectations PRERANA AGRAWAL Discussant: Gary Monroe	Underwriting In The Australian Ipo Markets: Determinants And Pricing Alastair Marsden, Zoltan Murgulov, Madhu Veeraraghavan Discussant: Ray da Silva Rosa	Esg And The Cost Of Equity: The Moderating Role Of Managerial Ability Iliyas Yusoff, Michaela Rankin, Elaine Hutson Discussant: Mary Low	Secrecy And Mandatory Ifrs Adoption On Earnings Quality Muhammad Houqe, Reza Monem, Tony vanZijl Discussant: Richard Morris	Effect Of Higher Capital Requirements On The Funding Costs Of Australian Banks: An Issues Paper James Cummings, Sue Wright Discussant: John Van der Burg	Corporate Governance Disclosure Practices Of Islamic Banks: The Case Of Islamic Banks In The Southeast Asian And The Gulf Cooperation Council Regions Amalina Abdullah, Majella Percy, Jenny Stewart Discussant: Paul Wells
Insolvency In The United Kingdom: Evidence From Administration Procedures Maria Correia, Ana Marques Discussant: Lili Dai	Non-gaap Earnings Disclosures And Ifrs Lance Malone, Ann Tarca, Marvin Wee Discussant: Mark Wilson	Voluntary Adoption Of The Internal Control Standard In China And Audit Pricing Xu-dong Ji, Wei Lu, Wen Qu Discussant: Radzi Jidin	Regulatory And Auditing Standard Changes In The Australian Market For Audit Services: 2000 To 2015 Pranil Prasad, Parmod Chand Discussant: Heather Prider	Does Trading Really Boost Performance? Brandon Chen, Tahir Suleman, Thu Phuong Truong Discussant: Mardy Chiah	Trade Union Memberhip And Voluntary Employee Related Disclosures Pamela Kent, Tamara Zunker Discussant: Michaela Rankin	Understanding Complexities In International Accounting Standard Setting: Agenda Entry And The Case Of Ifrs For Smes Susan Newberry, Ronita Ram Discussant: Elaine Evans	External Versus In-house Research And Development: Evidence From U.s. Firms Erwei Xiang, Grant Cullen, Dominic Gasbarro, Wenjuan Ruan Discussant: Reza Tajaddini	How Did Regulatory Governance Fail Finance Company Depositors In New Zealand? Christina Chiang, Paul Wells Discussant: Majella Percy
Logarithmic Transformations In Cross Section Regression Models Of The Long Run Relation Between Market And Accounting Values Roger Willett Discussant: Peter Vassallo	Short Selling And Voluntary Disclosure Of Bad News: Evidence From Regulation Sho Greg Clinch, Wei Li, Yunyan Zhang Discussant: Jennifer Tucker	Audit Quality For Audits Of U.s. Listed Chinese Companies Chien Minh Dang, Neil Fargher, Gladys Lee Discussant: Robyn Moroney	Similarities And Differences Between The Approaches Of Regulators And Independent Organisations To Privacy Audits. Alan Toy Discussant: Harjinder Singh	Equity Analysts' Recommendation Revisions And Corporate Bond Price Reactions Xiaoting Wei, Cameron Truong, Minh Do Discussant: Barry Oliver	Voluntary Reporting Of Intellectual Capital: Comparing Evidence From Universities In Nz, Australia And Uk Yuanyuan Li, Mary Low, Grant Samkin Discussant: Pamela Kent	The Relevance Of Accounting Standards Differences For The Post-acquisition Performance In Cross-border M&a Fanyuan Zhang, Sorin Daniliuc Discussant: Helen Kang		The Role Of Corporate Governance In Accounting Discretion: The Case Of Goodwill Impairment In Australia Humayun Kabir, Asheq Rahman Discussant: Jenny Stewart

Pre-Dinner Drinks (Dress code: Formal - Theme: Masquerade) - Federation Ballroom Foyer
Tuesday 7 July 7.30 pm - 8.00 pm

Dinner (Dress code: Formal - Theme: Masquerade) - Federation Ballroom
Tuesday 7 July 8.00 pm - 11.45 pm

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TEACHING EFFECTIVENESS OF NON-NATIVE AND NATIVE ENGLISH SPEAKING TEACHERS IN BUSINESS DISCIPLINES: STUDENT PERCEPTIONS

Nadana Abayadeera, Deakin University
Jayasinghe Hewa Dulige, Australian Technical and Management College

This paper compares and contrasts the teaching effectiveness of non-native English speaking teachers (NNEST) and native English speaking teachers (NEST) who teach in business disciplines. Student perspectives were obtained via archival SETU (student evaluation of teaching staff and units) data and focus groups with final year undergraduates. Bridging the gap of limited prior research, this study found that the major obstacle for teaching excellence of NNEST is their communication challenge and, by extension, acculturation. However, students acknowledge NNEST are knowledgeable and hardworking academics. We suggest frequent exposure to an authentic native language environment and proficiency-orientated on-the-job training may help to accelerate the acculturation process of NNEST and improve the current situation.

Students are of the view that NEST generally outperform their NNEST counterparts when it comes to teaching. The key factors for their success include linguistic competence, practical orientation and creative delivery. However, students suggest that in order for NEST to be better teachers, they should be more prepared and stay focused on the subject matter. International students recommend that NEST use simple English. This paper will be of interest to business academics interested in improving their teaching effectiveness and will also have significant policy implications, especially for disciplines in a multicultural academic environment.

FINANCIAL REPORTING QUALITY AND VOLUNTARY DISCLOSURES IN PRIVATE COMPANIES

Azlina Abdul-Jalil, University of Malaya
George Tanewski, Deakin University
Peter Carey, Deakin University

This paper examines whether family ownership of private companies influences financial reporting quality and voluntary disclosures. Results reveal that family ownership impacts positively on financial reporting quality and on the likelihood of lodging abbreviated financial reports. While family-owned private companies have fewer incentives to provide voluntary information as they incur higher proprietary information costs, results support the argument that financial reporting quality and voluntary disclosure have different economic roles. Findings also suggest that lower voluntary disclosures do not necessarily imply financial reporting quality will be adversely affected, which has implications for policy makers and accounting standards setters.

CORPORATE GOVERNANCE DISCLOSURE PRACTICES OF ISLAMIC BANKS: THE CASE OF ISLAMIC BANKS IN THE SOUTHEAST ASIAN AND THE GULF COOPERATION COUNCIL REGIONS

Amalina Abdullah, Universiti Sultan Zainal Abidin (UniSZA)
Majella Percy, Griffith University
Jenny Stewart, Griffith Unviersity

This study explores the determinants of corporate governance disclosure practices of Islamic banks in the Southeast Asian and Gulf Cooperation Council regions. The empirical procedures involve a cross-sectional analysis of the annual reports of 67 Islamic banks from these two regions in 2009. We find that the level of corporate governance disclosures in annual reports is less than 50 percent. The findings from our study also reveal that a combined corporate governance index is positively related to voluntary corporate governance disclosures. Additionally, voluntary corporate governance disclosures are also found to be negatively associated with the level of political and civil repression, and positively associated with Islamic banks located in code law countries. Our results can inform the global debate on the need for corporate governance reform by Islamic banks by providing insights on the part played by corporate governance mechanisms in encouraging full disclosure in the annual reports of Islamic banks.

MANAGING STRATEGIC CHANGE: A LONGITUDINAL ANALYSIS OF THE ROLE OF MANAGEMENT ACCOUNTING

Margaret Abernethy, The University of Melbourne
Henri Dekker, Vrije Universiteit, Amsterdam
Jennifer Grafton, The University of Melbourne

This study uses a five-year longitudinal database to assess the determinants of strategic change and the consequences of such change for subsequent organizational design choices. Our theoretical framework predicts that resource constraints influence a firm's propensity to engage in strategic change, which in turn requires corresponding changes to operational processes. We examine the role of management accounting in supporting both strategic and operational changes. Specifically, we investigate the role of strategic planning in supporting strategic change and the role of performance measurement in supporting operational change. The results support our expectations, namely that resource constraints are a significant predictor of strategic change and also influence the use of strategic planning tools. Changes to strategy and the use of strategic planning tools are complementary choices in response to resource constraints. We find that the firm adapts its operating processes to support these strategic choices and increases its reliance on performance measurement to support both strategic and operational changes. Our results further demonstrate that operational changes and management accounting choices associated with strategic change impact firm performance.

MANAGEMENT'S EXPERTS' CREDIBILITY: AUDITORS' EVALUATION VS ASIC'S EXPECTATIONS

Prerana Agrawal, University of Western Australia

The ASIC has concerns that auditors are not adequately evaluating the reliability of the work of management's experts (MEs). I interviewed nine experienced auditors to understand how auditors evaluate MEs. I observe that some factors specified by auditing standards such as an expert's competency in accounting standards, geographical location of the subject matter or the ME, and the sourcing of an expert play a minor role in auditors' evaluation of MEs credibility. In contrast, reputation of a ME is a key determinant. Auditors corroborate information from multiple sources, but verify only the expert's professional qualification. I identify three potential explanations for the ASIC's concerns: 'Experts are experts', 'Documentation is the key', and 'Move from a risk based approach to a checklist approach'. The findings are suggestive of an expectation gap between auditors and the regulator concerning 'sufficiency of audit documentation'. Care must be taken to ensure regulation does not over standardise audit procedures resulting in auditors becoming checklist completers rather than being watchdogs with enquiring and critical minds.

WOMEN ON CORPORATE BOARDS AND THE INCIDENCE OF RECEIVING A "STRIKE" ON THE REMUNERATION REPORT

Ammad Ahmed, Griffith University
Chew Ng, Griffith University

This paper examines the effect of one form of board diversity on the incidence of receiving a 'strike' (i.e., receiving 25 percent or more 'no' votes) on the remuneration report by ASX companies. More specifically, the research hypothesises that there is a negative association between women presence on corporate boards and the likelihood of receiving a 'strike' on remuneration reports. Using the Intelligence Unit of the Australian Financial Review's 'strike' firms database, this study constructs a matched-pair sample of 314 strike firms and 314 control firms from 2011 to 2013. After controlling for other 'strike' related factors, the results suggest a significant association between the presence of at least one woman on the board and a lower likelihood of receiving a 'strike'. This finding is consistent with prior research which shows that the presence of female directors enhances overall independence and the monitoring function of the board.

THE CHANGING NATURE OF FIRM AGE AND ACCRUAL MEASURES

Brian K. Akins, Rice University
Andrew B. Jackson, The University of New South Wales
Brian R. Rountree, Rice University

Increases in idiosyncratic risk over time have been explained by decreases in accrual quality and/or increases in the intangible nature of firms. Both explanations to varying degrees involve the degradation of accounting reports in portraying the underlying economics of firms over time. We re-examine this issue focusing on the changing nature of firm age over time, which has been shown to dramatically decrease through the early 2000s followed by a steady rise in the average age of firms. Given the inherent uncertainty in the operations of young firms, this study investigates the influence of this systematic shift in age for three popular accounting quality measures (discretionary accruals, Dechow and Dichev (2002) accrual quality, and conservatism). All time trends in the accounting quality measures primarily relate to the fundamental exogenous shift in firm age and have little to with the change in business operations (i.e. shifts towards intangible intensive industries). We further illustrate that the association between idiosyncratic risk and accounting quality measures is effectively entirely consumed by the relation with firm age. Overall, our results are consistent with accounting properly reflecting the uncertainty stemming from age consistent with the model in Pastor and Veronsi (2003)

CORRUPTION IN BANK LENDING: THE ROLE OF TIMELY LOAN LOSS PROVISIONING

Brian Akins, Rice University
Yiwei Dou, New York University
Jeffrey Ng, Singapore Management University

Building on the recent literature on corruption in bank lending, we examine the effect of timely loan loss provisioning on such corruption using a unique World Bank dataset that covers more than 3,600 firms across 44 countries. We find evidence consistent with timely loan loss provisioning serving as an effective deterrent against lending corruption because it increases the likelihood of problem loans being uncovered earlier. This result is robust to using the tax-deductibility of loan loss provisions as an instrument to identify the causal effect of timely provisioning on lending corruption. In further analysis, we find that timely loan loss provisioning reduces corruption less in countries with deposit insurance schemes and significant government ownership in the banking system. This evidence is consistent with timely loan loss provisioning being less of a deterrent on lending corruption when banks are less disciplined by their capital providers (depositors and investors). Our paper contributes to the nascent literature on the economic consequences of timely loan loss provisioning by documenting a positive, possibly unintended, effect on lending corruption.

LEADERSHIP STYLE, ENTREPRENEURIAL AND COOPERATIVE PERFORMANCE: THE MEDIATING ROLE

Rozita Amiruddin, Universiti Kebangsaan Malaysia
Siti Yusnida Mohd Yusof, Politeknik Port Dickson

This study examines the mediating role of management control systems (MCS) on the relationship between Board of Cooperative Members (BOCMs) leadership style and entrepreneurial culture, and cooperative performance. To examine this issue, a survey was administered on 163 medium and large cooperatives in Malaysia. Simple mediating analyses suggest that formal MCS fully mediate the relationship between initiating structure leadership and cooperative performance. However, the mediating effect of informal MCS on the relationship between consideration leadership and cooperative performance is not supported. Meanwhile, only formal MCS fully mediate the relationship between entrepreneurial culture and cooperative performance. The finding implies that formal MCS can assist the effectiveness of BOCMs initiating structure leadership style and adoption of entrepreneurial culture in order to achieve cooperatives success. Formal MCS is recommended as a main management tool to control and directed the cooperative managers' behaviour to be congruent with cooperative goal.

HELP OR HINDERANCE? BOARDROOM NETWORK CONNECTIVITY AND FIRM PERFORMANCE

Angela Andersen, Auckland University of Technology
Aaron Gilbert, Auckland University of Technology

While boardroom networks should act as a conduit for resource sharing between firms, and in doing so improve firm performance, recent evidence on the value of connected boards is limited and inconclusive. This study aims to provide additional evidence on the impact of board connectivity on firm performance by exploring Australian listed firms between 2001 and 2011. We employ four dimensions of connectivity; measuring the quantity, speed and quality of information flow and resource sharing, and a firms access to the best-connected boards. We also employ a factor of the four connectivity dimensions. Our findings show more connected boards have lower firm performance, measured with Tobin's Q. The results remain consistent after controlling for alternative measures of firm performance, and model specifications. The results suggest that boardroom networks are not a value-enhancing tool for boards.

HONESTY IN MANAGERIAL REPORTING:THE IMPACT OF AN ENABLING MANAGEMENT CONTROL SYSTEM AND INFORMAL COST TARGETS

Nicole Ang, UNSW
Mandy Cheng, UNSW
Remie Izani, UNSW

Firms use participative budgeting to encourage managers to reveal private information about their division's production capacities and capabilities, thereby enabling a more efficient allocation of resources (Shields and Shields 1998). However, there is a possibility that managers will report dishonestly in order to maximize their self-interest, and numerous studies have sought to examine ways of encouraging greater honesty. For example, Newman (2010) found that managers reported more honestly when the firm communicated a specific preference for the achievement of a moderate cost target, even when there target was informal and there was no contract on its attainment. Following from Newman (2010), this study experimentally examines the combined impact of different levels of informal cost targets (moderate and difficult) and budgeting systems (enabling and coercive) on managerial reporting honesty in a participative budgeting setting. We find that that managers under an enabling budgeting system are significantly more honest in their reports compared to those under a coercive budgeting system. Specifically, managers under an enabling budgeting system accept a communicated cost target more, which limits the available amount for misreporting. This in turn leads to higher levels of reporting honesty. However, different levels of informal cost target (moderate versus difficult) are not found to have an effect on the level of honesty. Overall, these findings imply that a firm's budgeting system is more important than the communicated level of informal cost target in motivating managerial reporting honesty.

AN EXAMINATION OF THE IMPACT OF INTEGRATED REPORTING ON EARLY- MOVING FIRMS

Mary Arguelles, University of New South Wales
Maria Balatbat, University of New South Wales
Wendy Green, University of New South Wales

It is argued that Integrated Reporting (IR) provides a potential solution to the inadequacies of current corporate reporting frameworks through its aims to improve the quality of information available to providers of financial capital. Such claimed benefits from adopting IR have spurred multiple firms to voluntarily adopt IR. As such, this study examines the firm-level determinants of being an early-moving firm, and whether capital markets value disclosures made under IR principles. Utilising economics-based theory, as developed through prior literature on voluntary disclosures of non-financial information, it is hypothesised that early-moving firms' levels of integrativeness are more value relevant than non-early-moving firms', and that the value relevance of levels of integrativeness increases over time for early-moving firms. Results show that size, return on assets, and values of proxies of the capitals IR is concerned with are significant determinants of being an early-moving firm, and that capital markets value disclosures made under IR principles. This study aims to contribute to literature on IR and to build on existing literature on voluntary disclosures and value relevance. The results of this empirical study will also inform the International Integrated Reporting Council (IIRC) and other proponents of IR on the benefits from adopting the IR.

CAPITAL EXPENDITURE AND ITS IMPACT ON FUTURE PROFITABILITY: AN EMPIRICAL STUDY OF AUSTRALIAN FIRMS

Neal Arthur, The University of Sydney
Kaiying Ji, The University of Sydney
Shawn Ho, The University of Sydney

This paper models the economic determinants of firm capital expenditure (CAPEX) decisions and how the information in CAPEX, together with the value of growth options and other firm characteristics is useful in the prediction of future earnings. The CAPEX models we develop and test show that CAPEX is related to the value of a firm's growth opportunities (conditional upon sufficient financial resources being available) and firm life cycle stage. We then examine whether unexpected levels of CAPEX (based on the models we develop), which we view as signals of the exercise of possibly undervalued growth options, are related to future profitability. We find that higher than expected CAPEX is positively related to future earnings (conditional upon the value of available investment opportunities) and that the use of unexpected CAPEX in prediction models leads to lower prediction error in forecasting earnings. These results are relevant to analysts and investors who wish to assess the expected profitability of firm investments. The findings of this study are of potential importance to regulators decisions regarding the disclosure requirements in relation to both CAPEX and CAPEX commitments.

THE INFLUENCE OF CO-AUTHORSHIP ON ARTICLE IMPACT IN OR/MS/OM AND EXCHANGE OF KNOWLEDGE WITH FINANCE IN THE 21ST CENTURY

Necmi Avkiran, UQ Business School, The University of Queensland
Karen Alpert, UQ Business School, The University of Queensland

The article is motivated by two related research questions about research activity in the Operations Research / Management Science / Operations Management (OR/MS/OM) and Finance disciplines. First, we investigate the influence of co-authorship on article impact in OR/MS/OM. Second, we develop a number of citation metrics to explore the nature of scholarly exchange between top OR/MS/OM and top Finance journals. We work with a large sample of articles published across 2001-2008 for twenty OR/MS/OM journals and nineteen Finance journals and corresponding citations up to and including year 2012. Key findings for the first research question indicate a higher impact for articles with multiple authors but the marginal gain brought by an additional author is not significant for articles with three or more authors. Key findings for the second research question indicate that the Finance discipline borrows less from OR/MS/OM than vice versa. This finding highlights the potential for a wider collaboration among researchers, particularly Finance academics exploring how various OR/MS/OM techniques can be adopted or adapted. We discover that the ranking of OR/MS/OM journals is determined more by the extent they are cited in other disciplines, and observe a gradual rise in self-perpetuating behavior in OR/MS/OM.

ACCOUNTING FOR THE COST OF TEACHING AND RESEARCH

Nancy Bagranoff, University of Richmond
Keith Houghton, Research Coaching Australia

Universities produce two different but related outputs – education and research (Cram, 2011). While some might regard them as very different from each other, they are also closely related. Within the context of business schools, it is unheard of for a school to be involved in research without also being involved in teaching. Recognizing that there is a type of joint supply of these outputs, this paper seeks to determine the "cost" of generating teaching and research outputs in the context of US business schools accredited by the AACSB. This is done by examining the extent of the consumption of a key input into teaching and research – the time (as measured in person-years) of a full time equivalent (FTE) faculty member over a year. Data is drawn from public sources including that of the AACSB for the academic year 2011-12.

Results show that on average a full time undergraduate student "costs" about 2 per cent of a full time faculty member's annual workload (remembering that one student in one class represents about 10 per cent of a full time load over a year). This increases to about 6 per cent for masters students. In schools which claim a research orientation, the "cost" of educating a full time PhD student is around the equivalent of one-half of a full time faculty member's yearly workload. Results show that research is not costless, with each publication within a defined list of journals "costing" more than one faculty member person year, on average. This result is however highly variable between types of schools. For some schools with a teaching orientation, research does not feature in the overall workload of faculty members, whilst in other schools it is highly significant. In research-focused schools, the consumption of faculty time in teaching is as little as about one-half that of teaching-orientated schools.

CORPORATE SOCIAL RESPONSIBILITY AND THE MARKET PRICING OF CORPORATE EARNINGS

Eli Bartov, New York University
Yan Li, National University of Singapore

Does a firm's corporate social responsibility (CSR) performance relate to the market pricing of its earnings? While prior CSR research has studied benefits of CSR activities from a managerial reporting and analyst perspectives, we focus on an investor behavior perspective. Briefly, motivated by the CSR literature's assertion that the higher the CSR performance the higher is the company's adherence to the spirit of the law and ethical standards and the finding in the accounting literature that CSR activities are negatively related to earnings management, we examine whether a firm's CSR performance is associated with investors' ability to more reliably price earnings news. We find in a short window around earnings announcements higher abnormal stock returns sensitivity to earnings surprises and higher abnormal trading volumes for firms with higher CSR activities. We also find that the well-known post-earnings announcement drift decreases in CSR performance. These findings are distinct from the previously documented corporate governance effect, robust to various measures of earnings surprises, abnormal returns, and CSR performance, and hold for a battery of validity checks that considers a possible endogeneity problem, and a variety of alternative explanations.

THE USE OF CUSTOMER ACCOUNTING PRACTICES TO SUPPORT A CUSTOMER-FOCUSED STRATEGY: A CASE STUDY IN A GLOBAL COURIER COMPANY

Ken Bates, Victoria University of Wellington
Carolyn Fowler, Victoria University of Wellington
Ian Eggleton, Victoria University of Wellington

Firms that have adopted a customer-focused strategy should use forward-looking customer accounting (CA) metrics to monitor and manage the progress of their chosen strategy (Kotler, 2003, Kaplan and Narayanan, 2001). Yet the accounting literature on CA has been described as "little more than fledgling" (McManus and Guilding, 2008, p. 783). There is therefore limited knowledge about what CA metrics are used in practice, and how they are used to manage and monitor a customer-focused strategy. This paper describes exploratory case study research in a global courier company with a customer-focused strategy and provides unique empirical insights into CA practices used, and the management decisions that CA supports. The courier company uses an activity-based, historical customer profitability analysis (CPA) that can report both contribution margins and earnings before interest and tax (EBIT) at a segmental or individual customer level. The CPA discloses significant differences in profitability between customer segments and also between individual customers within some customer segments. High volume, multinational and national customers are the least profitable segment, because they require dedicated services and are high cost to serve and yet the fierce competitive environment enables them to negotiate favourable prices. The CPA model facilitates discussions with customers about how to support their needs more efficiently and in extreme cases, due to continuing high costs to serve, customers may be 'discouraged' by notice of significant price increases. The intensity of competition, the precise nature of the customer profile, and the related level of customer relationship management offered to the different customer groups, are key contingent factors driving costs to serve and prices, and hence customer profitability. A forward-looking CA model is used to support price negotiations with existing key customers and to assess the profitability of prospective customers, but a full customer lifetime value measure has not yet been developed.

