

LSE Accounting

Magazine of the Department of Accounting at LSE

Issue 5 – 2013/14



- PD Leake Lecture: Big Data
- RJ Chambers Lecture: Risk Culture
- Student Society: Sir David Tweedie
- Financial Reporting Quality Index



Department
of Accounting

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Department
of Accounting

Accounting Matters



In the Department of Accounting, we had another year where accounting mattered a great deal, and not just to us. As you will read inside these pages, we have kept busy researching, teaching, presenting, debating and engaging with all manner of accounting.

And all manner of accounting we address indeed. In the management accounting area, we have perspectives inside this magazine on big data by colleague Al Bhimani (pages 2 and 14) and how these affect accounting directly through data availability and analysis, creating new roles often referred to as data analysts, as well as indirectly through all kinds of decisions that big data trigger and then must be accounted for, often unconventionally because notions such as “direct” costs may be quite elusive.

In the financial accounting and capital markets area, we have several pieces inside this magazine on issues related to the use, usefulness, and quality of financial reporting for securities valuation and for contracting. The projects on these important issues that colleagues Peter Pope (page 4) and Stefano Cascino (pages 2 and 14) report on in this magazine have been generously supported by external grants.

The department has indeed been successful in securing support for its research. Testimony to this success is the risk culture project by colleagues Mike Power and Tommaso Palermo (page 6), which continues to receive much interest following the final report launch at Lloyds of London in September last year, and on which topic Mike has been invited to give prestigious lectures (page 10).

Our faculty also continue to speak at many events, such as, to name one, Andrea Mennicken who gave the opening plenary at the French Accounting Association Annual Congress (page 3), in addition to many paper, panel, and keynote presentations we give around the globe for academic as well as practitioner audiences. You will read about these, for example, on page 12 where Professor Jorgensen summarises his presentation on IFRS adoption at the American Accounting Association (AAA), as well as in the faculty highlights on pages 17-19.

Colleagues also have received prestigious awards and honours. Congratulations to Professor Miller who received an honorary doctorate from Copenhagen Business School (page 3), Visiting Professor Wayne Landsman who won the AAA Outstanding Educator Award and an AAA Best Paper Award (page 9), as well as colleagues Chris Constantinou and Renuka Fernando who were the recipients of two school-wide teaching recognitions (page 15). I also congratulate several of our students for their award-winning performance on their respective programmes of study (page 15).

Our programmes indeed continue to kindle the minds of eager students, some testimonies to which are inside regarding the Accounting, Organisations and Institutions Student Society (page 16) and the MSc Law and Accounting programme (page 12).

Needless to say, we enjoy having visitors who share their research and insights with us (page 20). This includes visitors to CARR, which continues to be the vibrant hub for international scholarly and practitioner debates in risk and regulation. I especially thank Mike Power for his capable leadership of CARR for many years, and I wish colleagues Martin Lodge and Andrea Mennicken the very best of success taking over, having already launched several new CARR initiatives (pages 10 and 13).

The department doesn't seem to lack the gusto to take on new initiatives, some of which not so “new” anymore, such as the 35th edition of the Management Accounting Research Group conference (page 5), but also workshops and conferences on cutting edge issues, such as the Financial Reporting and Auditing as a Social and Organizational Practice workshop (page 4), and colleagues' participation in the Numbers from the Bottom Up workshop (page 8). In April, LSE was the venue for the British Accounting & Finance Association annual conference, and this coming year we will host the *Journal of Accounting & Public Policy* conference on the theme of accounting regulation and politics.

It was great to hear back from some of our alumni (pages 9 and 11), as well as to find out about a day in the life of a current PhD student (page 7), while I am about to welcome the new class of eager students who will make the department, LSE and London their home, for some time at least. Wishing you all the best of success for the coming academic year.

Wim A Van der Stede

Head of Department of Accounting

Professor Bhimani gives 2013 PD Leake Lecture



Professor Alnoor Bhimani spoke with LSE Professor Leslie Willcocks at the Institute of Chartered Accountants of England and Wales's annual PD Leake Lecture held on 24 October 2013. Their lecture on how digital information is transforming business drew a large number of participants from industry, academia, the public sector and the

accounting profession. Professor Bhimani discussed the pace of data growth in the global economy identifying the types of new data in existence and the underlying reasons for