THE EVOLUTION OF ENVIRONMENTAL SUSTAINABILITY REPORTING PRACTICES OF LARGE SUPERMARKETS: MULTI-PERSPECTIVE EVIDENCE FROM THE WESTERN AUSTRALIA AGRIFOOD SECTOR

Lyndie Bayne, University of Western Australia
Sharon Purchase, University of Western Australia

This study seeks to gain a holistic, multi-perspective understanding of the evolution of environmental reporting practices by large Australian supermarkets. The data includes a ten year review of the sustainability reports of the large supermarkets (Coles and Woolworths) and 34 in-depth interviews with organisations in various positions in the Western Australia agrifood sector. The results show comprehensive reporting on intra-organisation environmental practices; Woolworths being recognised as a world leader in sustainability reporting. However, the data suggests that the supermarkets do not fully utilise their green supply chain management capability and do not embrace a whole-of-supply-chain approach in their reporting.

EVOLUTION OF EXECUTIVE REMUNERATION REGULATION IN AUSTRALIA: AN ANALYSIS OF PUBLIC RESPONSES TO THE PRODUCTIVITY COMMISSION INQUIRY

Stacey Beaumont, UQ Business School
Peter Clarkson, UQ Business School
Irene Tutticci, UQ Business School

The Productivity Commission Inquiry into executive remuneration undertaken in 2009 provided the opportunity for lobbyists to participate in the political process on multiple occasions addressing a number of issues around executive remuneration. The changes ultimately recommended by the Commission included the controversial 'strike' legislation. This paper investigates the lobbying positions and strategies adopted by respondent groups over the course of the Inquiry. Industry participants and representative bodies emerge as key opponents in the process, engaging in multiple lobbying activities. Our paper provides some evidence of different strategies employed by different lobbying groups with competing motivations.

BUSINESS STRATEGY AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Kathleen Bentley-Goode, The University of New South Wales (UNSW)
Nathan Newton, The University of Missouri-Columbia
Anne Thompson, The University of Illinois at Urbana-Champaign

This study examines whether a firm's business strategy is an underlying determinant of the quality of its internal control over financial reporting (ICFR). Organizational theory suggests that firms following an innovative "prospector" strategy are likely to have weaker internal controls than firms following an efficient "defender" strategy. We find that business strategy is a significant predictor of material weaknesses, incremental to known determinants of material weaknesses. We also find that relative to defenders, prospectors are less likely to remediate or disclose material weaknesses on a timely basis. Finally, we find that guidance in AS No. 5 instructing auditors to take a risk-based approach to ICFR evaluation does not appear to have improved auditors' ability to link business strategy risks to internal control deficiencies. Our results indicate that prospectors are riskier audit clients and suggest that business strategy is a useful summary indicator for evaluating firms' internal control strength.

PERSONAL VALUES AND ENVIRONMENTALISM OF FUTURE INDIAN MANAGERS: DOES GENDER MATTER?

Asit Bhattacharyya, University of Newcastle

Literature documents that female are different from male in their choices and preferences, but little is known about gender differences about the future managers. The current study enquires whether female future managers are different from their male counterpart to comprehend the influence of increased female participation in corporate leadership. This study examines personal values and value types of future managers, using the values survey questionnaire developed and validated by Schwartz (1992).The study contributes to the literature analysing how, values and pro-environmental attitudes is affected by gender. The study shows that female and male future managers differ systematically in their core values and attitudes, but in ways that differ from gender differences in the general population. The results found that female future managers care more about achievement, universalism, and self-direction. On the other hand, they care less about power, security, and conformity. Both male and female future manager valued benevolence the most. There were several significant gender differences in personal values. Despite only value type security was significantly different. In addition, the perceived values are linked to cultural factors as well as to the influence of Western values. Results further indicated that female and male future corporate managers attributed same importance to environmental issues.

EXPLORING THE ELUSIVE PROFESSIONAL IDENTITY

Emma Blake, EY
Grant Samkin, University of Waikato
Mary Low, University of Waikato

This paper examines the professional identity of New Zealand chartered accountants. Although prior literature suggests that professional identity is integral to a profession the concept is elusive. This study attempts to gain a greater understanding of this term. Semi-structured interviews were conducted with 60 New Zealand chartered accountants. Participants were drawn from different occupations and levels of experience. The interviews were transcribed and analysed using a textual analysis software program. Consistent with prior studies, this paper found that the concept of 'professional identity' was not well understood. Indeed, terms such as stereotypes, traits, characteristics, attributes, and branding were used interchangeably with 'professional identity'. Furthermore, there was a misalignment between the professional identity portrayed by New Zealand Institute of Chartered Accountants (NZICA) and the interpretation of the concept 'professional identity' by individual members. This study has practical implications for future research. NZICA has become "One New Institute" with its merger with the Institute of Chartered Accountants Australia and as a result is currently undertaking a rebranding process. This study highlights weaknesses in existing NZICA current branding that may, in future, be remedied by the new institute.

THE NATURE OF VOLUNTARY GREENHOUSE GAS DISCLOSURE BY NON-GHG REGISTERED AUSTRALIAN COMPANIES — AN EXPLANATION OF THE CHANGING RATIONALE

Zahra Borghei, Macquarie University
Philomena Leung, Macquarie University
James Guthrie, Macquarie University

This paper aims to explore the nature of voluntary greenhouse gas (GHG) disclosure by non-GHG registered companies among industry sectors and over a period after the introduction of the National Greenhouse and Energy Reporting Act 2007 and before the introduction of the Australian ETS. A GHG disclosure index is used to evaluate the levels of GHG disclosure in 2009 and 2011 annual reports. This research highlights that the average level of GHG disclosure from "hard" to mimic disclosure items increased by non-GHG registered companies in less carbon-intensive industries and over time. In General, non-GHG registered companies seem to improve their disclosure by incorporating more "behavioural management" actions rather than "symbolic" actions. The changing rationale of GHG disclosure is towards more serious GHG reduction strategies. Consistent with voluntary disclosure and signalling theories, companies having good news to tell disclose their superior GHG information to promote their superior environmental performance. The findings should be useful for stakeholders who are interested in GHG disclosure strategies. Also, the content analysis of the annual reports provides some clarity in respect of the most common aspects of GHG disclosure by non-GHG registered companies which is helpful in the evaluation of correspondence between carbon disclosure strategies and the objectives of carbon abatement. Previous studies mostly investigate the differences in the type of GHG disclosure (narrative and numeric) among companies subject to mandatory GHG regulations. However, this study is the first study to examine the changing rationale in the nature of GHG disclosure of non-GHG registered companies. While much of the prior research uses GHG registered companies as the sample, no study to date has considered non-GHG registered companies that encompass %96 of ASX listed companies.

FINANCIAL REPORTING AND THE SUSTAINABLE MANAGEMENT OF HERITAGE ASSETS: FURTHER EVIDENCE FROM NEW ZEALAND MUSEUMS

Nives Botica Redmayne, Massey University
Fawzi Laswad, Massey University

Accounting for heritage assets remains unresolved with diversity in reporting practices. These assets are highly prized, generally irreplaceable and thought to be in existence forever to be enjoyed by all. However, the care for such assets is often undertaken by government or not for profit entities. Traditional cash-based budgets common in governmental accounting ignore heritage assets, as they are non-realisable and in many circumstances do not generate revenue; they generate only outflows of cash in order to preserve them. Adopting accrual accounting for recording heritage assets raises technical issues of recognition and measurement of such assets in the balance sheet and operating statements. This study examines the reporting of heritage assets in the financial statements of NZ museums. Financial statements of 125 museums that publish financial reports are examined and the 33 usable sets of financial statements that provide disclosures on heritage assets are analysed in the 2012/2013 year. The information about accounting policies, valuation and measurement, the impact on the income statement and related disclosures regarding the heritage assets are collected and analysed. An assessment of comparability of disclosed information and usefulness of such information for sustainable management of heritage assets is provided, particularly in regard to the controversial issue of depreciation. The findings of this study are of interest to policy-makers and regulators in countries that are currently considering adoption of IPSAS.

AUDITING ANNUAL REPORTS AND LONG TERM PLANS IN A LOCAL GOVERNMENT SETTING

Michael Bradbury, Massey University
Adrian Raftery, Deakin University
Tom Scott, University of Auckland

This study examines the determinants of fees paid to auditors of 63 New Zealand local governments for the three years to 2013. We consider knowledge spillover effects of conducting an audit of the Long-Term Plan (LTP) every three years on the annual report audit. After controlling for factors known to determine audit fees, we find evidence of a Big N audit fee premium for audits of the local government annual report and the triennial LTP. However, when the dependent variable is redefined to the total bundle of services (including audit and non-audit fees), no premium exists. LTP audit fees are also associated with local government size, leverage and the proportion of revenue from rates (land tax). We find evidence that the LTP fee is positively associated with the annual report audit fee suggesting knowledge spillovers from auditing long-term financial forecasts are higher than from the provision of non-audit services.

DIFFERENTIATING CONTROL, MONITORING AND OVERSIGHT: INSIGHTS FROM INVESTMENT FUND BOARDS

Niamh M. Brennan, University College Dublin
Margaret M. Cullen, Institute of Banking

Boards of directors are assumed to exercise three key accountability roles – control, monitoring and oversight roles. By researching one board type – investment fund boards – and the power relations around those boards, we show that not all boards are capable of operating the three key roles assumed of them. We conducted 25 in-depth interviews and a focus group session with investment fund directors applying a grounded theory methodology. Because of their unique position of power, we find that fund promoter organisations (that establish and attract investors to the funds) exercise control and monitoring roles. As a result, contrary to prior assumptions, oversight is the primary role of investment fund boards, rather than the control role or monitoring role associated with corporate boards. Prior theoretical and empirical research on investment fund boards does not include the role of fund promoter organisations, notwithstanding our finding of the significance of their role. We differentiate control, monitoring and oversight roles, terms which are often used interchangeably in prior research. We distinguish between the three terms on the basis of the level of influence implied by each. Shareholders and regulators generally assume investment fund boards exercise control and monitoring roles. This leads to an expectations gap on the part of shareholders and investment fund regulations which do not reflect the practical realities in which investment fund boards operate. This expectations gap compromises the very objective of investment fund governance – investor protection. Our findings can be extended to other board-of-director contexts in which boards (e.g., subsidiary boards, boards of state-owned entities) have legal responsibility but limited power because of power exercised by other parties such as large shareholders.

MAKING BETTER DECISIONS: INCORPORATING SELF, OTHERS, CHOICE AND ENVIRONMENT INTO THE PROCESS

Susan Briggs, University of South Australia
Scott Copeland, University of South Australia

This paper attempts to explain how the decision-making model often presented to accounting students in their first year and subsequently adopted by accountants is limiting. It for one thing denies the 'self' and the real consideration of 'others'. We suggest that by adopting some philosophers' concepts, decisions by individuals and teams might be improved. In particular, those philosophies of Marx, Jung and Sartre. We discuss the merits of using Wests' (2008) alternate decision-making model, based on the concept of choice by Sartre, and how decision-making processes could be altered to improve performance by the individual and the team. We also discuss the decision-making steps that consider concept of self through personality as identified by Jung and listed in the Myers-Briggs Type Indicator literature. Finally we identify decision-making steps to include the concept of the chaotic environment by Marx. We conclude that with the inclusion of the concepts of self and the chaotic environment into West's concept of choice model, decision-makers are in a better position to arrive at a more holistic outcome.

KILGORS: A PERFORMANCE MANAGEMENT SIMULATION

Albie Brooks, University of Melbourne
Gillian Vesty, RMIT University
Sarah Tesar, (formerly) University of Melbourne

This case focuses on the Wine Division of Kilgors. The case is a digital-based simulation which allows students to develop a balanced scorecard for the Wine Division based on a diverse set of information and background. Students are then presented with three different scenarios, driven by internal and/or external events, and are asked to make decisions as they see the best course of action for the Division. The causal impact of the student's decision is reflected in the scorecard development. A series of reflections and discussion points are inserted throughout the simulation, which enables students the opportunity to question their decisions. The simulation is framed with the objective of providing an interactive classroom experience. The digital version uses interviews, commentaries and winery footage and is structured using gaming technologies.

THE SPILLOVER EFFECT OF SEC COMMENT LETTERS ON QUALITATIVE CORPORATE DISCLOSURE: EVIDENCE FROM THE RISK FACTOR DISCLOSURE

Stephen Brown, Arizona State University
Xiaoli Tian, The Ohio State University
Jennifer Tucker, University of Florida

In this study we use the recently mandated risk factor disclosure to examine the spillover effect of SEC reviews of qualitative corporate disclosure. We find firms not receiving any comment letter ("No-letter Firms") modify their subsequent year's disclosure to a larger extent if the SEC has commented on the risk disclosure of (1) the industry leader, (2) a close rival, or (3) numerous industry peers. We refer to this effect as "spillover." Further, we find that after the SEC comments on the industry leader's disclosure, No-letter Firms also provide more firm-specific disclosure in the subsequent year. The increased disclosure specificity reduces these firms' likelihood of receiving SEC risk disclosure comments on the new filings. Our evidence suggests that the SEC review of qualitative disclosure and release of comment letters have a learning benefit to companies and a deterrence benefit to regulators.

UNEMPLOYMENT RISK AND THE TIME-VARYING EQUITY PREMIUM BEFORE THE TWENTY-FIRST CENTURY

Nonthipoth Buranavityawut, Unitec Institute of Technology
Mark Freeman, Loughborough University

We estimate unemployment risk's contribution to the time-varying equity premium before the Twenty-First Century using 113 years of monthly data for the United Kingdom. This is achieved by taking a closed form conditional asset pricing model that incorporates unemployment risk, and calibrating it using Markov-GARCH and Dynamic Conditional Correlation methods. While potential job loss is not, on average, a major contributor to the equity premium, this relationship is highly time-varying and often of economic significance.

THE DILEMMAS OF INDEPENDENT DIRECTORS IN CHINA: AN EMPIRICAL AND COMPARATIVE ANALYSIS

Wei Cai, School of Law, Deakin University

After more than a decade in practice, it is now timely and important to examine independent directors' performance of monitoring duties in China. By studying the administrative sanctions imposed by the CSRC on independent directors for their misconduct, this article makes several important empirical findings. Based on these discoveries, this article analyzes the duties of independent directors as stipulated by the regulatory framework and the relevant institutional settings from comparative perspectives, with an emphasis on those of the US. This article argues that China faces intrinsic dilemmas similar to those in the US over the monitoring duties of independent directors.

SEGMENT-LEVEL SUSTAINABILITY REPORTS: IMPACT ON FINANCIAL STATEMENT USER PROFIT PREDICTIONS

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Jayne Godfrey, Australian National University
Robyn Moroney, Monash University

Firm-level sustainability reports alert financial statement users to operational risks associated with environmental issues such as access to inputs and interruptions to production. This paper reports the results of an experiment designed to identify how segment level environmental operational risk information that is prospective, rather than retrospective, influences financial statement users' profit predictions. Specifically, we consider how segment-level water risk that is either correlated or uncorrelated with firm-level water risk indicators impacts profit predictions. In this context water risk is the likelihood that sufficient water will be available to meet future production needs. We find that financial statement users revise down their profit-before-tax prediction to a greater extent when a segment-level report correlates with firm-level indicators of high water risk rather than low water risk. When segment-level report indicators of water sufficiency are uncorrelated with firm-level water risk indicators (low or high) (i.e. one segment is likely to have sufficient water and the other insufficient water) financial statement users also revise down their profit-before-tax prediction. This is consistent with investors recognising that environmental operational risk concentration in one segment can affect earnings more than evenly-distributed risk. Overall, our findings suggest that financial statement users react to prospective operational risk information contained in segment-level sustainability (water) reports according to the correlation between segment risks and firm-level risk indicators, and that this information is factored into profit predictions.

ABSTRACTS EXTRACTS

FIRM-SPECIFIC ESTIMATES OF DIFFERENTIAL PERSISTENCE AND THEIR INCREMENTAL USEFULNESS FOR FORECASTING AND VALUATION

Andy Call, Arizona State University
Max Hewitt, Indiana University
Terry Shevlin, University of California-Irvine
Teri Yohn, Indiana University

Although financial statement analysis is often performed for individual firms, research seeking to exploit the differential persistence of accruals and operating cash flows typically employs crosssectional forecasting models. We show that an out-of-sample forecasting model incorporating firm-specific estimates of the differential persistence of accruals and operating cash flows is incrementally useful for broad samples of firms relative to several state-of-the-art cross-sectional forecasting models. The forecasting model incorporating firm-specific estimates of differential persistence is particularly useful when forecasting earnings for firms that are stable (e.g., large firms, profitable firms, and firms with low leverage). Finally, we find that a trading strategy based on firm-specific estimates of differential persistence earns significant abnormal returns that are incremental to those generated by trading strategies based on the size of accruals. Our study demonstrates that firm-specific estimates of differential persistence are incrementally informative for forecasting and valuation.

THE EFFECT OF THE US-CHILE FREE TRADE AGREEMENT ON THE EARNINGS QUALITY OF CHILEAN FIRMS

Mariela Carvajal, University of Otago

This paper examines whether a change in a government trade policy that significantly increases the interaction of domestic firms with a foreign product market can affect the financial reporting quality of those domestic firms. I focus on Chile where the US–Chile Free Trade Agreement (FTA) came into effect on January 1, 2004. This FTA resulted in significant increases in US exports and imports for Chilean companies. Using a sample of 208 Chilean companies, discretionary accruals as a measure of earnings quality and a variety of product market interaction proxies, results show that the FTA lead to improvements in accounting quality for Chilean firms, particularly for those that have the largest increases in interaction with the US product market. This is consistent with the notion that greater involvement with US markets promotes better reporting quality of non-US firms from countries having low quality levels.

IS REVERSE MERGER AN INFERIOR CHOICE FOR CHINESE EMERGING FIRMS?

Mary L.P. Chai, University of Macau
Virginia M.C. Lau, University of Macau
Kitty F. Xie, Deloitte LLP

The use of reverse mergers to access public capital in equity markets has come under constant criticism because private firms could bypass the arduous and costly vetting system of a traditional IPO. In this paper, we compare various profitability and productivity measures of Chinese companies listed in the US through IPO or RM and their domestic counterparts. While some studies document inferior reporting quality and financial failures of the Chinese Reverse Merger (CRM) companies, we conjecture that if the bonding incentive is a perceived and common benefit to all Chinese private companies seeking overseas listing, both uplisted CRM (not OTC CRM) and IPO companies exhibit comparable financial performance regardless of the choice of listing methods. We also contend that if the choice of listing domiclie is to convey a credible signal of higher financial reporting qualities, companies listed in the U.S. exhibit higher financial prominence.

EFFECTS OF THE INFORMATIVENESS OF CORPORATE DISCLOSURES ON PRICE DISCOVERY

Millicent Chang, The University of Western Australia
Felix Lim, The University of Western Australia
Marvin Wee, The University of Western Australia

This paper investigates the effects of disclosure informativeness on the rate at which information is incorporated into share prices. We find firms that make announcements that are easier to read and comprehend, and that contain more quantified information are associated with more efficient price discovery. Conversely, firms that make announcements that contain more forward looking statements are associated with slower price discovery around earnings releases. We also find the introduction of financial penalties by the Australian regulator in 2005 prompted firms to produce more forward looking and quantified announcements that are harder to comprehend. Nevertheless, the relationship between disclosure informativeness and price discovery remains with the introduction of the financial penalties.

THE EFFECT OF MOOD AND INCENTIVES ON NEGOTIATORS' JUDGEMENTS ABOUT NEGOTIATED TRANSFER PRICES

Linda Chang, UNSW Australia
Mandy Cheng, UNSW Australia
Samual Ly, UNSW Australia

This paper studies how mood (positive vs negative mood) and incentive schemes (fixed vs tournament) influence negotiators' judgements and transfer price negotiation outcomes. Our experiment shows that compared to sellers in a negative mood, sellers in a positive mood are more likely to display egocentric bias in their transfer price estimates. Sellers with tournament incentive schemes also displayed higher egocentric bias in transfer price estimates than sellers in fixed incentive schemes. Our results show that incentive schemes interacted with mood, such that sellers in a negative mood also displayed egocentric transfer price expectations when they were give tournament incentive schemes (instead of fixed incentive schemes). We also find that negotiating dyads with tournament incentive schemes too longer to reach an agreement than negotiators with fixed incentive schemes. However, our results show that mood and incentive schemes did not affect buyers' transfer price estimates.

THE IMPACT OF SCANDALS ON MUTUAL FUND PERFORMANCE, MONEY FLOWS, AND FEES

Adrian Chapman-Davies, KPMG
Jerry Parwada, University of New South Wales
Kian Tan, University of Otago

We examine the effects of fraud committed by mutual fund managers taking into account the dual responsibilities managers have for their employer firm and investors. We find scandal funds to underperform by 45 basis points while other funds that are affiliated to family linked to scandal to underperform by a larger magnitude of 74 basis points in annualized terms. Fraud is punished by reduced fund inflows to affected funds. Underperformance and money outflows are attributed to timing scandals, higher monetary fines, regulatory actions initiated by SEC, and the involvement of more than one regulatory body. Further tests show that scandal funds are more likely to be engaged in net selling in the aftermath of the scandal possibly to meet redemptions. Finally, we find scandal funds and other funds in the same family to reduce their expenditure on marketing and distribution costs, likely to ameliorate the fallout from scandals by withdrawing affected funds from the limelight.

THE ECONOMIC CONSEQUENCES OF CORPORATE FINANCIAL REPORTING ON TWITTER

Larelle Chapple, QUT Business School
Acklesh Prasad, QUT Business School
Feng Xiong, QUT Business School

The use of social media has spread into many different areas including marketing, customer service, and corporate disclosure. However, our understanding of the timely effect of financial reporting information on Twitter is still limited. In this paper, we propose to examine the timely effect of financial reporting information on Twitter in Australian context, as reflect in the stock market trading. We aim to find out whether the level of information asymmetry within the stock market will be reduced, after the introduction of Twitter and the use of Twitter for financial reporting purpose

KEEPING THE MARKET INFORMED: HOW EFFECTIVE IS THE MARKET OPERATOR'S MONITORING OF LISTED FIRMS' DISCLOSURE

Larelle (Ellie) Chapple, Queensland University of Technology
Martien Lubberink, Victoria University of Wellington
Thu Phuong Truong, Victoria University of Wellington

Price and volume queries issued by a capital market operator after an unexpected change in a listed firm's price or trading volume inform investors about the firm's value. Investors respond favorably to firms that explain an unexpected price run-up. Cumulative returns after a price and volume query are positive and significant. Likewise, investors penalize firms that deny investors an explanation for an unexpected price decline: Cumulative returns in these cases are negative and significant. However, explanations from firms that experienced an unexpected price decline appear to fall on deaf ears: in these cases Cumulative returns are insignificant. Neither do investors respond to firms that admit to having withheld material information after a price run up. Our research relies on hand-collected information from price and volume queries over the years 1998–201 and suggest that regulatory intervention prompting disclosure provides new information to the market.

THE EFFECTS OF CSR REPORTING REGIMES AND FINANCIAL CONDITIONS ON MANAGERS' WILLINGNESS TO INVEST IN CSR PROJECT

Yasheng Chen, Xiamen University
Johnny Jermias, Simon Fraser University
Jamal A. Nazari, Simon Fraser University

Previous studies on Corporate Social Responsibility (CSR) have focused their investigations on the impacts of CSR disclosure on decision making of external users of accounting information. We contribute to the existing literature by focusing on the impacts of CSR disclosure on decision making of internal users of accounting information. Specifically, we investigate the impacts of CSR reporting regimes and companies' financial conditions on managers' willingness to invest in a CSR project. We hypothesize and find that managers are significantly more willing to invest in a CSR project when companies have the opportunity to disclose their CSR activities in a stand-alone CSR report. We also find that the integrated reporting regime does not have any incremental effect on managers' willingness to invest in a CSR project relative to the financial statement disclosure regime. Finally, we find that companies' financial conditions do not affect managers' likelihood to invest in a CSR project. Our findings are consistent with the prediction of legitimacy theory. Our study contributes to the literature that investigates the impact of various reporting mechanisms on internal decision making.

DOES TRADING REALLY BOOST PERFORMANCE?

Brandon Chen, Victoria University of Wellington
Tahir Suleman, Victoria University of Wellington
Thu Phuong Truong, Victoria University of Wellington

Using unique and proprietary daily trade data from all qualified market participants, our study empirically investigates the impact of trading on firm performance in a setting where CEO pay is not linked to stock performance. Based on a dataset including 3,775,646 daily trades for 414 NZX-listed firms and 35 qualified market participants over the period 1995-2011, we find that aggressive trading does not improve firm performance as documented in previous research. In fact, we provide significant evidence that aggressive trading actually hurts firm performance. Our study underlines the crucial role of CEO equity-based pay in the theory of governance through trading.

A BETTER MODEL? AN EMPIRICAL INVESTIGATION OF THE FAMA-FRENCH FIVE-FACTOR MODEL IN AUSTRALIA

Mardy Chiah, Monash University
Daniel Chai, Monash University
Angel Zhong, Monash University

Recently, Fama and French (2014) document a five-factor model that includes the market and factors related to size, book-to-market, profitability and investment outperforms the three-factor model of Fama and French (1993). Using an extensive sample over the period 1982 to 2013, we investigate the performance of the five-factor model in pricing Australian equities. We find that the five-factor is able to explain more asset-pricing anomalies than the three-factor model, which supports the superiority of the five-factor model. In contrast to that documented in Fama and French (2014), the book-to-market factor is found to remain its explanatory power in the presence of the investment and profitability factors. Our study provides an update to the existing Australian asset pricing literature.

HOW DID REGULATORY GOVERNANCE FAIL FINANCE COMPANY DEPOSITORS IN NEW ZEALAND?

Christina Chiang, Auckland University of Technology
Paul Wells, Auckland University of Technology

Public interest theory of regulation is used to ascertain whether the failure of regulatory governance in New Zealand contributed to investor losses of $8.5b following the collapse of more than 60 public finance companies since 2006. Over 800 items of data covering the period 2005 to 2011 from relevant documents in the public domain, including government documents, government agencies reports, newspaper articles, business journals and trade publications were examined in order to gather evidence for this study. This study found that an inadequate and neglected regulatory and supervisory framework failed to protect the financial interests of depositors and as a consequence, was a contributory factor to the losses they suffered. These losses subsequently became the catalyst for significant government reforms to the regulatory regime in the finance company sector. The findings of this study explain how ineffective regulatory governance may contribute to financial loss and identify the steps necessary to improve the effectiveness of regulatory governance in New Zealand.

THE PRICING OF FIRMS WITH EXPECTED LOSSES/PROFITS: THE ROLE OF JANUARY

Peng-Chia Chiu, The Chinese University of Hong Kong
Alexander Nekrasov, University of California, Irvine
Terry Shevlin, University of California, Irvine

We examine the role of January in the relation between expected losses/profits and future stock returns. We hypothesize and find that the relation between expected losses/profits and future returns reverses from the usual positive relation in non-January months to a negative relation in January. The reverse January relation is consistent across sample years, is observed for domestic and international markets, and is incremental to other variables associated with January returns. At least part of the reverse January relation is explained by tax-loss selling. Further analysis shows that the reverse January relation results in a temporary price drift away from fundamental value. In other words, we find that abnormal positive (negative) future returns do not always indicate under(over)valuation. Finally, we show that January has a similar effect on the relation between future returns and several other commonly used accounting performance measures. Overall, our results illustrate the importance of controlling for the effect of January in several areas of capital market research in accounting.

RISKS, CHALLENGES AND VALUE FOR MONEY OF PUBLIC–PRIVATE PARTNERSHIPS: THE HANDBACK OF THE M4 IN AUSTRALIA

Demi Chung, UNSW

This study examines the unique issues, challenges and risks emerging at the end of a public-private partnership (PPP) concession. The M4 motorway is the first Australian PPP that has reached the end of its concession. The absence of formal guidance on contractual closure created challenges for the partners in interpreting contract ambiguities, and in reaching agreement on the processes needed to close the contract. These challenges had posed several relational risks, the mitigations of which were supported by the relational contract partners developed over the concession term, reciprocity and ethical motivations. The reintegration risk emerged in the handback exemplifies the limits of controls designed for legitimacy concerns to resolve coordination problems. The political settlement for value for money was gestured by lifting the toll after the concession ended. In providing unparalleled empirical evidence to the long-term 'myths' of PPPs, the study counters the criticism over PPPs' impossibilities to handle uncertainties and to transfer risk.

ANALYST FORECASTS AND FIRM REPORTING BIAS

Greg Clinch, University of Melbourne
Sandip Dhole, University of Melbourne
Yan Meng, University of Melbourne

This paper examines how the interaction between an analyst's forecast and the manager's earnings report affects the firm's information environment in a setting where the analyst has imperfect information about the firm's performance and the manager's reporting incentives. We show that there is a non-monotonic association between the quality of the analyst's information and investors' residual uncertainty over the firm's final payoff. Specifically, we establish that improving the analyst's information does not necessarily reduce investors' residual uncertainty over the final payoff. We also find that improving the quality of the analyst's information does not necessarily improve the price reaction to the analyst forecast or the earnings report, contrary to prior empirical findings. Finally, we show that the presence of the analyst deters the manager from biasing his report and thereby manipulating prices under certain circumstances.

SHORT SELLING AND VOLUNTARY DISCLOSURE OF BAD NEWS: EVIDENCE FROM REGULATION SHO

Greg Clinch, University of Melbourne
Wei Li, University of Melbourne
Yunyan Zhang, University of Melbourne

In this paper we investigate the role of short selling in influencing voluntary disclosure of bad news by firms. We exploit the quasi-natural experimental setting provided by the introduction of SEC regulation SHO (Reg-SHO), which significantly reduced the constraints faced by short sellers' for a subsample of U.S. firms (pilot firms). Relative to control firms, we observe a significant increase in the likelihood of management bad news forecasts among the pilot firms. In addition, managers also provide these forecasts in a more timely fashion. We also find that managers accelerate the release of quarterly earnings news when the news is bad. A series of robustness tests reinforce our main results.

ABSTRACTS EXTRACTS

CORPORATE GOVERNANCE AND CASH-BOX MINING FIRM LIFECYCLES

Victoria Clout, UNSW Australia
Ellie (Larelle) Chapple, Queensland University of Technology
Sirimon Treepongkaruna, University of Western Australia

The aim of this study is to investigate the association between corporate governance and transitions of cash-box company through their life-cycle. We are motivated to examine the information environment of resources firms, in particular cash-box explorers, as these firms' environment is often characterised by high information asymmetry. Resources firms move through distinct milestones, starting with the cash-box stage, and are often much weaker in the corporate governance mechanisms during the early explorer phase compared to other industries. In order to attract investment in the firm, the corporate governance mechanisms may be adapted to signal quality of the firm and in an attempt to reduce information asymmetry. We examine resources firms in the period 2003 to 2011 for the association between changes in corporate governance mechanisms and return volatility, analyst forecast error and bid-ask spread.

AN INVESTIGATION INTO THE ROLE OF PHASED E-ASSESSMENTS AND STUDENT ENGAGEMENT

Victoria Clout, UNSW
Trish Strong, UNSW

This study investigates the role of phased e-assessments in engaging undergraduate accounting students. Despite the extensive use of e-assessments in accounting education there have been few studies to date on their impact. Prior research indicates that flexible student engagement arrangements, for example e-assessments, are potential driver for improved engagement and in turn improved exam performance. We analyse survey questionnaire data of undergraduate accounting students in 2012 (N = 552) and student assessment marks (N = 1,664). Our results suggest a positive association between e-assessments and student engagement in accounting courses. Also, the analysis of the marks data suggests a positive association between final exam scores and with e-assessment use and marks.

STAKEHOLDERS SEEKING CORPORATE ACCOUNTABILITY: THE EMERGENCE, DEVELOPMENT AND MAINTENANCE OF CAPITALS IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY

Conor Clune, Amsterdam Business School, University of Amsterdam
Brendan O'Dwyer, Amsterdam Business School, University of Amsterdam

By way of an interpretive case study, this paper examines the process of capital accumulation of an advocacy organisation operating in the field of corporate social responsibility (CSR) in the Netherlands. Drawing on Bourdieu's (1977) theory of practice, we mobilise the concepts of field, capital, and habitus to illustrate how and why this organisation's ability to establish power and influence for its promotion of enhanced corporate accountability in this setting was dependent on it building and managing salient capitals over time. This paper responds directly to Malsch et al.'s (2011) request to mobilise Bourdieu's theoretical concepts in the field of CSR to reveal how a form of accounting practice, specifically the construction of accountability mechanisms, was drawn upon by this actor to both build power and wield influence in this context. In doing so, we progress existing work that examines the role accounting plays in the establishment of order in specific settings. While this literature largely suggests that accounting, in its various forms, often operates as an oppressive or exclusionary tool, our case provides insights into how one form of accounting facilitated the attempts of a less powerful actor to enhance its position in a specific context over time.

AUDIT TEAM EXPERIENCE AND AUDIT EFFICIENCY

Christine Contessotto, Deakin University

Using proprietary data from two internationally networked Australian audit firms, this study investigates whether audit team industry and client-specific experience is associated with production effort. As predicted, audit team industry experience is associated with less effort on the audit, in particular in the planning and completion stages of the audit. In contrast and against expectations, audit team client-specific experience is associated with higher levels of production effort, spread relatively evenly over all audit stages. This may explain clients previously reported higher satisfaction with continuing audit teams (Behn et al. 1997), the higher audit quality associated with audit firm tenure (Myers et al. 2003). This study also finds medium audit firm tenure and audit team general experience are associated with lower levels of production effort.

DUAL OBJECTIVES IN FINANCIAL REPORTING?

Carolyn Cordery, Victoria University of Wellington
Rowena Sinclair, AUT University

While, since 2006, the International Accounting Standards Board (IASB) has listed decision-usefulness as the primary objective of financial reporting, the calls to affirm stewardship/accountability as a second objective have not abated. Following eight years of lobbying, the IASB has tentatively agreed to "increase the prominence of stewardship within the overall objective of financial reporting" (IASB, 2014a, p. 19). This research assesses the implications for the IASB if dual objectives for financial reporting are adopted. Taking a neutral view on the debate, this paper draws on literature, previous analyses of submissions on the IASB's (2006, 2013) documents (EFRAG, 2013; PAAinE, 2007) and content analysis of the 144 submissions to the IASB's (2008) Exposure Draft. We project the differences that could be expected, the impact on General Purpose Financial Reports (GPFRs) provided, and the implications for financial reporting if decision-usefulness and stewardship are adopted as dual objectives. The objectives have different theoretical bases, suggesting the need to prioritise different users and therefore different users' needs. This dissonance means the IASB must balance the conflicting needs of users as it develops not only the Framework, but also the related financial reporting standards. There are challenges ahead.

INSOLVENCY IN THE UNITED KINGDOM: EVIDENCE FROM ADMINISTRATION PROCEDURES

Maria Correia, London Business School
Ana Marques, Nova School of Business and Economics

Our paper explores a comprehensive hand-collected sample of administrations announced in the United Kingdom from 2000 to the second quarter of 2012. Most administrations lead to liquidation of the firm, resulting in on average low recovery rates and very lengthy and costly proceedings. Moreover, most of the firms that are liquidated are dissolved with no expectation of any distribution to creditors. Even in the cases of creditors' voluntary winding-up, where there is an expectation that the secured creditors will be paid in full in liquidation, 24% of the cases the value generated through the sale of the firm's assets is not sufficient to cover the costs of sale and the liquidator's fee. There is large cross-sectional variation in the outcome of administration and the bankruptcy costs as a function of the firm's asset and debt structure.

UNEXPECTED AUDIT FEES: EFFORT, RISK OR BRIBE?

Jeff Coulton, University of NSW
Gilad Livne, University of Exeter
Angela Pettinicchio, Bocconi University
Stephen Taylor, University of Technology, Sydney

We provide evidence that distinguishes between competing explanations of how to interpret unusually high (or low) audit fees. In contrast to prior research where audit fees are assumed to be independent from one year to the next, we argue that the inherent "stickiness" in audit fees also means that measures of unexpected fees will similarly be serially correlated. Our results strongly support this view, and suggest that unexpected audit fees reflect model misspecification. We therefore estimate the extent to which unexpected fees differ from the recent past to distinguish between competing explanations of what unexpected audit fees capture. We show that a "jump" in unexpected fees is strongly associated with lower accounting quality, and this effect is stronger than for the level of unexpected fees. We then show that long run unexpected fees are also negatively associated with subsequent accounting quality, a result which contradicts the argument that higher unexpected audit fees are likely to be consistent with higher quality accounting. If unexpected fees are assumed to capture increased effort, our results suggest that such effort fails to avoid the occurrence of events associated with lower quality accounting. Overall, our results suggest that unexpected audit fees are more likely a reflection of model misspecification in the "standard" audit fee model, and reflect aspects of risk that are not well captured at the client-firm level.

GLOBAL VERSUS LOCAL: UK VERSUS ITALY ACCOUNTING EDUCATION PRACTICE

Louise Crawford, Dundee University
Christine Helliar, University of South Australia
Elizabeth Monk, Dundee University
Claudio Teordori, Brescia University
Monica Veneziani, Brescia University

The education of accountants occurs across many jurisdictions and in a diverse range of settings, thus the training of accountants may be very different across the globe. However, the globalisation movement has meant that convergence of accounting is taking place, especially with the increasing use of International Financial Reporting Standards set by the IASB and the auditing and education standards of the IAASB and IAESB of IFAC. This paper examines accounting education in the UK and Italy, from academics and practitioners views, to identify whether the institutional setting is important to accounting education, or whether there is now a movement towards a global community of practice that over-rides any cultural, legal or professional setting. The findings show that the local institutional environment dominates accounting education practice in Italy, whereby the legal, social and business framework influences the educational logics, but global practices permeate the UK such that accountants trained in Italy are likely to be different from those in the UK. This provides an interesting landscape for the future of the accounting profession.

EFFECT OF HIGHER CAPITAL REQUIREMENTS ON THE FUNDING COSTS OF AUSTRALIAN BANKS: AN ISSUES PAPER

James Cummings, Macquarie University
Sue Wright, Macquarie University

As a result of its consideration of issues arising from the financial crisis of 2007-2009, the 2014 Murray Financial System Inquiry recommends that Australian banks be required to have higher capital levels. This article reviews the international literature on the impact of higher capital requirements on banks' funding costs and assesses its relevance to the Australian banking sector. We anticipate that higher capital requirements will result in a small increase in the borrowing costs faced by bank customers. Importantly, the potential impact on borrowing rates is likely to be cushioned by a reduction in the cost of bank equity (as predicted by the Modigliani-Miller capital-structure irrelevance theorem). We discuss other consequences of higher capital requirements for the efficiency and stability of the Australian banking sector.

UNDERSTANDING THE ROLE OF CHIEF FINANCIAL OFFICERS IN THE NOT-FOR-PROFIT SECTOR

Lyn Daff, Queensland University of Technology
Amanda Carter, University of South Australia

Purpose – Chief Financial Officers are becoming increasingly important to the effective management of organisations in all sectors. However, the role of the Chief Financial Officer is often understood only in terms of for-profit organisations. The purpose of the paper is to explore the role of the Chief Financial Officer in not-for-profit organisations and identify ways in which the context affects their perception of the role. Design/methodology/approach – This study used a qualitative design in which semi-structured interviews with 15 Australian Chief Financial Officers in not-for-profit organisations were analysed using a thematic approach. Role theory provided the framework or lens through which the analysis was interpreted. Findings - The participants' perceptions of their roles cluster around four significant themes of protector, innovator, strategist and supporter. The findings share commonalities with published studies of the role of the Chief Financial Officer in for-profit organisations. However, the distinctive challenges not-for-profit organisations' Chief Financial Officers face due to the unique features of the sector are found to influence role perceptions. Research limitations/implications - Although the not-for-profit organisations' Chief Financial Officers come from organisations that may be differentiated on the basis of size and activities, their perceptions of their role cluster around significant themes. Future research that focuses on how not-for-profit organisations' Chief Financial Officers address the unique challenges of the sector will be helpful to both existing and aspiring Chief Financial Officers and those that interact with them such as members of boards and executive committees.

Originality/value - While the role of the Chief Financial Officer has been studied both nationally and internationally, the predominant focus of prior studies has been on Chief Financial Officers working with for-profit organisations. The unique aspect of this study is that it focuses on not-for-profit organisations' Chief Financial Officers across a number of organisations to provide insights into their roles.

THE DARK SIDE OF NEWS COVERAGE: EVIDENCE FROM CORPORATE INNOVATION

Lili Dai, College of Business and Economics, Australian National University
Rui Shen, Nanyang Business School, Nanyang Technological University
Bohui Zhang, Australian School of Business, University of New South Wales

We examine the effect of media coverage on firm innovation. Using a comprehensive dataset of corporate news coverage for the 2001-2012 period, we show that there is a negative relation between media coverage and firm innovation. To establish causality, our identification tests suggest a negative, causal effect of media coverage on innovation. We find support for several economic mechanisms underlying the negative innovation effect of news coverage: meeting or beating analyst earnings forecasts, operating efficiency, exposure to high technology, and equity-based compensation. Our findings provide new insights into the real effect of news coverage.

AUDIT QUALITY FOR AUDITS OF U.S. LISTED CHINESE COMPANIES

Chien Minh Dang, The Australian National University
Neil Fargher, The Australian National University
Gladys Lee, University of Melbourne

PCAOB Staff Audit Practice Alert No. 6 draws attention to the increasing number of small U.S. audit firms issuing audit reports on financial statements of firms whose business operations are located outside of the U.S. Prior research finds that proximity between the location of the principal auditor and the location of the client firm's business increases audit quality. We would therefore expect that in an international context the use of a principal auditor located in a different country to the location of the client's primary business will reduce audit quality, particularly where the audit firm is not a member of an effective global audit firm network. We specifically compare measures of audit quality by location of the principal auditor and size of the audit firm for audits of firms based in mainland China or Hong Kong that are listed on U.S. exchanges.

We characterize the results as mixed. We find some evidence that when audit quality is measured using the propensity to issue a going-concern, an auditor-client location mismatch is associated with lower audit quality for small audit firms. When audit quality is measured by restatements, we find some evidence of higher restatements where there is an auditor-client location mismatch for all audit firms not just smaller audit firms. We do not however find differences in audit quality by auditor location when using discretionary accruals as the proxy for audit quality.

EMPLOYABILITY OF GRADUATE ACCOUNTANTS: WHAT SKILLS SHORTAGE AND WHAT REALLY MATTERS?

Paul De Lange, Curtin University
Graeme Wines, Deakin University

This study reports on survey data from 414 employers of accountants in the financial services sector; specifically Australian public accounting practice firms. There are three aspects to the study. First, it reports the employer's perception of their ability to attract staff across a range of their business needs. Second, the importance of the various alternate means by which recruiting takes place are examined. Finally, the paper provides a nuanced understanding of what employers are seeking with respect to a range of desired skills for employment, particularly with respect to graduate communication skills. The findings have implications for those entering the workforce and educators who prepare graduates for the workforce.

8-K FILINGS, TWITTER ACTIVITIES AND STOCK MARKET REACTIONS

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Asheq Rahman, Auckland University of Technology
Tawei (David) Wang, University of Hawai'i at MĐnoa

Twitter has become one of the major channels for information dissemination and communication, which includes companies' market relevant information. This study investigates how Twitter activities are related to 8-K filings and the corresponding stock price and trading volume reactions. Using a sample of S&P 1500 companies, all 8-K filings are gathered for the calendar year of 2012 and calculate the following three unique Twitter metrics based on the data provided by Topsy, Inc.: abnormal tweeting activities, abnormal sentiment, and network centrality weighted by the influence level of tweeters. The findings show that on average, there are about 32% more tweeting activities around 8-K dates, compared to the benchmark period. In addition, all three Twitter metrics relate positively to both cumulative abnormal returns and cumulative abnormal trading volume in the 3-day window around 8-K filings. Abnormal sentiment and centrality weighted by the influence level of tweeters moderate positively and moderate negatively the association between abnormal tweeting activities and stock market reactions to 8-Ks. These metrics also moderate the relation between different types of 8-Ks and the corresponding stock market reactions. Based on our findings, we conclude that the level and nature of market attention a corporate announcement receives determines the level of price and volume movements of stocks in the capital markets. The study contributes to the literature by suggesting the important role played by social media, Twitter in particular, in the information dissemination process of Form 8-Ks.

SOCIAL AUDITS AND MULTINATIONAL COMPANY SUPPLY CHAIN: A STUDY OF RITUALS OF SOCIAL AUDITS IN THE BANGLADESH GARMENT INDUSTRY

Craig Deegan, RMIT University
Muhammad Azizul Islam, Queensland University of Technology
Robert Gray, University of St Andrews

This paper explores the motivation for the use of social audits in the supply chains of multinational companies (MNCs) sourcing clothing products from a developing nation. We investigate the practice of social audits in the supply chains of MNCs based upon a range of interviews with key operatives within the garment industry in Bangladesh. Our results show that social audits are typically not advancing workers' rights but where there are advances, they occur because of the financial penalties that would otherwise be imposed on suppliers (through loss of contracts). Consistent with the notion of institutional decoupling, our results suggest that MNCs appear to use social audits as an instrument to maintain and re-establish their legitimacy rather than ensuring accountability to workers (who are the most affected stakeholders). This is the first known study that investigates how social audits are undertaken by MNCs sourcing products from a developing nation; the implications this has for supply chain claims; what motivations drive the adoption of such audits and what, if anything, are the likely outcomes from the process.

FIRST YEAR ACCOUNTING STUDENTS' PERCEPTIONS ON BLENDED LEARNING

Deborah Delaney, Griffith University
Lisa McManus, Charles Darwin University
Chew Ng, Griffith University

The purpose of this study is to use student-related variables to examine their impact on students' perception of the integration of face-to-face and blended learning experience and students' learning outcomes. This study uses survey questionnaires at the beginning and end of semester and student assessment data. The data analysis consists of (1) a paired sample t-test and (2) a partial least squares model to analyse the effect of student-related variables on student perceptions on the integration of blended learning at the beginning and end of semester and their learning outcomes, over the three year study period. Students' perceptions at the outset were found to be important in their view of the subject and the learning experience they will enjoy. The learning experience throughout the semester affects the students' perceptions on blended learning at the end of the semester and their perceived performance in both mid and final exams. No relationship was found between prior accounting knowledge and blended learning however a positive relationship was found between prior computer knowledge and blended learning. This study provides empirical evidence of the benefits of adopting blended learning in a first year accounting subject. These findings have implications for accounting educators who can use this knowledge to motivate students to engage in blended learning and improve their learning outcome irrespective of their prior knowledge.

RETHINKING PUBLIC ACCOUNTABILITY IN THE DIGITAL AGE: AUSTRALIA'S MYSCHOOL INITIATIVE

Rina Dhillon, University of New South Wales

Digital technologies are increasingly permeating and mediating everyday life. The objective of this paper is to examine the implications of these technologies on public accountability, focusing on the developments of the MySchool website in the Australian education sector. Using Ethnographic Content Analysis of MySchool media reporting, we explore its accountability effects and consequences to better understand the notion of public accountability in the digital age. We find that digitisation extends public accountability beyond its current limits, amplifying and intensifying its operations at local levels of school networks, with profound ramifications relating to the manner and practice of providing an account.

ON THE COMPLEMENTARITY BETWEEN ANALYSTS' CASH FLOW AND EARNINGS FORECASTS

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Sagarika Mishra, Deakin University
Ananda Pal, University of Calcutta

This study examines the complementary role of analysts' cash flow (CPS) forecasts in helping investors assess firm performance. We find that the presence of CPS forecasts significantly reduces (increases) the bid-ask spread (abnormal trading volume) around the earnings announcement date, suggesting that these forecasts convey additional information to the market. We also find that the abnormal market reaction to an earnings surprise is significantly stronger when the associated cash flow surprise is highly positive. Further, the incremental abnormal market reaction is only focused where the earnings forecast error is positive, suggesting that investors use both the earnings forecast and cash flow forecast to evaluate firm performance. Finally, we show that a higher level of cash flow in the current earnings surprise improves future stock liquidity.

AUDIT COMMITTEE CHARACTERISTICS AND FINANCIAL REPORTING COMPARABILITY

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Meiting Lu, Macquarie University
Yaowen Shan, University of Technology Sydney

Financial reporting comparability allows accounting information users to identify and understand similarities and differences in financial performance of two firms. While prior studies mainly focus on the role of accounting standards in the production of comparability, the role of economic agents and institutional incentives has been largely overlooked. To fill this gap, this study argues that a firm's audit committee, as an economic agent within the firm, is important in shaping financial reporting comparability because the audit committee oversees the financial reporting process and monitors the choices of accounting policies. Consistent with this notion, we find that a firm's financial information tends to be more comparable to its industry peers when the firm's audit committee is larger and has more members with financial expertise. We also find that the presence of Big 4 auditors, and independent and larger boards of directors, moderates the positive association between audit committee characteristics and comparability. The results enhance our understanding of the interaction between the audit committee, accounting standards and financial reporting outcomes.

FIRM CHARACTERISTICS, SHAREHOLDER SOPHISTICATION AND THE INCIDENCE OF A 'FIRST STRIKE' UNDER THE 'TWO STRIKES' RULE IN AUSTRALIA

Mahdi Faghani, Griffith University
Reza Monem, Griffith University
Chew Ng, Griffith University

To restrain 'excessive' executive pay, Australia introduced new legislation in 2011, commonly known as the 'two strikes' rule. This rule has predictable consequences for publicly listed firms and their directors. In this study, we investigate which firm characteristics are associated with the incidence of a 'first strike' under the 'two strikes' rule. We find that the incidence of a 'first strike' is positively associated with higher levels of CEO pay, lower ownership concentration, smaller firm size, higher level of institutional ownership, and CEO duality. Additional analysis suggests that shareholders fail to differentiate between CEO pay which is related to the economic characteristics of a firm and the pay that is not related to firm characteristics. This finding suggests that, unlike the US shareholders, Australian shareholders do not appear to have sophisticated understanding of CEO pay structure.

EARNINGS PREDICTABILITY, OWNERSHIP AND GOVERNANCE STRUCTURE: EMERGING TRENDS IN AUSTRALIA

Omar Al Farooque, University of New England

This study examines the relevance of current reporting/accounting earnings and corporate governance (board, audit, ownership instruments) in predicting future earnings in Australian large non-financial firms over the period of 2000–2013. Applying both GLS and GMM regression approaches, the paper documents current earnings (EARN), being 'high-quality earnings' under the IFRS conceptual framework, as a better predictor of one-year-ahead cash flows from operation (CFO), a proxy for predicted earnings. A positive predictability of board characteristics on CFO is also evident in post-IFRS periods, but no such relation is found for audit characteristics, board and block ownerships. A clear distinction of these relationships is also observed between pre-IFRS and post-IFRS periods, except for current earnings (EARN) which indicates that reporting/accounting quality was not a major issue in pre and post IFRS periods, despite improved quality in post-IFRS periods. On the other hand, effectiveness of board characteristics has improved in post-IFRS periods than pre-IFRS periods in predicting future earnings than other governance variables. Again, in pre-IFRS period moderation effect of current earnings on some governance variable (board independence and ownership) is observed in the right direction in affecting CFO, while in the post-IFRS period no such moderation is found in the expected direction implying that reporting/accounting quality and board governance can explain CFO independently which was not the case in the pre-IFRS period. These emerging trends in Australian companies in post-IFRS periods warrant due attention of the investors, policy makers and other stakeholders in designing their respective strategies and improving reporting/accounting and governance quality in the Australian corporate sector.

MORE THAN A SCREENING DEVICE: THE INFLUENCE OF SELF-SELECTION ON EFFORT INTENTION AND FAIRNESS PERCEPTION

Dennis Fehrenbacher, Monash University
Burkhard Pedell, University of Stuttgart

To-date, self-selection appears in the labour market in the matching of individuals with firms offering different contracts or is used as a tool by firms to offer more flexible compensation packages through 'Cafeteria Systems'. Despite the importance of self-selection in practice, research on self-selection has focused on the benefits of self-selection as a screening device. We investigate whether self-selection has more than (just) screening potential. We suggest that self-selection may not only be used to reveal hidden characteristics ex-ante, but also affects agent behaviour ex-post. We analyse experimental data and find effects of self-selection on planned effort and fairness perception. We predict and find main effects and interactive effects and discuss implications.

GENDER DIVERSITY IN THE BOARDROOM ON PRIVATE EQUITY PLACEMENTS: EVIDENCE FROM CHINA

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The effects of board diversity on private equity financing decisions are not well documented, but it is assumed that any effects could impact on the major determinants of private equity information asymmetry and monitoring capabilities. This study examines the impact of board gender diversity on cost of private equity placement (PEP) and gaining access to the Private Equity (PE) market. We also examine the effect of PEP regulation change on PEPs in China and how gender diversity engage in a new PEP regulation environment. We find that greater diversity at the corporate board level reduces the cost of PE offers and increases PE market access. Moreover, our research outlines the consequences of having greater diversity at the corporate board level in terms of lowering information asymmetry and improving the monitoring effects of PE financing of Chinese listed firms. It appears that gender diversity in boardroom is more beneficial in a tight regulated PE market.

BEHIND THE TRANSPARENCY REPORT: EXAMINING THE INFLUENCE OF THE PARTNER REMUNERATION SCHEMES ON AUDIT QUALITY

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Elizabeth Carson, UNSW Australia
Roger Simnett, UNSW Australia

We use disclosures from first-time mandatory audit firm transparency reports to investigate the association between the design features of partner remuneration schemes and audit quality. Specifically, we examine the influence of four features of partner remuneration schemes: the size of profit sharing pool, the inclusion of performance-based compensation components, whether partner remuneration is linked to internally assessed measures of audit quality and client retention and acquisition. Using the issuance of going concern opinion and discretionary accruals as audit quality proxies, we find evidence of differences in audit quality related to partner remuneration schemes. We find that the inclusion of a link between partner remuneration and internally assessed measures of audit quality is associated with higher audit quality using my external measures. We also document that the inclusion of client retention and growth in partner remuneration schemes is associated with higher audit quality. Our findings inform regulators that partner remuneration design features are associated with differences in audit quality.

DOES THE PCAOB'S INTERNATIONAL INSPECTION PROGRAM IMPROVE AUDIT QUALITY FOR NON-US-LISTED FOREIGN COMPANIES?

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KK Raman, University of Texas at San Antonio
Kevin Zhu, City University of Hong Kong

We examine whether the PCAOB's international inspection program improves audit quality for a sample of non-US-listed foreign companies from 55 countries audited by foreign (i.e., non-US) auditors. Specifically, for a sample of non-US-listed foreign companies, we find audit quality to be higher (a) after the foreign auditor is PCAOB-inspected (relative to foreign auditors who are PCAOB-registered but not inspected), and (b) when the foreign auditor is PCAOB-registered (relative to foreign auditors who are not registered with the PCAOB) but only in countries that allow PCAOB inspections. For completeness, we also establish whether audit quality improves for US-listed companies with foreign auditors after the foreign auditor is inspected by the PCAOB. Collectively, our findings suggest that the PCAOB's international inspection program has a positive externality, i.e., PCAOB inspections improve audit quality not only for the foreign audit firm's US-listed clients but also for its non-US-listed foreign clients. These findings are of potential interest to the Board (as well as regulators overseas) in documenting the benefits of PCAOB international inspections for overseas investors in non-US-listed foreign companies thereby increasing the acceptability of the PCAOB's international inspection program abroad.

DO SHORT SALES RESTRICTIONS BIAS THE MEASURE OF CONDITIONAL CONSERVATISM? EVIDENCE FROM HONG KONG

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Suresh Radhakrishnan, The University of Texas at Dallas
Jun Yao, The Hong Kong Polytechnic University

Using the unique institutional setting in Hong Kong where only some designated stocks are allowed to be sold short, we examine the effect of absence of short sales on Basu's (1997) conditional conservatism measure. Consistent with our prediction, we find that the conditional conservatism measure for firms whose stocks are not allowed to be short sold are biased downwards compared to those firms whose stocks are allowed to be short sold. We find similar results after controlling for scale issues and earnings expectations documented in prior studies. We also find evidence suggesting that there is delayed reaction to negative news for firms whose stocks are not allowed to be short sold. As such, when we extend the annual return accumulation period by two additional months, firms whose stocks are not allowed to be short sold also exhibit conditional conservatism. Collectively, we show that the absence of short sales have significant impact on the Basu measure of conditional conservatism, and this has implications for accounting research that examines accounting quality across countries.

VOLUNTARY CERTIFICATION AND DISCLOSURE OF INTERNAL CONTROLS, CORPORATE GOVERNANCE AND AUDIT FEES

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Ferdinand Gul, Monash University
J Wickramanayake, Monash University

This study investigates whether there is an association between CEOs' and CFOs' voluntary certification of internal controls over Australian financial reporting and audit fees. The study also examines whether corporate governance is associated with audit fees and whether it moderates the relationship between internal controls over financial reporting (ICFR) and audit fees. Using a sample of Australian firms, this study finds that while ICFR certification has no significant main effect on audit fees, corporate governance has a significant positive main effect, suggesting that firms with strong corporate governance are likely to demand higher audit effort. However, both ICFR certification and corporate governance are found to jointly affect audit fees; at low levels of corporate governance, there is a negative association between ICFR certification and audit fees but at progressively higher levels of corporate governance, where firms demand higher audit effort, the negative effects of ICFR certification on audit fees become weaker.

IS THERE A HONEYMOON FOR NEW CEOS?

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Helen Lu, University of Auckland
David Lont, University of Otago

Recently appointed CEOs of firms with poor stock market performance tend to enjoy a honeymoon period from the company's investors. After appointment, stock prices drop less on average in response to the announcement of bad earnings news relative to companies that have not had a recent change of CEO. Surprisingly, unexpected earnings in the first year of tenure of the new CEO do not appear to contain information regarding the new CEO's capability or the success of the new strategy. Stock prices are not more responsive to unexpected earnings of firms with new CEOs than to those of firms without a change in CEO. Previously documented evidence for the capability and strategy hypothesis appears to be driven by investors' "pessimistic" interpretation of the outgoing CEO's earnings news in our sample.

FINANCIAL WEALTH, HOUSING WEALTH AND EXPENDITURE: DOES CONSUMER CONFIDENCE MATTER?

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Reza Tajaddini, Swinburne University of Technology

The objective of this paper is to examine the moderating role of consumer confidence on the relationship between two forms of wealth, housing and financial, and four categories of consumption expenditure-total consumption, durable goods, nondurable goods and service consumption using U.S. quarterly data from 1978 to 2012. Two estimators are used which allow for the endogeneity of wealth, DOLS and the FMOLS. The results show that consumer confidence increases the effect of housing wealth, but decreases the effect of financial wealth, on all categories of consumption. The implications of these results are discussed.

AUDITORS' MATERIALITY JUDGMENTS UNDER INTEGRATED REPORTING:

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Mandy Cheng, UNSW

This study reports an experiment conducted to examine auditors' materiality judgments for nonfinancial performance information (NFPI) in the context of Integrated Reporting ←IR→; a setting where auditors do not have well-established guidelines or benchmarks. We examine two fundamental factors underlying ←IR→ that are predicted to influence auditors' NFPI materiality judgments, namely, the level of strategic relevance associated with the NFPI being assessed, and the presence of strategic linkages in the client's performance measurement system. Our study provides evidence that while auditors do judge misstated NFPI of low strategic relevance to be less material than misstated NFPI with high strategic relevance, they are only able to make this distinction when the client's performance measurement system contains strategic linkages. Our results also show that auditors generally make more conservative materiality judgments when the integrated report is directed at a broader audience. These findings have implications for standard setters developing further guidance for determining audit materiality under ←IR→, and for auditors who are providing assurance services for NFPI.

SGA COSTS STICKINESS, STOCK PRICE INFORMATIVENESS, AND INFORMATION ASYMMETRY

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Mei Yee Lee, Monash University Malaysia
Jeyapalan Kasipillai, Monash University Malaysia

This study examines how firm-level selling, general and administrative (SGA) costs respond to stock price informativeness (SPI). Using data from the United States public listed companies for the years 2003 to 2009 covering post-Sarbanes Oxley Act period, we show that SPI, proxied by idiosyncratic volatility, is negatively associated with the subsequent year's SGA costs. A change model shows asymmetric cost response to changes in SPI and it is attributable, in part, to the cost "stickiness" behavior of firm managers. Managers may be reluctant to increase SGA costs when SPI worsens but will only react when it is critically compelling. This finding is consistent with the learning theory that managers learn about firms' fundamental values from the market's feedback and incorporate this new private information in making efficient SGA costs decisions. We also find that the relationship between SPI and SGA costs is dependent on information asymmetry, proxied by firm size, analyst following and bid-ask spreads.

THE DETERMINANTS AND CONSEQUENCES OF SHAREHOLDER VERSUS STAKEHOLDER CORPORATE GOVERNANCE DISCLOSURE POLICIES: EVIDENCE FROM POST-APARTHEID SOUTH AFRICA

Ernest Gyapong, Griffith University
Reza Monem, Griffith University
Fang Hu, Griffith University

This study examines the drivers of shareholder versus stakeholder corporate governance (CG) disclosures and their consequences. Based on a hand-collected dataset of 1470 firm-years in South Africa (SA), we develop disclosure indices using 72 CG provisions from the King III report of CG. We find that CEO age, foreign ownership, board size, racial diversity and audit committee increase total voluntary disclosure. Also, whilst board size and the presence of an audit committee increase both shareholder and stakeholder CG disclosures, foreign ownership have a positive (negative) relationship with shareholder (stakeholder) CG disclosures. Further, racial diversity of the board increases stakeholder disclosure but not shareholder disclosure. Our results further indicate that, ceteris paribus, the extent of shareholder CG disclosure relative to stakeholder CG disclosure is (1) higher with CEO age, foreign ownership, institutional ownership, and audit committee; and (2) lower with board size and racial diversity of the board. We find that, in the absence of higher level shareholder CG disclosures, the disclosure of stakeholder CG provisions can be a vehicle for managerial entrenchment that reduces pay-performance link. Our findings are robust across a raft of econometric techniques.

OVERLAPPING MEMBERSHIP ON AUDIT AND COMPENSATION COMMITTEES, AUDIT COMMITTEE EQUITY HOLDINGS, AND AUDIT OUTCOMES

Ahsan Habib, Massey University
Borhan Bhuiyan, Massey University

This paper examines the question of whether external auditors incorporate equity holdings by overlapping audit committee members as a priced governance factor, and tests whether this attribute, as a mechanism for ensuring good governance, affects the propensity for external auditors to issue modified audit opinions. Overlapping membership in this context refers to the arrangement where at least one audit committee member also sits on the compensation committee. Overlapping audit committee members with equity holdings may provide especially effective oversight by monitoring opportunistic accounting policy choices for maximizing compensation pay. To the extent that this occurs, audit risk will decrease, requiring less audit effort and lower audit fees than would otherwise be necessary. Similarly, such oversight is likely to make financial reporting more credible, and will reduce the possibility of receiving modified audit opinions by reporting organizations. However, if equity holdings encourage audit committee members to accept questionable accounting practices then audit risk will increase, with corresponding increases in both audit fees and the propensity for auditors to issue modified audit opinions. Using archival data from Australian stock exchange listed companies we find support for the beneficial effect of having overlapping audit committee members with equity holdings.

DEBT MATURITY STRUCTURES, MANAGERIAL ABILITY, AND CORPORATE TAX AVOIDANCE

Ahsan Habib, MASSEY UNIVERSITY
Mahmud Hossain, KING FAHD UNIVERSITY OF PETROLEUM & MINERALS
Mostafa M. Hasan, CURTIN UNIVERSITY

This paper examines the consequences of short maturity debt on managerial propensity to avoid tax. Firms with a higher proportion of short maturity debt run the risk of liquidity problem and debt overrun despite the benefit of such debt lowering agency costs. Tax avoidance strategies are usually long-term in nature, either permanently avoiding or deferring for several years the payment of taxes. As a result, the cash savings from tax avoidance can be substantial. We find that firms with more shorter maturity debt engage more in tax avoidance compared to firms with longer maturity debt. We then investigate the moderating effect of managerial ability on the association between the two as financing and the decisions to engage in tax avoidance are undertaken by management. We find that more able managers engage in less tax avoidance in the presence of shorter maturity debt, probably because they concentrate more on converting resources into revenues more efficiently, thereby investing more of their effort in normal operations than in designing and implementing tax avoidance strategies.

AUDITOR-PROVIDED TAX SERVICES, QUALITY OF TAX REPORTING, AND ANALYST FORECAST PROPERTIES

Ahsan Habib, Massey University
Mostafa Hasan, Curtin University

This paper examines the association between auditor-provided tax services (APTS) and financial analyst forecast characteristics. The study investigates two channels through which APTS might affect forecast properties: earnings management in tax expenses, and tax avoidance. Also examined, is whether the association between APTS and forecast properties is moderated by managerial ability, who are assumed to provide better quality financial reporting and, hence, will derive fewer benefits from APTS. A two-stage model is used to control for potential endogeneity inherent in the selection of auditors for tax services. Empirical findings reveal that APTS constrain earnings management in tax expenses and tax avoidance, and improve forecast qualities. Further evidence shows that this effect is pronounced for firms characterized by less competent managers. Taken together, empirical findings reported in this study support knowledge spillover benefits, i.e. insights gained from tax services can enhance audit effectiveness.

PUBLIC SECTOR ACCOUNTING REFORM AND ITS UNINTENDED CONSEQUENCES AT LOCAL LEVEL: THE CASE OF INDONESIA

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The purpose of this study is to examine the key features and impacts of Indonesia's public sector reforms following the collapse of the Suharto government in 1998. Based on our analysis on document sources and a case study we find mixed results. On one hand, the reforms indicated by the introduction of decentralization have granted greater autonomy for local governments and strengthened the Supreme Audit Office's independence. On the other hand, the nature of the decentralization fails to create conducive political incentives for local politicians to implement these reforms for transparency improvement and corruption eradication. It appears this problem is caused by the lack of state capacity which is an important precondition for a successful new public management (NPM) reform. However, we argue that the roots of these problems are the legacy of Suharto's authoritarian regime and the cultural ecology of Indonesian bureaucracy where embedded local practices [gift-exchange] involved in the tendering processes of government projects. These two factors together have undermined the capacity of post-Suharto authorities to implement these reforms effectively at the local government level. This study contributes to the literature by providing further evidence regarding the agency problem and failure of decentralization under the banner of public sector reforms.

TRADING VOLUME AND VOLATILITY OF RETURNS: HIGH-FREQUENCY EVIDENCE FROM INDONESIA STOCK MARKET

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Terrence Hallahan, Victoria University
Hassan Tanha, Victoria University

We examine the relationship between market-wide realized volatility and trading volume of emerging market equities. This study contributes to the literature by using high-frequency data to investigate trading volume-volatility relations in the Indonesian equity market, thereby enhancing understanding of Indonesian market microstructure before, at and after financial crisis. Consistent with the literature, we find different patterns of trading volume and volatility during intraday. However, we find mixed results on the significance and directions of volume-volatility relationships. While we find no Granger-causality relations between trading volume and volatility during the full sample period, there is evidence of bi-directional causality relationships when observations are decomposed into subsamples and days of the week.

DO MANAGEMENT SPECIFIC AND FIRM SPECIFIC ORGANIZATION CAPITAL EFFECT FIRM RISKS IDENTICALLY?

Mostafa Hasan, Curtin University
Adrian (Wai-Kong) Cheung, Curtin University

This paper investigates the effects of management-specific and firm-specific organization capital on idiosyncratic risk, systematic risk and total risk. Using a large sample of US data over the 1980–2012 period, we find that management-specific organization capital increases systematic risk and reduces idiosyncratic and total risk, while firm-specific organization capital reduces systematic risk and increases idiosyncratic and total risk. Management-specific organization capital, when interacting with firm-specific organization capital, negatively affects idiosyncratic, systematic and total risk, suggesting the dominant role of management-specific organization capital in reducing a wide range of firm risks. Finally, additional analysis shows that management-specific organization capital can improve stock return and firm performance in the presence of firm-specific organization capital. These findings are robust for alternative specifications of risks and organization capital proxies. They imply that different forms of organization capital have different roles in influencing firm risk and return.

DOES FIRM LIFE CYCLE EXPLAIN THE PROPENSITY FOR FIRMS TO ENGAGE IN CORPORATE TAX AVOIDANCE?

Mostafa Monzur Hasan, Curtin University
Ahmed Al-Hadi, Curtin University
Grantley Taylor, Curtin University
Grant Richardson, The University of Adelaide

This study examines the association between firm life cycle stages and corporate tax avoidance employing the Dickinson (2011) model of firms' life cycle stages. Based on a large dataset of U.S. publicly listed firms over the 1987–2013 period, we find that compared to the shake-out stage of a firm's life cycle, tax avoidance is significantly negatively associated with the growth and maturity stages, and significantly positively associated with the introduction and decline stages of a firm's life cycle. In fact, we observe a U-shaped pattern in tax avoidance outcomes across the life cycle, consistent with the predictions of both dynamic resource-based dependence and agency theory. Finally, our results are robust to alternative measures of tax avoidance and firms' life cycle stages.

THE ROLE OF STOCK EXCHANGE EFFICIENCY IN EARNINGS QUALITY: EVIDENCE FROM THE MENA REGION

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Farshid Navissi, Monash Business School, Monash University
Michaela Rankin, Monash Business School, Monash University

This paper examines the association between stock exchange monitoring and the quality of reported earnings for publicly listed firms across the Middle East and North Africa region (MENA). The significant monitoring role of stock exchanges is likely to enhance market efficiency; as stock exchange monitoring improves, stock exchange efficiency increases. Using 8,383 firm-year observations across 16 MENA countries between 2001 and 2010, results indicate that stock exchange efficiency is negatively associated with the absolute value of abnormal accruals (a proxy of earnings quality). Additional analysis comparing the results of more efficient exchanges with less efficient exchanges suggests that firms listed in more efficient stock exchanges have higher earnings quality (lower accruals). Additional analyses exploring whether the association suggested by the main results continue to be evident in the presence of other factors shown in prior research to impact on earnings quality (i.e. investor protection, legal origin, internal mechanisms, regional attributes, and the instability of economic and political events) indicates that the association between stock exchange efficiency as an external monitoring mechanism and earnings quality is not affected by other factors. The study contributes to the extant literature on the significant role of stock exchange monitoring. Examining stock exchange monitoring adds another dimension to stock exchange efficiency. Further, it expands our understanding of the effectiveness of stock exchange monitoring role as an external mechanism in mitigating agency problems leading to improved firm performance and earnings quality

ASSESSING THE FIT BETWEEN DESIGN AND USE OF ECO-CONTROLS: AN APPLICATION OF POLYNOMIAL REGRESSION WITH RESPONSE SURFACE ANALYSIS

Campbell Heggen, Deakin University
Nava Subramaniam, RMIT
VG Sridharan, Deakin University

This study examines how the emphases placed between 1) interactive use and enabling design, and 2) diagnostic use and enabling design of eco-controls relates to firms' environmental performance outcomes. Following the recommendations of Burkert et al. (2014), hypotheses are tested by applying polynomial regression with response surface analysis. The results indicate a positive, non-linear relation, suggesting that agreement between interactive or diagnostic use of eco-controls with a more enabling design is associated with improved firm environmental outcomes. However, at high levels of interactive or diagnostic use, a more enabling design leads to decreased performance outcomes. Finally, the results also suggest that disagreement between diagnostic use of eco-controls and the enabling design is associated with decreasing environmental performance outcomes.

THE INFLUENCE OF BOARD DIVERSITY ON FINANCIAL PERFORMANCE: AN EMPIRICAL STUDY OF ASIA-PACIFIC COMPANIES

Heyvon Herdhayinta, Gadjah Mada University

This study investigates board diversity and the influence on financial performance. The main purpose of this study is to examine whether nationality and gender diversity influence financial performance as measured by Tobin's Q. The study examines the biggest 50 Asia-Pacific companies according to Forbes Magazine. Data analysis is performed using Ordinary Least Square (OLS) and Two-Stage Least Square (2SLS) regressions analysis. The results show that gender diversity of board member has a positive influence on financial performance. However, nationality of board member contributes no significant influence on financial performance. In addition to the empirical findings supporting board diversity, the author also emphasizes that an economic objective should not be the only reason for increasing board diversity.

HOW THE DISCOVERY OF ACCRUALS-BASED VERSUS REAL EARNINGS MANAGEMENT AFFECTS INVESTMENT DECISIONS: THE IMPORTANCE OF TRUST

Max Hewitt, Indiana University
Frank Hodge, University of Washington
Jamie Pratt, Indiana University

Given the information asymmetry that exists between a firm's managers and its stakeholders, investing in the firm involves trust. The discovery of earnings management likely impairs that trust. The literature, however, has yet to examine how trust impairments stemming from the discovery of the method used to manage earnings (accruals-based vs. real) affect investment decisions. We fill this void by conducting an experiment that examines the role of trust in explaining the interaction effect of the method used to manage earnings and managers' motive for managing earnings on investors' assessments of the firm's future performance, risk, and willingness to invest in the firm. Consistent with our trust-based predictions, when managers acted in investors' interests, we find that investors view the firm more negatively when managers are discovered to have used accruals-based – as opposed to real – earnings management. In additional analyses, we provide further support for our trust-based explanation and distinguish our findings from an explanation based on investors' assessments of the firm's future cash flows. Overall, our study highlights how managers' 'cash flow neutral' accounting choices (e.g., capitalizing vs. expensing R&D costs) to achieve an earnings benchmark can detrimentally affect investors' willingness to invest in a firm.

LONGER TERM AUDIT COSTS OF IFRS AND THE DIFFERENTIAL IMPACT OF IMPLIED AUDITOR COST STRUCTURES

Stephen Higgins,
David Lont, University of Otago
Tom Scott, University of Auckland

Prior literature finds an increase in audit fees after the adoption of International Financial Reporting Standards (IFRS). We extend prior literature by finding that the post-IFRS increase in audit fees is persistent, and not a short-term effect driven by transitional costs. We also find that early adopters have higher audit fees, but this difference continues after IFRS adoption. Furthermore, we consider the effect of increased effort required under IFRS on marginal pricing. Our results find lower (higher) marginal pricing post-IFRS for PwC and Deloitte (EY), suggesting that they have a relatively higher (lower) fixed and lower (higher) variable cost structure.

THE IMPACT OF INDEPENDENT ASSURANCE ON THE DECISION USEFULNESS OF NON-FINANCIAL INFORMATION– AN AFFECT-BASED AND INFORMATION-BASED PERSPECTIVE

Hien Hoang, UNSW

Investment decision making can be influenced by both the informational value of the non-financial performance, and the affective feelings elicited by the non-financial performance. The study finds that independent assurance can improve the impact of the non-financial information on the fundamental value estimate, but its impact is mitigated when investors are prompted to do an explicit assessment of the firm's performance. The study therefore makes a contribution to the literature on the impact of assurance on the report users' decision making by examining a condition where independent assurance does not add value, and suggesting a mitigating mechanism in the report user's use of non-financial information.

IS THE EX-ANTE EQUITY RISK PREMIUM ALWAYS POSITIVE? EVIDENCE FROM A NEW CONDITIONAL EXPECTATIONS MODEL

Khoa Hoang, The University of Queensland

In this paper, we propose a new two-stage method, including Principal Component Analysis and Boosted Regression Tree, to model conditional expected returns. With this technique, we address two potential criticisms on how to capture the true identity of the investors' information set, and how investors use the information in forming expected returns. Applying this risk premium proxy, we test whether risk premium is always positive. A number of asset pricing studies have focused on testing linear restrictions imposed by asset pricing models and largely ignore this important restriction. We find evidence that the positivity condition of the risk premium is violated for the US (CRSP index) in some states of the economy; these states are associated with periods of low corporate returns, low long term government bond returns, lagged negative risk premium, and downward sloping term structure.

SECRECY AND MANDATORY IFRS ADOPTION ON EARNINGS QUALITY

Muhammad Houqe, Victoria University of Wellington
Reza Monem, Griffith University
Tony van Zijl, Victoria University of Wellington

This study examines the effect of mandatory IFRS adoption on earnings quality in countries which exhibit high financial secrecy. Earnings quality is proxied by signed abnormal accruals and earnings conservatism. Using 19,324 firm-years from 14 countries over the period 1998-2011, we find that firms in a high-secrecy country tend to report higher abnormal accruals and earnings conservatism, which results in lower earnings quality. On the other hand, we find that mandatory IFRS adoption improves earnings quality by decreasing abnormal accruals and earnings conservatism. Our study provides evidence of the interaction between national culture, as indicated by secrecy, and IFRS adoption and helps to explain differences in earnings quality across different jurisdictions following IFRS adoption.

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE DISCLOSURES: AN INVESTIGATION OF INVESTORS' AND ANALYSTS' PERCEPTION

Audrey Hsu, National Taiwan University
Kevin Koh, Nanyang Technological University
Sophia Liu, National Taiwan University
Yen H. Tong, Nanyang Technological University

We examine whether investors and analysts consider corporate social responsibility (CSR) when they assess firms' announcements of earnings and management earnings forecasts. We find that only negative CSR performance has an impact on investors' assessment of these corporate disclosures. In contrast, we find both positive and adverse CSR performance has an impact on analysts' forecast revisions in respond to these firms' disclosures. In addition, we find firms with adverse CSR performance exhibit lower disclosure quality and earnings persistence, but did not find that firms with positive CSR performance exhibit higher disclosure quality and earnings persistence. This asymmetric result is consistent with investors', but not with analysts' assessment of the impact of CSR performance on corporate disclosures. Overall, our results suggest that investors and analysts consider firm CSR performance when assessing the information in earnings-related corporate disclosures.

THE IMPACT OF REGULATIONS ON EARNINGS MANAGEMENT VIA RELATED PARTY SALES IN CHINA

Juncheng Hu, The Australian National University
Greg Shailer, The Australian National University

This study examines the impact of regulations on earnings management via related party sales (RPSs) in China. Regulatory changes became effective in 2002. These regulations state that any part of RPSs prices over fair value must be excluded from current earnings. Using data for 1999-2005 for companies listed in China, we find that listed firms inflated RPSs prices in the period prior to the introduction of the new regulations (1999-2001), but focused on sales volumes inflation in the subsequent period (2003-2005). We provide evidence that listed firms widely engage in RPS inflation to beat the regulatory thresholds of new equity offerings or avoid delisting before and after the regulatory change, but suspected earnings management firms use less levels of RPS manipulation in the post-RPT regulation period than before. The results show that the regulations reduced but did not eliminate earnings management activities via RPSs.

DOES MANAGEMENT COMPENSATION AFFECT DERIVATIVES USE? EVIDENCE FROM THE ASX 200 FIRMS

Guang ping Huang, RMIT University
Steven Li, RMIT University

This paper investigated the effect of management compensation on derivatives use in the ASX 200. Adopting agency theory, we focus on the influence of managerial incentives for CEO, CFO and the board of directors on the use of such financial instruments to manage financial risk. Using one year data (2010) extracted from Datanalysis and annual report of the ASX 200, Logistic and Tobit regressions were conducted to investigate if specific corporate roles (CEO, CFO, and the board of directors) affect the probability of derivatives use and the extent of use. Controlling for firm characteristics, we find that board and CEO options significantly influence the probability of derivative use and that CEO options have a significant impact on the extent of use. The findings imply that firms can better design its incentives for different corporate roles for aligning managers' interest with the firms.

THE INFLUENCE OF NASD RULE 2711 ON THE USEFULNESS OF ANALYST STOCK RECOMMENDATIONS PRIOR TO CORPORATE BANKRUPTCY

Induck Hwang, Korea Advanced Institute of Science and Technology
Youngdeok Lim, University of New South Wales

This study provides evidence of a mechanism through which NASD Rule 2711 affects the usefulness of analysts' stock recommendations for firms ahead of bankruptcy. To examine this issue, we analyze the usefulness of stock recommendations for ex post bankrupt firms in terms of 1) the negativity of recommendations and 2) recommendation profitability for bankrupt firms relative to comparable non-bankrupt firms. We find that stock recommendations for bankrupt firms are more negative than those for non-bankrupt firms and the difference in the recommendations between the two groups is more pronounced and timely in the post-Rule period. In addition, for bankrupt firms, analysts at investment banks with better reputation issue more negative recommendations in the post-Rule period, unlike the pre-Rule period. We also find that while the recommendation profitability of bankrupt firms is lower than that of non-bankrupt firms in the pre-Rule period, it outperforms the control firms' recommendation profitability in the post-Rule period. Overall, we document an improvement in the usefulness of the stock recommendations for failing firms after the implementation of Rule 2711, suggesting that analysts can maximize the net benefit from generating unfavorable reports by relying on selective pessimism for firms whose bankruptcy is pending. We also provide evidence that our findings are not attributable to the enhancement of analyst independence documented in Chen and Chen (2009).

EARNINGS CO-MOVEMENTS AND THE INFORMATIVENESS OF EARNINGS

Andrew B. Jackson, The University of New South Wales
S. W. Alice Kwan, The University of New South Wales
Richard Morris, The University of New South Wales

We examine the informativeness of earnings in the presence of earnings co-movements. Many theoretical studies infer that the more a firm's earnings move with the market the less weight investors need to place on those earnings rendering them less informative. On the other hand, greater levels of co-movements in earnings reduces the ability for managers to manipulate the earnings signal implying a higher quality of earnings which would lead to more informative earnings. This study empirically addresses these competing arguments. We find the more a firm's earnings co-move with their industry peers the less informative earnings become using a value relevance and earnings persistence framework.

VOLUNTARY ADOPTION OF THE INTERNAL CONTROL STANDARD IN CHINA AND AUDIT PRICING

Xu-dong Ji, Xi'an Jiaotong-Liverpool University
Wei Lu, Monash University
Wen Qu, Deakin University

This study examines whether voluntary adoption of the Basic Standard of Enterprise Internal Control (China SOX) has impacted audit pricing in China. Using a large sample of Chinese listed firms during the pre-enforcement period before 2012, our results show that auditors react positively towards the release of ICWs. The more ICWs are disclosed, the higher are the audit fees, even though that auditors' response to the severity of ICWs is less significant. Further, audit fees are related more significantly to non-accounting-related ICWs than to accounting-related weaknesses. This is of particular interest since the scope of China SOX is much broader than US SOX, and is not just related to internal control over financial reporting. We also find, for the first time, direct evidence of the benefit of having internal control reports (ICRs) audited. Our results show that if ICRs are voluntarily audited, higher audit fees caused by the existence of ICWs can be mitigated. Overall, we find that the disclosure of ICWs significantly affects audit risks and fees. Our study contributes new evidence to the current debate in the US on the cost and benefit of SOX and the possibility of expanding the scope of SOX.

EFFECTS OF CULTURE AND ACCULTURATION ON AUDITORS' TRAIT SCEPTICISM

Radzi Jidin, School of Accounting, UNSW Australia
Gary Monroe, School of Accounting, UNSW Australia

Our study examines the effects of culture on auditors' trait scepticism by focusing subculture. Our study also investigate whether acculturation through education and work experience in a host country with different cultures influence the effects of cultural inclination on auditors' professional scepticism. We examine the effects of these factors on trait scepticism using a 2 x 2 quasi-experimental design where the two independent variables, subculture and acculturation are measured variables. Subculture is measured at two levels, low and high power distance subcultures. Acculturation is also measured at two levels, which are, acculturation in a country with a low power distance or no such acculturation. A total of 82 highly experienced auditors who are mainly audit partners and audit managers from Big 4 and non-Big 4 audit firms in Malaysia participated in this study. Contrary to our expectation, we find no significant difference in the level of professional scepticism between auditors from a high power distance subculture (i.e., Malay auditors) and those from a low power distance subculture (i.e., Chinese auditors). However, our findings support the expectation that acculturation in a host country with a lower power distance culture leads to higher level of trait scepticism among the auditors. The results also indicate an interaction between culture and acculturation. In line with our expectations, an increase in the level of professional scepticism is higher for auditors from high power distance subculture (i.e., Malay auditors) who are acculturated with low power distance environment in another country than for auditors from low power distance subculture (i.e., Chinese auditors) who are acculturated with the same cultural environment. Unlike for auditors from a high power distance subculture (i.e., Malay auditors), additional analysis reveals that acculturation in a low power distance culture has no effect on the level of professional scepticism of auditors from a low power distance subculture (i.e., Chinese auditors).

THE ROLE OF REGULATION IN IMPROVING CHARITIES' ACCOUNTABILITY TO STAKEHOLDERS

Elka Johansson, Deakin University
George Tanewski, Deakin University
Peter Carey, Deakin University

This paper examines the role of Australian charity regulation in addressing stakeholders' information preferences and influencing charities' reporting practices. Institutional theory provides a framework for understanding why not-for-profits may respond to normative and coercive pressures to demonstrate accountability through reporting. Comparing the reporting requirements under three regulatory regimes for Australian charitable companies limited by guarantee, we find that regulatory reform meets stakeholders' information demands to a limited extent. We then analyse charitable company data handcollected from 734 annual reports and annual information statements lodged with ASIC and the ACNC from 2008 to 2013 to determine whether normative or coercive pressures influence charities' reporting practices. Results show that most charities respond to regulatory rather than normative pressures to meet stakeholders' information demands.

THE ROLE OF CORPORATE GOVERNANCE IN ACCOUNTING DISCRETION: THE CASE OF GOODWILL IMPAIRMENT IN AUSTRALIA

Humayun Kabir, Auckland University of Technology
Asheq Rahman, Auckland University of Technology

Chalmers, Godfrey, and Webster (2011) find that goodwill impairment loss better reflects economic reality than goodwill amortization does in Australia. We examine whether this association between goodwill impairment loss and economic reality is contingent on the strength of the firm's governance. Similar to Chalmers et al. (2011), we also find that goodwill impairment loss is associated with proxies for economic reality in Australia. But the associations between goodwill impairment loss and economic reality proxies tend to be stronger for firms with sound corporate governance, and this moderating impact is stronger for firms with larger magnitude of goodwill.

THE INFLUENCE OF REMUNERATION COMMITTEE EXISTENCE & QUALITY ON CEO COMPENSATION

Sutharson Kanapathippillai, Deakin University
Shireenjit Johl, Deakin University
Graeme Wines, Deakin University

This study examines the influence of existence and quality of a remuneration committee on total CEO compensation in the Australian settings. The evidence in this study is based on the period 2007 to 2011, which includes the global financial crisis period. We find that total CEO compensation is significantly associated with remuneration committee quality but not with existence of remuneration committee. Remuneration committee quality is measured using five characteristics - the remuneration committee size, number of independent directors on the committee, whether the committee is chaired be an independent director, the financial expertise in the committee and number of meetings. The additional analysis reveals that influence of the existence and quality of remuneration committee on CEO compensation varies based on the different macro economic period (pre crisis, global financial crisis and post crisis) and the components of CEO compensation (salaries, bonus, share based payment).

TRADE UNION MEMBERHIP AND VOLUNTARY EMPLOYEE RELATED DISCLOSURES

Pamela Kent, Griffith University
Tamara Zunker, Bond University

We apply stakeholder theory to examine the relation between employee related dislcosures and trade union membership for Australian listed companies. We find that the quantity of employee related disclosures is associated with increased trade union representation. However, an analysis of categories disclosed indicates that higher trade union membership is associated with less disclosure of industrial relations and employee morale. Employee share ownership, adverse publicity regarding employees, employee concentration, more dispersed ownership and higher profit per employee are also associated with increased quantity of disclosure of employee related information.

THE VALUE RELEVANCE OF RECLASSIFICATION OF NON-DERIVATIVE FINANCIAL INSTRUMENTS: A CROSS-COUNTRY STUDY

Maithm Khaghaany, Griffith University
Reza Monem, Griffith University
Chew Ng, Griffith University

IAS 39 permits firms to suspend fair value accounting, by giving the choice to reclassify non-derivative financial assets (held for trading and available for sale) if these assets meet certain criteria. We examine the value relevance of such reclassification choice based on a comprehensive global sample of 385 publicly listed IFRS banks over the period of 2007-2010. Unlike prior studies, we find that the reclassification choice is negatively associated with share price and returns. This result suggests that investors are concerned with and react negatively to the reclassification of financial instruments.

USE OF SOCIAL MEDIA BY UNIVERSITY ACCOUNTING STUDENTS AND ITS IMPACT ON LEARNING OUTCOMES

Tehmina Khan, RMIT University
Michael Kend, RMIT University
Susan Robertson, RMIT University

The proliferation in the use of social media, such as Facebook and Twitter, among university students is well documented. With many universities providing student resources in formats suitable for IPad, laptop and mobile phone use, the use of social media for university activities has also become easier.

This study explores the use of social media by University Accounting Students to support their academic activities. It also explores the impact these media have on learning outcomes. Findings suggest that university accounting students use social media for a number of academic related purposes. Furthermore, the use of such media is significantly associated with student's grades.

A CONDUCIVE ENVIRONMENT FOR THE EXERCISE OF PROFESSIONAL SKEPTICISM: THE ROLE OF HUMAN VALUES

Mohammed Jahanzeb Khan, UNSW Australia
Noel Harding, UNSW Australia

Motivated by ongoing calls for auditors to exercise an elevated level of professional skepticism, we examine the relationship between human values and trait skepticism. Values guide the choice and assessment of actions and are likely associated with traits. To the extent that the importance attributed to values is associated with variation in trait skepticism, it is possible to design an environment, and introduce interventions, that are consistent with values underlying higher levels of trait skepticism. In doing so, this will help auditors meet the demands for an elevated level of professional skepticism. We find that the importance assigned to the value of tradition is negatively associated with levels of trait skepticism. Our results suggest that audit environments that accommodate the pursuit of goals related to the value of tradition are likely to be associated with lower levels of professional skepticism than may otherwise be expected.

INFORMATION PROVISION TO INTERNATIONAL STUDENTS: A STUDY OF GAP IDENTIFICATION IN A SELECTED AUSTRALIAN UNIVERSITY.

Sarod Khandaker, Swinburne University of Technology
Mohammed Mazharul Islam, King Abdulaziz University

Higher education in Australia is one of the largest exporting sectors for the country. Every year, more than half a million international students come to Australia for further education. It is estimated that about 80 per cent of inbound international students arrive from Asian countries. However, not everyone has a pleasant experience while studying in Australia. There is evidence that the majority of international students face some type of difficulty during their education period, including language difficulties, cross cultural barriers, understanding Australian-English, financial difficulties and falling into depression. In this paper, we analyse and find evidence that there are significant gaps in information provision in Australian universities; specifically for international students who recently arrived in Australia. We also found that female students articulated more difficulties than male students and a large number of international students also suggested that they faced some type of discrimination. Although, the results vary across discipline, gender and level of education, this research provides an inside story about the complexity of an international student's life. This is unique research of its kind as well in the context of Australia.

A REVIEW OF META-ANALYTIC RESEARCH IN ACCOUNTING

Hichem Khlif, University of Monastir
Keryn Chalmers, Monash University

This study reviews the use of meta-analysis in accounting research. We categorise the meta-analytic research into five areas being financial reporting, auditing, corporate governance and accounting quality, management accounting and miscellaneous accounting. Further, we classify the studies by the meta-analysis technique employed – Hunter et al. (1982) and Hunter and Schmidt (2000), Lipsey and Wilson's (2001) or the Stouffer approach. We find that the number of published meta-analyses studies in the accounting literature is 26 over the period 1985-2014 with the majority of studies focusing on financial reporting and auditing topics. Our review highlights that meta-analytic methods are more frequently being applied and accepted in accounting to answer more complex questions concerning the moderating effects of country-level variables, such as national cultural values, economic conditions, institutional characteristics, on various associations of interest.

THE JOINT EFFECTS OF THE FORMS OF INFORMATION REPRESENTATION AND INVESTMENT POSITION ON INVESTORS' INFORMATION SEARCH: AN EYE-TRACKING STUDY

John Chi Wa Ko, The University of New South Wales
Mandy Cheng, The University of New South Wales
Wendy Green, The University of New South Wales

ABSTRACT: Using an eye-tracking methodology, we experimentally investigate how investors search and process financial and non-financial performance information when subject to directional effects resulting from their investment position. We demonstrate investors' information search differs depending on whether the performance information is represented in a strategic theme or stakeholder format. Consistent with motivated reasoning, we find that when information is presented in a strategic theme format, investors seek justifiable information to support their investment position, with those in a long (short) investment position fixating and dwelling less (more) on the negative performance information. Conversely, we find as predicted the reverse when information is represented in a stakeholder format. Utilizing eye-tracker technology further enables us to map visual patterns including the sequence of information search which reveals that investors find it easier to combine and integrate the financial and non-financial performance information when they are represented in a strategic theme format.

ABSTRACTS EXTRACTS

AN APPLICATION OF THE DUAL PROCESS MODEL IN EXPLAINING VARIATIONS IN AUDITOR'S PERCEPTION OF THE PROPENSITY TO ENGAGE IN REDUCED AUDIT QUALITY ACTS: AN EXPERIMENT

Hwee Ping Koh, The University of Western Australia

Advances in the ethical decision-making literature suggest that the intention to act unethically can be explained by both the rational and intuitive approaches within the dual process model. This paper examines both models within the context of a scenario-based experiment examining the impact of controllable and uncontrollable time deadline pressure on auditors' perceptions of the propensity to engage in Reduced Audit Quality (RAQ) acts.

The findings show that the extent to which time deadline pressure is controllable by auditors has an impact on the likelihood of engaging in RAQ acts. Furthermore, the results support both the rational and intuitive approaches. The moral intensity of the RAQ act, the auditor's work locus of control, the auditor's propensity to take ethics risk, and perceived positive and negative affect are all significant variables in explaining variations in perceptions of the propensity to engage in RAQ acts.

THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON CORPORATE TAX AGGRESSIVENESS: AN EMPIRICAL STUDY

ISSAM LAGUIR, Montpellier Business School

This study examines how different corporate social responsibility (CSR) activities affect corporate tax aggressiveness. A structural model was tested using partial least squares regression to determine whether the relationship between CSR dimensions and tax aggressiveness is positive or negative. Our results indicate that a firm's tax aggressiveness depends on the nature of its CSR activities. We notably demonstrate that the greater the activity in the social dimension of CSR, the lower the level of corporate tax aggressiveness will be, whereas high activity in the product quality dimension of CSR is associated with a high level of corporate tax aggressiveness.

AUDITOR SWITCH AND CLIENTS' CHOICE FOR BIG 4 OR NON-BIG 4 AUDITORS

Kam-Wah Lai, Hong Kong Polytechnic University

This paper examines whether clients are more likely to choose Big 4 or non-Big 4 auditors when they change auditors. This issue is important since allowing non-Big 4 auditors more participation in the audit market is the crux to reduce the Big 4 audit market concentration. If clients do not choose non-Big 4 auditors in auditor change, then regulatory action to allow more participation by non-Big 4 auditors in the audit market is not likely to be effective. This paper finds a positive relationship between auditor switch and the choice for non-Big 4 auditors by clients. This result is robust to various controls and sensitivity tests. Thus, this paper provides evidence that suggests that regulatory move to increase non-Big 4 auditors' participation in the audit market is in line with clients' choice for auditor.

ETHICS AS A KEY ELEMENT OF A COMPREHENSIVE AND EFFECTIVE TAX RISK MANAGEMENT SYSTEM

Catriona Lavermicocca, Macquarie University

This paper details research into large Australian company tax risk management practices and highlights that ethical considerations are not a key element of those systems. This paper argues that, whilst in the majority of large Australian companies the CFO and tax manager make the final decision on acceptable tax risk, a company code of ethics or professional ethical codes are not used to set a standard for consideration and deliberation on acceptable tax risk. An ethical position, one in which there is a requirement to act in accordance with the 'spirit of the tax law' rather than the 'letter of the tax law' could be used to facilitate an appropriate contribution to the public revenue and discourage aggressive tax decision making by large companies.

CEO COMPENSATION, ASSET IMPAIRMENT AND POWERFUL CEOS

KIN WAI LEE, Nanyang Technological University

We find that the level of CEO compensation is negatively associated with the tangible long-lived assets impairment charges. We also find that in firms helmed by powerful CEOs, the negative association between CEO compensation and tangible long-lived assets impairment charges is mitigated. Thus, in firms that report asset impairment, CEO compensation is penalized less in firms run by powerful CEOs. Specifically, the negative association between CEO compensation and tangible long-lived assets impairment charges is less pronounced (1) when CEO chairs the board, (2) when CEO is the founder of the firm, (3) when the CEO is involved in the director selection process, and (4) when overall board independence is low.

VOLUNTARY REPORTING OF INTELLECTUAL CAPITAL: COMPARING EVIDENCE FROM UNIVERSITIES IN NZ, AUSTRALIA AND UK

Yuanyuan Li, University of Waikato
Mary Low, University of Waikato
Grant Samkin, University of Waikato

Purpose - This study examines the voluntary intellectual capital (IC) disclosure of universities in New Zealand, Australian and the United Kingdom. Design/methodology/approach – An IC framework was developed specifically to measure IC reporting in the university sector. The 2011 annual reports were analysed before a comparative analysis of three years of annual reports (2009, 2010 & 2011) of 90 universities (8 New Zealand universities, 38 Australian universities and 44 UK universities) were analysed. Content analysis was utilised to analyse annual reports in terms of IC reporting frequency and quality. Findings - New Zealand and Australian universities outperformed the UK universities in terms of IC reporting practices. This study suggests that the levels of IC disclosure have increased moderately over the three years period. Further, the longitudinal analysis depicts a similar trend in disclosure quality; universities in New Zealand had a relatively higher IC disclosure quality growth rate than universities in Australia and United Kingdom. Practical implications - Internal capital and human capital were the most frequently disclosed, while external capital was the least frequently disclosed IC category in universities for all three countries. However, it is of interest to note that the disclosure quality of external capital was higher than internal and human capital. Further, the result also indicated that most of IC disclosure by universities was expressed in narrative terms rather than numerical or monetary terms. Originality/value – This is the first empirical analysis of IC disclosures made by universities.

DOES ANNUAL REPORT READABILITY EXPLAIN ACCRUAL ANOMALY?

Zhefeng Liu, Brock University
Xiaofeng Peng, University of Toledo

Annual reports of public firms listed in the U.S. capital markets have become increasingly complex over the last two decades. To address the deteriorating complexity of corporate disclosures, the U.S. Securities and Exchange Commission (SEC) has taken initiatives on the use of plain English in corporate disclosures. There have been concerns about the unintended consequences of such initiatives. An emerging line of research has reported that the complexity of corporate disclosures reduces information content hindering efficient market pricing of earnings. We hypothesize and find that accrual anomaly, market overpricing of accruals, is smaller and even disappears when annual reports are not among the most difficult to read. Our study contributes to the debate about the regulatory initiative on the readability of corporate disclosures. Our study provides a plausible explanation for accrual anomaly, contributing to the understanding of accrual anomaly and to the debate about the efficient market hypothesis.

MARKET REACTION TO DIVERSITY IN NEW DIRECTOR APPOINTMENTS: APPLICATION OF THE BLAU INDEX

Martin Livingstone, University of Queensland, Business School
Jacqueline Birt, University of Queensland, Business School
Michael Turner, University of Queensland, Business School

Firms' board of directors play an important role in monitoring and providing advice to management. This study adds to the growing literature surrounding market reaction to diversity of new board of director appointments. The main contributions of this study is that a magnitudinal measure of diversity is adopted (the Blau index) which directly measures the changes in each diversity characteristic of the board. Previous studies have used indicator-type variables to detect changes in diversity. Our findings indicate that changes in gender, outside independent director, qualification, education, and age diversity do not result in any significant market reaction, which differs considerably from the prior research. This research has important implications for regulators, practitioners, and academics alike.

ABSTRACTS EXTRACTS

ARE BANKS' BELOW-PAR OWN DEBT REPURCHASES A CAUSE FOR PRUDENTIAL CONCERN?

Martien Lubberink, Victoria University Wellington

In the lead-up to the implementation of Basel III, European banks bought back debt securities that traded at a discount. Banks engaged in these Liability Management Exercises (LMEs) to realize a fair value gain that the accounting and prudential rules exclude from regulatory capital calculations, this to safeguard the safety and soundness of the banking system. For a sample of 720 European LMEs conducted from April 2009 to December 2013, I show that banks lost about Euro9.3 bn in premiums to compensate investors for parting from their debt securities. If regulation would accept the recognition of fair value gains on debt, this amount would largely have been recognized as Core Tier 1 regulatory capital. The premiums paid are particularly high for the most loss absorbing capital securities. More importantly, the premiums increase with leverage and in times of stress, right when conserving cash is paramount to preserve the safety and soundness of the banking system. These results weaken the case of the exclusion from regulatory capital of unrealized gains that originate from a weakened own credit standing.

THE IMPACT OF BINDING VOTE "SAY ON PAY" REGULATIONS, AUSTRALIAN EVIDENCE

Will Mackay, The University of Adelaide
Bryan Howieson, The University of Adelaide
George Shan, The University of Adelaide

This article attempts to shed further light on the efficacy of "say on pay" (SOP) voting regulation to improve corporate governance and curb the exploitation of shareholders' funds by powerful CEOs through excessive remuneration schemes. Australia introduced "two strikes" SOP regulation in July 2011, the only country to do so. Two years after the introduction of binding SOP, this study of 3,477 companies provides early evidence on its impact. We identify changes in shareholder voting patterns, changes to executive remuneration following shareholder dissent, and a willingness by the board to engage in management renewal following higher levels of shareholder dissatisfaction.

NON-GAAP EARNINGS DISCLOSURES AND IFRS

Lance Malone, Commonwealth Bank of Australia
Ann Tarca Ann Tarca, The University of Western Australia
Marvin Wee, The University of Western Australia

We investigate the disclosure of non-GAAP earnings by companies reporting under IFRS, the adjustments made by analysts to firms' statutory earnings, and the usefulness of non-GAAP disclosures for analysts. Based Australian listed (ASX 200) companies in the three year period 2008-2010 (576 company-years) we find that companies disclosing non-GAAP earnings are more likely to have a higher incidence and magnitude of profit or loss items that reflect fair value remeasurements; preparers' judgements and estimates in measurements; and non-recurring items in their financial statements. We find non-GAAP disclosing firms are more likely to have (1) analyst adjustments to earnings for these items and (2) lower forecast error and dispersion in the year following non-GAAP earnings disclosure. Our study points to the usefulness of non-GAAP disclosures and provides evidence in support of this controversial practice.

POTENTIAL CONTRADICTIONS BETWEEN PROFESSIONAL SKILLS DEVELOPMENT IN THE NEW ADMISSION REQUIREMENTS FOR CHARTERED ACCOUNTANTS IN NEW ZEALAND AND WHAT IS REQUIRED BY EMPLOYERS

Sue Malthus, NMIT
Carolyn Fowler, Victoria University of Wellington

A fundamental change to the admission requirements for Chartered Accountants (CAs) in New Zealand has led to a focus on acquiring technical accounting skills, and away from the development of softer, non-technical professional skills. This move appears to be contrary to what is recommended in the International Education Standards and prior research on what skills employers require from their CA employees. This study investigates the skills currently sought by employers of CAs through a content analysis of online job advertisements and the results indicate that communication skills are more important than technical accounting skills. This suggests that there may be a disconnect between what employers of CAs are demanding and the skills that are being developed in the new admissions requirements.

UNDERWRITING IN THE AUSTRALIAN IPO MARKETS: DETERMINANTS AND PRICING

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Zoltan Murgulov, Monash University
Madhu Veeraraghavan, T.A. Pai Management Institute

This study examines the factors that explain the underwriting decision and the level of underwriting fees for Australian Initial Public Offerings (IPOs), including IPOs that list as Commitments Test Entities (CTEs). Recent changes to the Australian Securities Exchange (ASX) listing rules allow young and often unprofitable companies to list as CTEs and become quoted on the ASX based on commitments to spend the funds raised under an IPO. Our results show some evidence that CTE IPOs are more likely to be underwritten than non-CTE IPOs. IPOs are also more likely to be underwritten the higher the initial offer price, the shorter the time period between the lodgement of the IPO prospectus and the listing date, the older the firm and during periods when the market is hot. We also find evidence that more prestigious underwriters charge lower underwriting fees. However, underwriting fees are higher for IPOs that undertake a subsequent seasoned equity offering within three years of the listing date.

DETERMINANTS OF WATER DISCLOSURES AMONG AUSTRALIAN PUBLICLY LISTED COMPANIES

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Evangeline Elijido-Ten, Swinburne University of Technology
Christine Jubb, Swinburne University of Technology

This study examines the relationship between quality and quantity of water disclosures and possible determinants of water disclosures – the external and internal factors in 2009-2012 when Australian Water Accounting Standard was introduced. We use the stakeholder theory to argue that companies will provide more and better water disclosures when there are pressures asserted by stakeholders. The results support our prediction that external factors - shareholders, trade association, employees and internal factor – transformational community engagement strategy are associated with quality and/or quantity of water disclosures. Overall, this empirical study provides an evidence of water disclosures practices among publicly listed water-intensive companies.

MULTINATIONAL TRANSFER PRICING OF INTANGIBLE ASSETS AND TAX AUDIT ADJUSTMENTS: EVIDENCE FROM INDONESIA

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Zahir Ahmed, Auckland University of Technology
Ahsan Habib, Massey University

Purpose – This paper examines the challenges faced by Indonesian tax auditors in auditing multinational transfer prices of intangible assets. This study then explores the suitability of mechanisms currently used by Indonesian tax auditors to ensure appropriate tax audit adjustments. Design/Methodology/Approach – We use a qualitative research method involving semi-structured and open-ended interviews with the tax auditors in Indonesia. We also include some Indonesia court decisions pertinent to the research question above. Findings – Findings indicate that Indonesian tax auditors face a number of difficulties during the audit of transfer pricing cases derived from intangible property, including a lack of transparency in taxpayers' bookkeeping; limited taxpayer cooperation in providing data and documents; transfer pricing regulations; and problems related to organization and human resources. The study also finds that Indonesian tax auditors and tax officials handle transfer pricing cases by using a legal basis as reference and by performing a number of activities, including among others, comparable analysis.

Originality/Value – The findings of this study should assist researchers and policy makers to improve the understanding of transfer pricing audit. Also, tax auditors and account representatives who do not have enough experience in auditing transfer pricing cases derived from intangible property rights would be benefited from outcomes of this study.

THE EFFECT OF AUDIT REGULATION ON STAFFING DECISIONS

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Carlin Dowling, University of Melbourne
W. Robert Knechel, University of Florida

With increased regulatory focus on audits and concerns about whether audit regulation is achieving its stated aims, it is timely to investigate how regulations affect the way that staff are allocated to clients. This is an important issue as staff allocation affects all audits and the caliber of staff on an engagement impacts the quality of audit work delivered. This paper reports the results of an experiment where participant auditors allocate staff across two audits, where regulation (absent, inspection, partner rotation) and client request for the best staff (absent or present) are manipulated between-subjects. We identify an unintended consequence of regulation: auditors allocate lower caliber staff when regulation (inspection or partner rotation) is absent than when regulation is present. Type of regulation also affects staff allocation with auditors allocating higher level staff (managers, seniors and so on) and staff with higher knowledge and compliance skills ratings when an inspection is anticipated and with auditors allocating staff with higher people skills ratings to a client due for partner rotation. Client request for the best staff only has an effect when a partner is to be rotated. In that situation auditors respond by allocating higher level staff and staff with higher people skills ratings. Our findings suggest that audit regulation and type of regulation is affecting the caliber and skill set of staff allocated to audits with client concerns only becoming salient ahead of a partner rotation. These findings have significant implications for the caliber of staff allocated to clients based on whether or not an inspection is anticipated or a partner rotation is due, which in turn impacts the quality of the audit delivered.

PONDERING VALUE IN HEALTHCARE DELIVERY

Lyn Murphy, Manukau Institute of Technology
William Maguire, Consultant, Management Accounting, Tasmania

We evaluate recent suggestions for measuring the value of healthcare, based on insights from theoretical models and from a three strand parallel mixed method study in a New Zealand hospital. The healthcare process is characterised by inputs process, outputs and health outcomes. The question is: which of these elements enters into the value of healthcare and what is the emphasis to be placed on them? This paper contributes to debate on ways to measure value in health by suggesting that value in health should incorporate stakeholder perceptions of the benefits and costs associated with the treatment process.

SUSTAINABILITY AND INTEGRATED REPORTING BY AUSTRALIAN ENTITIES: FACTORS INFLUENCING ADOPTION AND DISCLOSURE QUALITY

Salmin Mustafa, Flinders Business School, Flinders University
Philip Palmer, Flinders Business School, Flinders University
Carol Tilt, School of Commerce, University of South Australia

The study investigates the explanatory factors influencing the adoption of Integrated Reporting and the disclosure quality of existing Sustainability Reporting and Integrated Reporting by Australian entities. Drawing on the perspectives of Stakeholder and Legitimacy theory, the study tests the association of IR adoption and sustainability disclosure quality with four corporate characteristics, namely corporate size, profitability, industry sector and assurance type. The findings suggest a positive association of IR adoption with certain Sectors, and a negative relationship between IR adoption and Profitability. In addition, the findings suggest a positive association of disclosure quality with corporate size and external assurance.

FIRM POLITICAL CONNECTIONS AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURES: EVIDENCE FROM AN EMERGING ECONOMY

Mohammad Muttakin, Deakin University
Dessalegn Mihret, Deakin University
Arifur Khan, Deakin University

Purpose – This study examines the association of firm political connection with the level of voluntary corporate social responsibility (CSR) disclosures.Design methodology/approach – The paper draws on insights from legitimacy and stakeholder theories to develop hypotheses on the possible inverse relation between political connection and CSR disclosures. Data was collected from annual reports of all manufacturing companies listed on the Dhaka Stock Exchange in Bangladesh from 2005 to 2013, comprising a usable sample of 936 firm-year observations.

Findings – The results indicate that CSR disclosures tend to be lower in politically connected firms suggesting that associating with political figures creates a perception of reduced legitimacy gap or lower pressure from stakeholders. That is, the perceived need for CSR disclosures as a legitimation tactic appears lesser in politically connected firms than non-politically connected ones. The results also show that political connection does not significantly affect the level of disclosures for multinational companies and export-oriented local firms suggesting that powerful international stakeholders create greater legitimacy threats on these two categories of firms than local stakeholders such as the state. Practical implication – Understanding the impact of political connection on firms' CSR disclosure helps readers of annual reports to put CSR disclosures into proper perspective. Originality/value – This study contributes original insights to practice, theory and the literature by developing and empirically testing original hypotheses on the influence of political connection on firms' CSR reporting behaviour.

UNDERSTANDING COMPLEXITIES IN INTERNATIONAL ACCOUNTING STANDARD SETTING: AGENDA ENTRY AND THE CASE OF IFRS FOR SMES

Susan Newberry, The University of Sydney Business School
Ronita Ram, The University of Sydney Business School

Earlier accounting works have shown that an understanding of agenda entry is critical to better understanding the accounting standards setting process. Consider Walker and Robinson (1993; 1994) and Ryan (1998); and more generally agenda entrance as theorized in Kingdon (2011). In 2003, the IASB placed on its agenda a project to promulgate a standard for small and medium-sized entities (SMEs). This provides our focus. It seemed to be a departure from the IASB's constitutional focus on capital market participants. Kingdon's three-streams model of agenda entry helps to identify some of the complexities related to politics and decision making messiness that resulted in a standard setting project for simplified IFRS, misleadingly titled IFRS for SMEs. Complexities relate to the broader international regulatory context, including the boundaries of the IASB's standard-setting jurisdiction, the role of board members in changing those boundaries, and such sensitivities over the language that the IASB could not agree on a suitably descriptive title. The paper shows similarities with earlier agenda entrance studies by Walker and Robinson (1994) and Ryan (1998). By drawing on interviewees' recollections and other material it especially reinforces the part played by the nuanced complexities that influence what emerges as an international accounting standard.

CONSTRUCTION OF ACCOUNTING IDENTITIES IN VIETNAM: EXPERIMENTING WITH BOURDIEU'S PRACTICE THEORY

Lisa Nguyen, AUT University
Keith Hooper, Unitec Institute of Technology
Rowena Sinclair, AUT University

Purpose: This study aims to investigate the habitus of bookkeepers and professional accountants in Vietnam, a communist country, by experimenting with Bourdieu's practice theory. Such theory seeks to examine the ways in which accounting individuals (or classes) inhabit a position, invoking practical knowledge which enables them to function in particular positions. Such functions are to be associated with habitus – durable, transposable dispositions which are both constitutive of and constituted by the context or field in which they operate. Design/Methodology/Approach: This is a qualitative research study and the naturalistic inquiry approach was selected for this paper. Saturation was reached at 25 bookkeepers and professional accountants through semi-structured interviews.

Findings: All bookkeepers attach their identity to their daily routine work and highlight the importance of keeping updated on the new rules issued by the government. They, together with some professional accountants, have also found their identity formed through connections with government officials. Some locally qualified professional accountants have deviated their career or identity from the traditional pathway by obtaining professional qualifications of ACCA or CPA (Australia).

Originality/value: Many developing countries seek to join the global economy in the hope of bringing prosperity to their citizens. Membership of the global economy potentially brings with it many rewards. However, it also brings responsibilities such as the need to follow IFRS. The challenge for the accounting profession within these countries is to up skill themselves to meet the demands of IFRS, particularly its use of professional judgements and principles, rather than the rule-based standards of many communist countries. This study adds to the literature by illuminating some of the impediments to this need for professionalization.

THE ROLE OF HETEROGLOSSIC DIALOGUE IN PERFORMANCE EVALUATION: A CASE STUDY OF A NON-GOVERNMENT ORGANIZATION

Susan O'Leary, Monash University
David Smith, Monash University

Prior research has indicated the tendency for accounting systems to take a monologic focus, that is, to reduce accounting information to a single focus, or meaning (see for example, McIntosh and Baker, 2002). To overcome this singular focus, a dialogic approach to accounting information has been proposed (Brown, 2009). The focus of this study is to shed light on the key characteristics and dimensions of accounting information that allow a dialogic appreciation and understanding of performance and impact. In order to investigate these characteristics in detail, we adapt the notion of heteroglossia from Bakhtin (1986a; 1986b, 1986c, 1986d; 1992), and apply it to build knowledge of the processes through which understanding is derived from accounting information. In a case study of a welfare non-governmental organization, we focus on Bakhtin's three dimensions of heteroglossic dialogue, and examine how these inform understanding of performance evaluation information.

MEASURING FINANCIAL LITERACY OF SUPERANNUATION FUND MEMBERS: PRELIMINARY RESULTS

Chrisann Palm, Queensland University of Technology

Superannuation is typically the second most valuable asset for most working Australians. Despite such importance, many fund members appear to be disengaged with their 'forced savings'. The literature shows that financial literacy is one of the key requirements for making informed financial choice. Yet numerous financial literacy studies indicate that financial illiteracy is widespread across different countries and settings. This study assesses the financial literacy of superannuation participants through a survey of 594 fund members. The results show that while most respondents displayed high levels of self-rated and general financial literacy, fewer scored as well in relation to more advanced literacy regarding superannuation investment options.

'PEOPLE LIKE US': EXPLORING THE CULTURAL FIT OF MIGRANT ACCOUNTANTS IN SEEKING EMPLOYMENT IN AUSTRALIA AND THE USE OF GENERIC SKILLS IN EDUCATION TO INCREASE EMPLOYABILITY

Neil Parry, Victoria University
Beverley Jackling, Victoria University

The recruitment practices of professional financial service firms are informed by hegemonic cultural norms embedded in global and national economic institutions and reproduced in professional fields and society at large. There is a propensity, particularly in the financial services, to employ 'people like us' (Erel, 2010), which it is argued has constrained the accounting employment outcomes of skilled migrants. Using the concept of cultural fit, this paper draws on interviews with representatives of accounting firms to understand the criteria for recruiting in a highly commercialised and globalised professional labour market. The results demonstrate that the more client-focused firms place an emphasis on cultural fit in recruitment as a basis for developing client-firm relationships. Notwithstanding the prerequisite fundamental skills and attributes required for employment in the profession, it is concluded that a lack of cultural capital by migrants means that their efforts to infiltrate the professional accounting labour in Australia are limited.

MANAGERS' DISCUSSION OF COMPETITION IN THE 10-K, FIRMS' INVESTING ACTIVITIES AND FUTURE OPERATING PERFORMANCE

Kyle Peterson, University of Oregon
Nam Tran, Melbourne Business School

We examine whether managers' perceived competition, based on firms' disclosures in their 10-K filings, influences firms' investment decisions. We document that firms with high perceived competition have higher investments in R&D and acquisitions in the current year and over the subsequent three years. We also examine whether investments in R&D and acquisitions moderate the relation between perceived competition and the rate of diminishing marginal returns established in prior literature. We find that firms with more investments in R&D and acquisitions actually exhibit a stronger relation between perceived competition and the rate of diminishing marginal returns, suggesting that perceived competition combined with costly investing decisions provides a more credible signal of the firm's competitive environment.

THE EFFECTS OF PRIOR COMMITMENT AND RISK OF MATERIAL MISSTATEMENT ON AUDITORS' EVALUATION OF SUBSEQUENT EVENTS

Soon-Yeow Phang, The Australian National University
Neil Fargher, The Australian National University

Recent PCAOB and international inspection reports indicate that there are deficiencies in the audits of subsequent events. What is less understood is why these deficiencies occur. As the evaluation of subsequent events occurs toward the end of the audit process, this study examines whether auditors will commit to an initial view formed during the audit, and are therefore more likely to exhibit escalation tendencies by proposing a smaller audit adjustment to the management. Auditors are however expected to be more skeptical when risk factors are present so that they are more likely to adjust for subsequent events when the risk of material misstatement is high. Our experiment provides evidence that auditors show escalation behavior by proposing a significantly smaller audit adjustment to the management when subsequent events become known to them after they have committed to their initial view to the management. The results on the risk of material misstatements suggest that auditors are more likely to commit to an initial position formed during the audit when risk of material misstatement is low, but not when risk of material misstatement is high.

PCAOB INTERNATIONAL INSPECTIONS: ARE GLOBAL AUDIT FIRM NETWORKS EFFECTIVE IN MITIGATING QUALITY CONTROL DEFICIENCIES?

Ashna Prasad, The University of New South Wales

In this paper, an understanding of the Global Audit Firm Networks (GAFNs) internal capacity to deliver uniform (high) audit quality intimated by its brand name is sought. Specifically, the effectiveness of GAFNs in improving Audit Quality Control (AQC) procedures across their network members is investigated. Quality control in this study refers to firm-level procedures and systems over client audit engagements. The existence of firm-level quality control defects is identified from the international audit firm inspection reports of the Public Company Accounting Oversight Board (PCAOB). Non-networked firms are found to learn from repeat inspections as seen by a learning effect from second-time PCAOB inspections but this is not the case for the GAFNs It is also observed that the PCAOB is identifying more firm-level quality control defects in relatively strong legal environments. Overall, the PCAOB appears to be conservative in its approach to inspection of large audit firms' quality controls. Affiliation to GAFNs does not appear to mitigate quality control deficiencies of individual network members.

REGULATORY AND AUDITING STANDARD CHANGES IN THE AUSTRALIAN MARKET FOR AUDIT SERVICES: 2000 TO 2015

Pranil Prasad, Macquarie University
Parmod Chand, Macquarie University

Australia like other jurisdictions has experienced significant reforms to auditing regulation and standards in an effort to boost public confidence in the profession. This paper reviews the changes in audit market regulation and auditing standards over the past fifteen years, and critically examine the consequences and implications of these changes on the market for audit services, audit practice and audit research. Our review begins with the enactment of the Corporate Law Economic Reform Program Act 2004 (CLERP 9 Act) and the events leading up to it. In 2006, the auditing standards in Australia, which were based on the auditing standards issued by the International Auditing and Assurance Standards Board (IAASB), gained legislative backing. Over the course of the next nine years, revisions were made to the standards through the Clarity Program and then through the program on auditor reporting standards. We document substantive implications arising from these changes in the audit market.

CORPORATE CAPITAL BUDGETING PRACTICES: THE RELATIVE INFLUENCE OF THE NATURE OF THE FIRM AND NATIONAL-DEVELOPMENT LEVEL

Pratheepkanth Puwanenthiren, Federation University Australia
Samanthala Hettihewa, Federation University Australia
Chris S Wright, Higher Education Faculty, Holmes Institute, Australia

In evaluating the association between capital-budgeting (CB) practices and the characteristics of the firm and its managers with firm performance in a developed country and an emerging country, this paper seeks to disentangle the effects of key drivers of CB sophistication. The relative sophistication of the firms conducting the CB and the level of country development are embedded using 150 companies from each country. Findings demonstrate that CB practices are more influenced by firm size and sophistication in both countries and should help determine whether focus of development should be on individual firms or will raising the country development level, raise the performance of all corporations.

CAN THE DESIGN OF EQUITY-BASED COMPENSATION LIMIT INVESTMENT-RELATED AGENCY PROBLEMS?

Xin (Tracy) Qu, Griffith University
Majella Percy, Griffith University
Fang Hu, Griffith University
Jenny Stewart, Griffith University

We investigate the association between managerial investment behaviour and CEO incentives derived from compensation contracts. Based on a sample of the largest two hundred Australian firms over the period 2010 to 2014, we find that investment inefficiency, proxied by investment-cash flow sensitivity, is reduced through the strategic design of CEO equity compensation. The positive sensitivity of investment to cash flow decreases as the use of equity grants increases, indicating greater interest alignment between management and shareholders. The decreased investment-cash flow sensitivity also occurs when using a longer vesting duration and a graded vesting pattern (benefits gradually vest throughout the vesting period), suggesting that enhanced horizon incentives align managers' interest with long-term firm value. We also find that the investment-cash flow sensitivity is reduced when attaching performance hurdles to equity grants, especially the long-term hurdles, implying substantial financial incentives provide incremental interest alignment and correspondingly reduces investment-related agency problems. We note that CEO power has a moderating effect on our regression results. When CEOs have relatively higher power, the utility of equity compensation becomes inadequate to reduce investment-cash flow sensitivity. Overall, the results are consistent with the agency cost explanation that firms can strategically design equity-based compensation to reduce investment-related agency problems.

SELF-MANAGED SUPERANNUATION FUNDS: WHAT IS THE REAL COST?

Adrian Raftery, Deakin University
Ameeta Jain, Deakin University

Using data collected from a purpose designed survey instrument administered online to superannuation members, we document the time spent by self-managed superannuation fund (SMSF) members on superannuation matters, comparing that with non-SMSF superannuation investors. Recent federal government studies have highlighted a lacuna in the understanding of the real costs of running an SMSF. We provide empirical evidence about these implicit costs. Second, we demonstrate the variables influencing the time allocation and consequently income foregone by this activity. Our research provides new insight onto the complete costs associated with running an SMSF.

THE DETERMINANTS OF VOLUNTARY CARBON EMISSION DISCLOSURES IN AUSTRALIA POST THE IMPLEMENTATION OF THE NATIONAL GREENHOUSE AND ENERGY REPORTING ACT 2007

Rowena Rayner, Griffith University
Reza Monem, Griffith University
Chew Ng, Griffith University

The research's purpose is to investigate the determinants behind voluntary carbon emission disclosures made by firms to stakeholders, in light of the introduction of the National Greenhouse and Energy Reporting Act 2007. Data is hand collected from 170 Australian Securities Exchange listed firms' annual and sustainability reports over a seven year period, 2005 – 2011. The findings suggest that size, industry association and carbon emissions assurance are predictors for National Greenhouse and Energy Reporting registered firms while size is a predictor for other firms. The research contributes to literature by offering a longitudinal study comparing treatment and control firms.

ENVIRONMENTAL STRATEGY AND STRATEGIC MANAGEMENT ACCOUNTING - CONCEPTUAL FRAMEWORK AND EVIDENCE

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Strategic management accounting (SMA) is the provision of management accounting data for developing and implementing business strategy. The current study is motivated by the need for further research into the nature of strategies supported by SMA techniques. While prior research shows ample evidence of information provided by management accounting for environmental decision making, little academic attention has been paid to establishing frameworks linking environmental strategy (ES) as a specific form of business strategy, and management accounting. This study contributes to the existing SMA literature conceptually by developing an ES-SMA conceptual framework that links ES and management accounting using SMA information for ES implementation, and empirically by applying the ES-SMA framework to a case company. The most significant findings relate to the dual-ownership of SMA information for strategic environmental decisions by the case company's management accounting and non-accounting units. While management accounting's contribution is limited to monetary information, the company relies substantially on a lifecycle analysis tool and an in-house resource database (ASSET), both of which are developed by non-accounting units, for physical and majority of monetary SMA information. Hence, the inter-discipline collaboration and communication between management accounting and non-accounting teams in ES processes seem to be more important than the ownership of SMA information.

READABILITY AND THEMATIC MANIPULATION IN CORPORATE COMMUNICATIONS: A MULTI-DISCLOSURE INVESTIGATION

Glenn Richards,
Chris Van Staden, AUT University
Richard Fisher, University of Canterbury

The purpose of this study is to investigate the prevalence of two significant impression management strategies, thematic manipulation and reading ease manipulation, across a range of distinct corporate narrative communications and explore the determinants of such practices. Prior studies have tended to examine impression management strategies independently. Further, studies typically only consider a single disclosure type. This suggests that research has overlooked the fact that managers are likely to consider a range of alternative disclosures and impression management approaches in developing their disclosure strategies. By considering a range of both disclosure types and impression management strategies, this study attempts to uncover important interrelationships between these factors, thereby enriching our understanding of corporate disclosure strategies. A sample of 824 disclosures made by listed companies in Australia and New Zealand is examined. The disclosures include key narratives typically contained in annual reports including the chairman's letter, management's discussion and analysis, the notes to the accounts, and any embedded Corporate Social Responsibility (CSR) report. Additionally, narratives contained in separately issued CSR reports were studied. The study finds evidence of readability manipulation obfuscating the disclosures of poorer performing companies. However, the themes within the disclosures of poorer performing companies tended to closely mirror those of more well performing companies – an observation consistent with the Pollyanna principle. The study also finds that disclosures with a positive tone are significantly more readable than those with a negative tone, a result consistent with the obfuscation hypothesis.

THE ROLE OF RISK REPRESENTATION IN PERFORMANCE MEASUREMENT SYSTEMS UPON MANAGERIAL RISK-TAKING

Kristian Rotaru, Monash University
Axel Schulz, Monash University
Dennis Fehrenbacher, Monash University

This study investigates how decision-making involving risky choices is affected by the extent to which performance measurement systems (PMSs), such as balanced scorecards (BSCs), include downside risk information. The purpose of our research is to provide a stronger empirical foundation to guide the development of risk-based performance reports. A laboratory experiment is conducted in which participants select a product to support. The study manipulates: (i) the typology of risk representation (leading measures of risk presented through key risk indicators, lagging measures of risk presented through risk matrices, or the combination of both) within the risk-based BSC; and (ii) the complexity (seen as the number of performance and associated risk measures) of the risk-based BSC. Consistent with security-potential/aspiration theory, the results of this experimental study show that incorporating the information about both leading and lagging risk measures within the risk-based BSC reduces risk-taking behavior in response to downside risks.

PROFESSION, EDUCATION AND STATUS: THE DEVELOPMENT OF DISENGAGED SCHOLARLY ACTIVITY IN ACCOUNTING IN SOUTH AFRICA

Grant Samkin, University of Waikato
Grietjie Verhoef, University of Johannesburg

This paper examines how the relationship between the profession, the state and universities in South Africa has conspired to inhibit the development of a scientific scholarly community of accounting academics able to engage in international scholarly debates. A multiple history approach, including traditional archival material and oral history, is used to illustrate how the network of 'actants' interacted to ensure the delivery of accounting education at South African universities. The focus is on technical expertise, brand power and political correctness. By prescribing and detailing the accounting syllabi that must be delivered to ensure university accreditation, the South African Institute of Chartered Accountants and its predecessors exercise direct influence over accounting education and those that deliver it. The consequence of this control is that those academics delivering the accounting programmes fail to engage in knowledge seeking or critically evaluating the context in which accounting operates in South Africa in any meaningful way.

VOLUNTARY PARTICIPATION: A PREDICTOR OF FUTURE STUDY CHOICES

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David Bond, University of Technology, Sydney
Jonathan Tyler, University of Technology, Sydney
James Wakefield, University of Technology, Sydney

An optional screencast assignment offering bonus marks has been implemented in an introductory accounting subject (hereafter known as 'Accounting 101') at a large metropolitan university in Australia This study aims to uncover the association between voluntary participation in the assignment and two outcomes: (i) the likelihood of majoring in accounting, and (ii) future performance in further accounting studies. This study is motivated by the paucity of research into the impact of `extra credit' on students' future study choices. This study finds that students who voluntarily participate in the screencast assignment are significantly less likely to major in accounting, and do not perform any better than their non-participating peers in future accounting studies.

THE HARMONISATION OF GAAP AND GFS FINANCIAL REPORTING IN THE AUSTRALIAN PUBLIC SECTOR: WHY AND HOW DID IT HAPPEN? AN AGENDA SETTING PERSPECTIVE

Sabine Schuhrer, The University of Adelaide

A review of existing studies of agenda setting in accounting identified that there is a need for further theoretical development. A new theoretical construct, the discursive agenda setting framework, is developed and presented here. The DASF addresses widely used criteria, such as the structure-agency dilemma, that have been established to compare and contrast theoretical constructs in the realm of public policy research. It also introduces a focus on discourse into accounting agenda setting research. The usefulness of the DASF is then tested by its application to the agenda setting case of GAAP/GFS harmonisation in Australia. In April 2003, the Australian Financial Reporting Council (FRC) directed that an accounting standard should be developed and implemented that would harmonise Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) accounting for Australian public sector entities. Australia is the only jurisdiction that has developed and implemented such an accounting standard. This study examines how and why the FRC made this decision. The study finds that individual actors from within the government with highly sophisticated technical, political and discursive skills were able to manipulate the agenda setting process and as a result, the Australian accounting standard setter and the FRC lost control over their agendas to these actors. The first time application of the DASF offers new and valuable insights into the complexities of this process that would not have been addressed by the use of existing constructs.

CAPITAL RAISING AND DEMAND FOR AUDITING IN PRIVATE AND PUBLIC FIRMS

WenHua Sharpe, Deakin University
Peter Carey, Deakin University
Hong Feng Zhang, Deakin University

This study investigates how audit quality influences corporate capital raising. Specifically, we provide one of the first large sample comparisons of financial policies in public and private UK companies. Although theory suggests that higher-quality auditors (i.e., Big 4) moderate agency conflicts/information asymmetry between the company and its outside capital providers which can assist the company in issuing equity or raising debt, we find that audit quality influences the companies' capital raising quite differently in public and private companies: Audit quality is positively (insignificantly) associated with equity (debt) raising in public companies; whereas audit quality is positively (insignificantly) associated with debt (equity) raising in private companies. We also examine whether capital providers are likely to place greater reliance on audit quality during the current financial crisis. Contrary to expectations, we find no evidence of Big 4 auditors playing a greater role under the extreme credit environment. Overall, this study contributes not only to the current debate on private versus public accesses to capital but also the broader literature on the determinants of financial policies.

THE IMPACT OF ETHICS EDUCATION ON EARNINGS MANAGEMENT JUDGMENT: A QUASI-EXPERIMENTAL APPROACH

Mahfud Sholihin, Accounting Department, Gadjah Mada University
Ahmad Zakki, Accounting Department, Gadjah Mada University
Eko Suwardi, Accounting Department, Gadjah Mada University

This study examines the impact of ethics education on earnings management judgment using quasi-experiment approach involving MBA students in a major university in Indonesia as subjects. Particularly, we examine whether participants judge earnings management differently before and after they do Business Ethics course. Additionally, we also compare those who take Business Ethics course and those who do not take it. We find no ethical judgment difference between students, before and after they do Business Ethics; and those who take and do not take Business Ethics course.

THE USEFULNESS OF DIRECT VERSUS INDIRECT OPERATING CASH FLOW DISCLOSURE IN A VOLUNTARY SETTING

Baljit Sidhu, University of New South Wales
Chuan Yu, University of New South Wales

This study examines the incremental usefulness of disclosed versus estimated direct method (DM) cash flow components in predicting future operating cash flows and earnings. We investigate the average incremental usefulness as well as the underlying heterogeneity. The results are overall consistent with our hypotheses. On average, DM components are incrementally useful beyond estimated components when predicting one-year ahead operating cash flows. The average incremental usefulness is not significant when predicting one-year ahead earnings. When heterogeneity is considered, we find that DM components are incrementally useful than estimated components under the following circumstances: large estimation differences between disclosed and estimated DM components, significant divergent between operating and cash generating cycles, and growth and decline stages during a firm's life cycle.

UNIFICATION FAILURE: THE INITIAL ATTEMPT TO MERGE AUSTRALIA'S TWO MAJOR PROFESSIONAL ACCOUNTING BODIES IN THE LATE 1960S

Jasvinder Sidhu, RMIT University
Garry Carnegie, RMIT University
Brian West, Federation University Australia

Set in the late 1960s, in the aftermath of various corporate failures and strong and persistent criticism of the Australian accounting profession by the financial press and government inspectors, this study examines the first of four unsuccessful attempts to merge the two main professional accounting associations in Australia at that time: the Australian Society of Accountants and The Institute of Chartered Accountants in Australia. The study employs two theoretical perspectives – boundary-work concepts (Gieryn, 1983) and the construct known as "the dilemma of exclusiveness versus market control" (Macdonald and Ritzer, 1988) – to provide insights to how the boundaries of accounting work were managed during the merger episode. Of particular focus are the differing organisational strategies adopted by each of the two professional bodies, and the collective strategy proposed for the intended merged association. Primary data available from public archives and oral history interviews provide the key sources, supplemented by relevant secondary sources. The findings reveal that during the period leading up to the merger vote in late 1969, both bodies had reviewed their traditional organisational strategies. The Institute had begun to relax its emphasis on exclusivity and public practice, while the Society was seeking to build its status. This raised the prospect of there being sufficient commonality of purpose to enable the proposed merger to succeed. However, while members of the Society overwhelmingly supported the merger, the proposal was defeated by the negative vote of the Institute membership – a pattern that would be repeated in the three subsequent merger proposals. In this way, unification of the Australian accounting profession has remained elusive and is not a current priority for either professional body.

AUDIT COMMITTEE EXPERIENCE AND FINANCIAL REPORTING QUALITY

Harjinder Singh, Curtin University
Nigar Sultana, Curtin University
Asheq Rahman, Auckland University of Technology

We investigate whether audit committee experience is associated with higher levels of financial reporting quality, the latter proxied by audit fees. In order to comprehensively analyse audit committee experience in one setting, we include audit committee member tenure, age and multiple-directorships in our sample. We believe that experienced audit committee members have self-interested incentives to add value to the financial reporting process by firms and do so by extending the scope of the audit and requiring the auditor to undertake greater audit testing. Using an observation period from 2001 to 2012, we undertake analysis on 7,659 firm-year observations and find that all our measures of committee experience are positively associated with audit fees with multiple-directorships having the greatest impact on higher audit fees. Additional testing, including factor analysis, support our main findings and our results make a number of contributions to both the literature and policy makers. One important policy contribution is that regulators should consider additional audit committee characteristics such as multiple-directorships when framing regulations to improve audit committee effectiveness and thereby, financial reporting quality by firms.

GENERIC SKILLS IN ACCOUNTING: PERSPECTIVES OF CHINESE POST-GRADUATE STUDENTS

Bernadette Smith, University of Tasmania
Helen Han, University of Tasmania
William Maguire, University of Tasmania

This study examines Chinese accounting students' perceptions of skills required for a professional accounting position in Australia and of the emphasis placed on skills during their post-graduate Master of Professional Accounting (MPA) course. The study is motivated by concerns about international students' inadequate generic skills and their difficulty in securing professional employment. We find that Chinese students perceive that 'communication skills' are the most important for their professional employment in Australia, and that at the same time they tend to over-emphasise 'technical skills' and under-emphasise other desirable generic skills.

IMPLICATIONS OF BOARD CAPITAL AND FIRM GROWTH-OPTIONS ON AUDITOR ASSESSMENTS

Kevin Smith, University of Nottingham Ningbo China
Jenny Stewart, Griffith University
Conor O'Leary, Griffith University

Boards are considered the lynchpin of corporate governance. The roles boards play can have a significant impact on corporate outcomes. A theoretical framework is developed using agency theory and resource dependency theory to examine board capital and its influence on auditor perceptions in their planning assessments. This framework is tested by manipulating board capital and firm growth-options. We find that board capital has a significant positive influence on auditor assessments of board effectiveness and future performance, and a negatively association with inherent risk assessments. The interaction of growth-options on board capital does not significantly influence these assessments.

HOFSTEDE CULTURAL DIMENSIONS AND DEFAULT ON MORTGAGES

Reza Tajaddini, Swinburne University of Technology
Hassan Gholipour Fereidouni, Swinburne University of Technology

The purpose of this paper is to investigate the influence of country cultural variables on default on mortgages after controlling for other relevant determinants of default on mortgages. Using a sample covering 42 countries and applying multivariate regressions, our analysis shows that borrowers from individualistic countries (that are characterized by people with overconfidence and self-attribution biases) default more on their mortgages in both normal period (2010-2013) and crisis period (2008-2009). Moreover, we find that borrowers from normative societies (that are characterized by people with a relatively small propensity to save for the future) and indulgent societies (where people place a higher degree of importance on leisure time and having fun) default more on their mortgages in normal period. Our finding that culture matters for default on mortgages suggests important implications for multinational financial institutions that provide mortgage across countries.

THE ROLE OF MANAGEMENT CONTROL SYSTEMS IN OPEN STRATEGY PROCESSES

Paul Thambar, University of Technology, Sydney
David Brown, University of Technology, Sydney
Prabhu Sivabalan, University of Technology, Sydney

This paper examines management accounting and strategy in a setting characterised by common strategic challenges and limited firm strategic assets. We carried out a longitudinal field study within the Australian cotton industry to examine an open strategy process which involved multiple firms and managers collaboratively undertaking strategic activities and sharing strategic assets, beyond the firm boundary, to develop strategic information for strategy development. Using management accounting theory and extending the understanding of how management control systems are used within firms to manage the strategy process, we developed knowledge on how these systems were operated as industry-level management control systems providing the context and the means for enabling collaboration between firms in the open strategy process. Our theoretical framework also explains why firms engaged in these open strategy processes through an explanation of external factors such as ecological issues which operated as antecedent factors. These factors, by having similar economic impacts and by requiring a greater level of strategic assets provided incentives for firms to engage in open strategy processes. Finally, we show how strategic insight and resource fluidity operated as meta-capabilities helping to resource firm engagement in these processes. Our study contributes to management accounting theory by introducing open strategy processes and by providing a framework that helps to explain how these processes operate.

SIMILARITIES AND DIFFERENCES BETWEEN THE APPROACHES OF REGULATORS AND INDEPENDENT ORGANISATIONS TO PRIVACY AUDITS.

Alan Toy, The University of Auckland

Privacy "audits" are being done by private organisations such as KPMG and regulatory organisations such as privacy commissioners. Toy and Hay (2015) argue that there is considerable divergence between the standards used by private auditors and regulatory organisations when conducting privacy audits. In this paper, interviews are used to test that theory. The results show support for the premise that regulatory organisations and private auditors currently have a difference of focus. This paper also demonstrates that some challenges exist to the development of a privacy auditing profession, especially due to the relative novelty of the service and the lack of a community of practice and previous experience.

EARNINGS ANNOUNCEMENT IDIOSYNCRATIC VOLATILITY AND THE CROSS-SECTION OF STOCK RETURNS

Cameron Truong, Monash University

We document a significant positive relation between earnings announcement idiosyncratic volatility and stock returns in the 10-day window before future earnings announcements. The average of risk-adjusted return differences between stocks with the highest earnings announcement idiosyncratic volatility and stocks with the lowest earnings announcement idiosyncratic volatility exceeds 100 basis points in the 10 days leading up to the earnings announcements. The pricing of earnings announcement idiosyncratic volatility is asymmetric where only idiosyncratic volatility based on positive stock returns is priced. This is consistent with the argument that investors have a preference for stocks with large payoffs during earnings announcements.

INTERNATIONALIZATION AND AUDITOR CHOICE

Shou-Min Tsao, National Central University
Hsueh-Tien Lu, National Central University
Edmund Keung, National University of Singapore

Prior research shows that internationalization increases information asymmetry and conflicts of interest between managers and outside investors, which lead to greater agency problems. Agency theory predicts a demand for higher quality auditors when agency problems are more severe. This study investigates whether the extent of internationalization influences auditor choice and whether audit quality has performance implications for internationalization. Using a data set of US firms from 2003 to 2009, we find that the extent of internationalization is positively related to audit quality. Furthermore, higher quality audits positively moderate the relation between internationalization and firm performance. Taken together, these results suggest that higher quality audit mitigates the agency problem associated with internationalization.

DO FIRMS' FREE CASH FLOW MOVEMENTS FIT ARITHMETIC BROWNIAN MOTION? EVIDENCE FROM THE NEW ZEALAND CAPITAL MARKET

John Van der Burg, Nelson Marlborough Institute of Technology

Inspired by the success of using geometric Brownian motion to describe the behaviour of asset prices, geometric Brownian motion has also been applied to modelling firm's cash flows. Despite its undisputed attractiveness geometric Brownian motion comes with a number of theoretical and practical short comings as set-out in this paper. Therefore this study considered an alternative stochastic model: arithmetic Brownian motion. The hypothesis that arithmetic Brownian motion accurately describes a firm's free cash flows was tested by analysing the time series of reported annual free cash flows of 77 companies listed on the New Zealand stock exchange, NZX. It was found that only 18 time series fitted arithmetic Brownian motion based on a normally distributed error term and the absence of significant autocorrelation. Further analysis showed that error terms typically have a skewed probability distribution with a tendency to fat tails. However, so called "jump years" do not occur frequently and extending the model with a jump process would not significantly improve goodness-of-fit. Other improvements to the pure arithmetic Brownian motion model were considered and rejected for reasons ranging from not passing theoretical scrutiny to a lack of available data. As an alternative approach decomposition of free cash flows was recommended as a preferred direction to better describing (complex) stochastic properties because it resembles practical cash flow estimation, parameters can be estimated efficiently, and the model enables non-Gaussian probability distributions associated with features such as statistical dependencies between cash flows and managed cash flows.

HARD AND SOFT INFORMATION: THE RELEVANCE OF EMBODIMENT

Peter Vassallo, University of New South Wales
Rosalyn Diprose, University of New South Wales

Theoretical and empirical research in financial economics supports the view that human judgement is enabled by both hard and soft forms of information (Petersen, 2004). Indeed, empirical literature shows that for both debt and equity capital allocations, decisions made by debt providers and equity investors cannot be fully explained by hard information alone (Diamond, 1984; Diamond, 1991; Ramakrishnan and Thakor, 1984; Dechow, Hutton and Sloan, 1999; Petersen 2004). In this paper we argue that the nature of hard and soft information can be given a theoretical structure derived from the philosophy of embodiment, alternatively, existential phenomenology. This not only articulates an epistemological foundation for the notion of hard and soft information, but it gives a much clearer direction on the relation between hard and soft information, their respective status and the role that ambiguity plays in the context of hard information.

AUDIT QUALITY AND ACCOUNTING CONSERVATISM

Peter Vassallo, University of New South Wales
Stuart Taylor, University of New South Wales

We provide direct and comprehensive evidence that higher auditing quality corresponds with more conservative accounting of an enterprise's income and assets. Previous studies, based on a conditional conservatism measure (Basu, 1997), find limited evidence of auditor quality driving conservatism. We employ Easton, Vassallo and Weisbrod's (2015) conservatism framework to extend audit-conservatism analysis onto a firm-level analysis, to differentiate between internally and externally (cash) generated growth, and to control for the direction of outside cash flows. Through this framework, we find that higher audit quality increases accounting conservatism simultaneously for enterprise income and changes in firm value. We also find increases in conservatism in firm conditions that cannot be discriminated with a simple, conditional conservatism framework.

EQUITY ANALYSTS' RECOMMENDATION REVISIONS AND CORPORATE BOND PRICE REACTIONS

Xiaoting Wei, Monash University
Cameron Truong, Monash University
Minh Do, Monash University

This study examines bond price reactions to equity analysts' recommendation revisions over the sample period 2002–2011. We find a significant and positive relation between bond returns and equity analysts' recommendation revisions over the 11-day event window centered on announcement day. In addition, we report asymmetric bond price reactions to recommendation revisions, with greater reactions to recommendation downgrades. While the average reaction to recommendation upgrades is insignificant, the average return reaction to recommendation downgrade is -0.032% daily. This evidence is consistent with the Black– Scholes (1973) bond pricing model. Furthermore, we find stronger bond price reactions to recommendation revisions from riskier bonds, due to their investors' greater concern about firm's solvency.

INSTITUTIONAL FACTOR, IFRSS ADOPTION, AND EARNINGS QUALITY OF CROSS-LISTED FIRMS

Singgih Wijayana, Gadjah Mada University

The increasing use of IFRSs over time motivates this study to examine the earnings quality of cross-listed firms on the U.S. market. The quality of financial information are expected to increase over time, following the increasing number of cross-listed firms' financial statements under IFRSs. This study finds some evidence to support that the increasing use of IFRSs on the U.S. market is related to the higher quality of financial information as indicated by the increasing cross-sectional average earnings quality of cross-listed firms over time. Whether IFRSs financial information is affected by institutional factor is also investigated in this study. Consistent with prior literature, some evidence that cross-sectional variation of earnings quality is associated with the level of investor protection and IFRSs adoption are found. The result of cross-sectional regression shows evidence to support for home country investor protection impacting the earnings quality of cross-listed firms on the U.S. market. This result suggests that U.S. securities laws do not overcome the institutional differences of home countries of U.S. cross-listings firms.

LOGARITHMIC TRANSFORMATIONS IN CROSS SECTION REGRESSION MODELS OF THE LONG RUN RELATION BETWEEN MARKET AND ACCOUNTING VALUES

Roger Willett, University of Tasmania

Empirical evidence, mostly cross-sectional, is provided in this paper supporting the theory that the market accounting-relation is best understood as a multiplicative relation, when the modeled variables are positive. The theory is shown to work well with large sets of cross section and pooled data as well as in time series analysis with more limited numbers of observations. The distributions of market value and the main accounting aggregates, net book value of firm assets, earnings and dividends are all better approximated by a lognormal form, when the data are positive. The error term in regressions of market value on these variables is also more closely approximated by a lognormal distribution. Together these findings are consistent with the long-run market-accounting relation and the cross-section of market value being better explained by a geometric mean of the fundamental accounting variables, rather than an arithmetic mean of those variables, which is invariably used in the accounting literature. Implications for the interpretation of coefficients in cross-section regressions of market value and for the theories of market valuation are discussed.

WAS THE GLOBAL SETTLEMENT EFFECTIVE IN MITIGATING SYSTEMATIC BIAS IN AFFILIATED ANALYST RECOMMENDATIONS?

Minzhi Wu, Australian National University
Mark Wilson, Australian National University
Yi (Ava) Wu, University of Sydney

In recent times, regulators have relaxed some provisions of the Global Research Analyst Settlement of 2003 (the "Global Settlement") and associated reforms, which arose from charges that conflicts of interest within investment banks had induced the issuance of fraudulent or otherwise misleading analyst research reports. We examine the effectiveness of the Global Settlement and its contemporaneous regulatory changes in reducing the systematic optimism observed in stock recommendations of analysts whose employer is a merger and acquisition ("M&A") advisor for the covered firm ("affiliated analysts"), by comparing the optimism exhibited in stock recommendations issued by these analysts and by unaffiliated analysts before and after the Global Settlement. To control for the impact on analyst optimism of other time varying factors, our sample includes cases from the US and from other countries in which the Global Settlement had no direct impact. We argue that if the Global Settlement was effective, there should be a reduction in the relative optimism of affiliated analysts following this reform, and that reduction in the relative optimism should be greater for affiliated US analysts, than for affiliated analysts from non-US countries. When optimism is measured over a 180-day period surrounding the M&A announcement, we find a significantly greater reduction in US affiliated analysts' optimism than occurs outside the US. However, evidence regarding analysts' optimism in the 90-day period prior to the announcement of an M&A deal is mixed. The overall findings suggest that the objectives of the GS were at least partially achieved, and that regulators should exercise caution when evaluating proposals to reverse some of the provisions entailed in the GS.

EXTERNAL VERSUS IN-HOUSE RESEARCH AND DEVELOPMENT: EVIDENCE FROM U.S. FIRMS

Erwei Xiang, Murdoch University
Grant Cullen, Murdoch University
Dominic Gasbarro, Murdoch University
Wenjuan Ruan, Murdoch University

Using 1140 listed U.S. firms in the period 1984-2006, this paper identifies three categories of R&D activities: purchasing R&D; cooperative R&D and internal R&D, and provides evidence of the effect of the type of R&D activity on the volatility of R&D expenditures and the outcome of the R&D innovation. We show that both purchasing R&D and cooperative R&D make a lesser contribution to a firm's innovation outcome compared than internally conducted R&D. Furthermore while R&D expenditure decreases ROA, it does not affect stock returns, but both stock return and ROA are increased by the number of patents arising from R&D.

SEGMENT REPORTING, EARNINGS MANAGEMENT & BOARD SPECIALIZATION

Yi Xiang, University of Queensland
Jacqueline Birt, University of Queensland

Segment reporting is increasingly important in today's business environment. Prior studies have focused on quality of segment information in terms of the number of segments and voluntary disclosure (see e.g. Nichols et al., 2000; Botosan & Standford, 2005; Ettredge et al., 2006). The main objective of this study is to determine whether there is evidence of earnings management at the segment level in Australia. Using the Australian top 300 firms as a sample, this paper finds evidence of segment earnings manipulation. As expected, the implementation of AASB 8 and board of directors (BOD) expertise are found to be effective in reducing the extent of earnings management at the segment level. The results not only provide feedback to standard setters, investors and practitioners in assessing the quality of segment report, but also provide evidence to assist standard setters and regulators regarding future directions in developing segment reporting standards.

THE NATURE AND EXTENT OF USE OF TWITTER FOR FINANCIAL REPORTING BY ASX LISTED COMPANIES-AN EXPLORATORY STUDY

Feng Xiong, Queensland University of Technology
Acklesh Prasad, Queensland University of Technology
Ellie Chapple, Queensland University of Technology

We investigate the extent and nature of use of use of twitter for financial reporting by ASX listed companies. We consider 199 financial information related tweets from 14 ASX listed companies' Twitter accounts. A thematic analysis of these tweets shows 'Earnings' and 'Operational Performance' are the most discussed financial reporting themes. Further, a comparison across industry sectors reveals that listed companies from varies industries show different usage patterns of financial reporting on Twitter. The examination of tweet sentiments also indicates a reporting bias within these tweets, as listed companies are more willing to disclose positive financial reporting tweets.

THE IMPACT OF OPERATING LEASES CAPITALISATION: AUSTRALIAN EVIDENCE

Wei Xu, The University of Adelaide
Chee Cheong, The University of Adelaide
Robyn Davidson, The University of Adelaide

This study focuses on the impact of changes to the accounting treatment for leases on Australian listed companies. The potential changes are based on the second exposure draft (ED2) to the new leases accounting standard. Our findings indicate that the financial position and key ratios are significantly affected. For value relevance, the return-earnings model fails to find value relevance of earnings sourced from capitalising operating leases. However, the residual income model provides evidence that the abnormal earnings driven by ED2 are value relevant to the market value. Further investigation shows that this value relevance results from the changes of the book value of equity rather than the changes of earnings which is consistent with the result in the return-earnings model. Therefore, this study provides evidence that capitalising operating leases impacts upon financial statements and value relevance.

PARADOXES AND TENSIONS IN NEW PUBLIC MANAGEMENT REFORMS: THE CASE OF NEW ZEALAND'S EARTHQUAKE COMMISSION

Bryan Yan, UNIVERSITY OF SYDNEY
Susan Newberry, UNIVERSITY OF SYDNEY

New Zealand's Earthquake Fund, established in 1945, is funded by compulsory levies imposed on home owners' fire insurance policies, and government guaranteed. This paper investigates the tensions arising from the reform of Earthquake Fund arrangements during New Zealand's most aggressive reform period 1988-1998. With structural devolution, the fund became the property of the Earthquake Commission (EQC), a limited liability company owned by the Crown. At the heart of the tensions arising from structural devolution was the reality that the government had borrowed the whole of the Earthquake Fund (almost $2 billion at inception of the reforms). The fund's reported assets were New Zealand government securities. Although the EQC was required to manage and build the fund, and to develop its own investment policy, it was prevented from doing either and legislation in 1998 returned investment decision-making power to the Minister of Finance. The argument of this paper is that the tensions arising related less to the "dividing line" between policy and operations than to the wording of government policy that may be politically unpopular, and the resulting contradictions at the devolved level.

CONVERGENCE OR DIVERGENCE? CORPORATE CLIMATE-CHANGE REPORTING IN CHINA

Helen Yang, Victoria University
Alan Farley, Victoria University
Russell Craig, Victoria University

Purpose: The objective of this paper is to investigate the extent to which the international and domestic guidelines have influenced the content of climate-change reporting by Chinese companies.

Methodology: This study develops a research instrument through a comparative analysis of international and Chinese national guidelines of environmental reporting relevant to climate-change information. The research instrument is then used to conduct content analyse of the annual reports and the corporate sustainability reports (n=471) of leading 100 listed Chinese companies for the study period between 2006 and 2010. Using contingency table, chi-square tests statistics are conducted to analyse the differences in reporting items supported by the Chinese and the international reporting guidelines.

Findings: Chi-square test statistics are significant at 1% level in all cases. Partial convergence in climate-change reporting coexists with divergent country specific interpretation of climate-change reporting in China. Domestic guidelines have greater influence on the content of corporate climate-change reporting in China than international guidelines in the reporting years 2008 and 2010. However, the gap is narrowed in 2010.

Implications: This is the first known research that analyses the influence of international and Chinese domestic guidelines on corporate climate-change reporting in China. Findings have implications for accounting standard setters and policy makers in developing accounting standards for carbon emissions. Future researchers can utilise the research methodology of this study and extend the study period beyond 2010 to monitor how climate-change reporting evolves.

THE USEFULNESS OF FAIR VALUES IN IMPROVING THE PREDICTIVE ABILITY OF EARNINGS: EVIDENCE FROM INTERNATIONAL BANKS

DaiFei (Troy) Yao, Griffith University
MaJella Percy, Griffith University
Fang Hu, Griffith University

One of the objectives of general-purpose financial reporting is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. The current focus on potentially increased relevance of fair value accounting weighed against issues of reliability has failed to consider the potential impact on the predictive ability of accounting. Based on a sample of international (non-U.S.) banks from 24 countries during 2009-2012, we test the usefulness of fair values in improving the predictive ability of earnings. First, we find that the increasing use of fair values on balance-sheet financial instruments enhances the ability of current earnings to predict future earnings and cash flows. Second, we provide evidence that the fair value hierarchy classification choices affect the ability of earnings to predict future cash flows and future earnings. More precisely, we find that the non-discretionary fair value component (Level 1 assets) improves the predictability of current earnings whereas the discretionary fair value components (Level 2 and Level 3 assets) weaken the predictive power of earnings. Third, we find a consistent and strong association between factors reflecting country-wide institutional structures and predictive power of fair values based on discretionary measurement inputs (Level 2 and Level 3 assets and liabilities). Our study is timely and relevant. The findings have important implications for standard setters and contribute to the debate on the use of fair value accounting.

IFRS REGULATION AND M&A SYNERGY

Rita Yip, Lingnan Univesity
Danqing Young, The Chinese University of Hong Kong
Zili Zhuang, The Chinese University of Hong Kong

This study examines the effect of mandatory adoption of International Financial Reporting Standards (IFRS) on M&A synergy in 17 European countries. Using market-perceived M&A benefits as a proxy for M&A synergy, we have the following main findings. First, for cross-border M&As between publicly-listed acquirers and targets, the acquirers' M&A synergies increase after IFRS adoption when both parties are from countries with high implementation credibility, and decrease when the targets are from countries with low implementation credibility. Second, Acquirers' synergies decrease for within-country M&As between public acquirers and private targets due likely to the decreased information comparability between them, as public firms use IFRS but private firms use local accounting standards after mandatory IFRS adoption. Our results suggest that credible IFRS implementation is important for improving cross-border M&A synergy, and decreased information comparability between public and private firms may create an unintended consequence on within-country M&As.

INTERACTIVE REPORTING BIAS SURROUNDING CEO TURNOVER

Chia-Feng (Jeffrey) Yu, University of Adelaide

This paper addresses how the strategic interaction between successive CEOs of a firm affects their earnings management behavior and how the capital market responds to their earnings reports. I consider a financial reporting game between an outgoing CEO (O) and an incoming CEO (N) when executive compensation packages contain accounting-based and stock-based components and risk-averse investors in the capital market are uncertain about the mean and the variance of earnings. First, I show that when the earnings report issued by O is lower, N's reporting strategy is more likely to feature a downward reporting bias. Furthermore, compared with the situation without CEO turnover, I show that (i) for the equilibrium period 2 earnings report by N, the sensitivity towards N's private information is higher with CEO turnover, and the sensitivity towards O's period 1 earnings report is lower with CEO turnover; (ii) for the equilibrium period 1 earnings report by O, the sensitivity towards O's private information is higher with CEO turnover; and (iii) for the equilibrium stock price, the sensitivities towards associated risks remain the same, yet the sensitivities towards N's period 2 and O's period 1 earnings reports are both lower with CEO turnover.

ESG AND THE COST OF EQUITY: THE MODERATING ROLE OF MANAGERIAL ABILITY

Iliyas Yusoff, Monash Business School, Monash University
Michaela Rankin, Monash Business School, Monash University
Elaine Hutson, Monash Business School, Monash University

Given the conflicting findings in the literature, our study aims to shed light on how environmental, social and governance (CSP) performance may affect a firm's cost of equity by examining the moderating effects of managerial ability. We also explore in more detail the association between CSP and cost of equity in an attempt to explain the variation in prior results. Our analyses show that firms with higher CSP are associated with a higher cost of equity; suggesting that investors perceive high CSP firms as more risky than low CSP firms. Further analysis, however indicates a U-shaped association whereby firms performing at the lowest level of CSP, there are clear benefits from engaging in CSP activities, because they lead to a lower cost of equity. However, firms that are already performing at a high level in terms of social and environmental performance, experience diminishing returns from improving this performance – leading to an increase in the cost of equity. We also document, consistent with expectations, the relation between CSP and the cost of equity improves in the presence of more able managers. This suggests that by virtue of their knowledge, skills, and experience, superior managers are able to attain the risk reducing benefits of improved CSP. Our study raises important implications for academics and practitioners in understanding the effects of CSP on the cost of equity.

INSCRIPTIONS AND BOUNDARY OBJECTS AS NETWORK CONTROL: THE CASE OF PURCHASER-PROVIDER RELATIONSHIPS

Nur Haiza Zawawi, University of Malaysia Terenggan
Zahirul Hoque, La Trobe University

In this paper we aim to unfold the mechanisms of network controls between public sector organizations involved in purchaser-provider arrangements. Specifically, drawing upon actor-network theory, we develop an understanding how purchasers use inscriptions and boundary objects towards a provider to achieve their network's objectives. We collected our empirical data via a qualitative fieldwork within a government agency, which includes interviews, internal accounting and management reports, government archival records, newspaper articles and commentaries. Our findings demonstrate how network controls were internalized in the provider organization because of the ability of the controls that function as inscriptions and boundary objects. Further we show how disorder could emerge under conditions where controls were in place. We contribute to the literature by enhancing our understanding of how management control mechanisms were operated within inter-organizational partnerships to ensure the activities of one party are consistent with the other parties' expectations.

MANAGEMENT CONTROLS IN CROSS-CULTURAL ALLIANCES AND NON-CROSS-CULTURAL ALLIANCES

Wei Zeng, The University of Melbourne

I examine the influence of institutional and cultural differences on management controls in alliances. I use cross-cultural alliances and non-cross-cultural alliances to capture the variation in institutional and cultural differences. I predict that the effectiveness of management controls, including outcome and behaviour controls and collaborative practices, in mitigating transaction risks will differ between cross-cultural alliances and non-cross-cultural alliances. Using cross-sectional survey data, I find support for the predictions that firms in cross-cultural alliances deploy a higher level of behaviour controls and a lower level of collaborative practices in mitigating transaction risks. Further, I find differential impacts of institutional and cultural differences on the three control mechanisms. This paper contributes to the literature by showing that institutional and cultural differences are an important antecedent of management controls in alliances.

DEBT ENFORCEMENT, POLITICAL CONNECTIONS, AND THE EFFICIENCY OF REAL AND FINANCIAL RESOURCE ALLOCATIONS

Tianyu Zhang, The Chinese University of Hong Kong
Mengxin Zhao, University of Alberta

Using a manually constructed database of bank loans borrowed by China listed companies between 1999 and 2007, we find that political connection does not influence the interest rate of bank loans but it facilitates bank loans with longer maturity. More importantly, we document significant evidence that the defaulted bank loans are less likely to be enforced through court. Further evidence also implies that the court enforcement impose a harder budget constraint over the borrower

THE IMPACT OF TARGET DIRECTORS' EXPERIENCE ON THEIR RETENTION ON ACQUIRER'S BOARDS AND ON THE POST-ACQUISITION PERFORMANCE

Chenyang Zhang, The Australian National University
Sorin Daniliuc, The Australian National University

This study investigates what characteristics of target directors will lead to them being retained on the acquirer's board and the implications of their retention for acquirer's long-term post-acquisition performance. Based on the arguments from resource dependency theory, this study tests three specific hypotheses predicting that the level of target directors' organizational, industry and acquisition experience will be positively related to their likelihood of retention on acquirer's board. Taking all the results together, acquisition experience of the target directors proves insufficient to affect their retention. However, we find that it is the organizational and industry experience of the target directors that may drive the acquirer to retain them after acquisition. Furthermore, we went on to consider the potential positive relationship between the retained directors' organizational, industry and acquisition experience and long-term acquisition performance. The results have shown that the level of target directors' organizational experience is positively related to acquirer's long-term acquisition performance, but no significant association has been found between the level of retained directors' industry, acquisition experience and acquisition performance. The results of this paper suggest that retaining target directors with extensive organizational experience can improve the potential of an acquisition to create value.

THE RELEVANCE OF ACCOUNTING STANDARDS DIFFERENCES FOR THE POST-ACQUISITION PERFORMANCE IN CROSS-BORDER M&A

Fanyuan Zhang, The Australian National University
Sorin Daniliuc, The Australian National University

This paper examines whether accounting standards differences across countries influence the post-acquisition performance of cross-border mergers and acquisitions (M&A). Extending the existing literature, this study argues that accounting standards differences between the acquirer and target negatively impact the due diligence process, while a careful and thorough due diligence process is considered as the foundation of good acquisition performance. Therefore, a negative relation between accounting standards differences and post-acquisition performance of cross-border M&As is predicted. This paper also investigates whether acquisition premium has a moderating impact on the relation between accounting standards differences across countries and post-acquisition performance of cross-border M&As. Using a sample of 426 cross-border M&As, results show that in cross-border M&As, neither the differences in accounting standards between acquirers' and targets' countries, nor their interaction with acquisition premiums are factors predicting the post-acquisition performance. This study contributes to the literature that looks at the post-acquisition performance of cross-border acquisitions, providing evidence that accounting standards differences do not matter in predicting the performance, probably because the acquirer does not rely just on the publicly available financial information.

THE IMPACT OF LABOR ON THE ROLE OF INCOME SMOOTHING

Nini Zhang, University of Macau
Xiaojun Lin, University of Macau

Previous accounting studies indicate that union strength is positively related to income smoothing and that management is more likely to smooth income when labor power is strong. Researchers debate about whether income smoothing has either a garbling or an informative role. This paper investigates the cross-country impact of labor power on the extent to which information about future prospects is efficiently communicated through income smoothing. It proposes that strong labor power will garble income smoothing, which means that the efficient communication of private information is constrained in strong labor protection settings. Consistent with our predictions, the results show that the informative role of income smoothing is restricted with strong labor protection after controlling for legal institutions, financial-market development, and economic wealth. This study provides new insights into the role of income smoothing by inspecting the linkage between labor protection and income smoothing.

THE MAX EFFECT: AN EXPLORATION OF RISK AND MISPRICING EXPLANATIONS

Angel Zhong, Monash University
Philip Gray, Monash University

This paper documents a strong negative relationship between recent extreme positive returns and future returns for Australian equities over 1991-2013. The `MAX effect' is robust to risk adjustment, controlling for other influential stock characteristics, methodological variations and, importantly, manifests in a partition of the largest 500 listed stocks. While the occurrence of extreme returns is persistent, the persistence diminishes with the passage of time. Consistent with investors who have lottery preferences yet understand the declining persistence, the magnitude of MAX profits deteriorates with holding horizon. Finally, we study whether the observed MAX effect is attributable to risk or mispricing. There is no evidence that a risk factor built around the MAX effect is priced. However, using the novel approach of Stambaugh, Yu and Yuan (2014) to classify stocks as under- or over-priced, we show that the MAX effect is concentrated amongst the most-overpriced partition. Given the high correlation between MAX and idiosyncratic volatility, this finding suggests a mispricing explanation with arbitrage risk deterring the correction of overpricing.

DOES INTEGRATED REPORTING MATTER TO THE CAPITAL MARKET?

Shan Zhou, University of Sydney
Roger Simnett, University of New South Wales
Wendy Green, University of New South Wales

Integrated reporting (←IR→) is an emerging international corporate reporting initiative arising to address, inter alia, the limitations of the current corporate reporting suite which are commonly criticized for being both voluminous and disjointed. While ←IR→ is gaining in popularity, current momentum is limited until there is clear evidence of benefits. Utilising the most suitable setting currently available, being disclosures in accordance with the Johannesburg Stock Exchange ←IR→ listing requirements, this study provides evidence of such benefits by finding that analysts' forecast error and dispersion reduces as the level of alignment with the ←IR→ framework increases. Further, the improved alignment is associated with a subsequent reduction in the cost of equity capital for certain reporting companies. The results are obtained after controlling for factors relating to financial transparency and the issue of standalone non-financial reports, suggesting that ←IR→ is providing incrementally useful information over existing reporting mechanisms to the capital market.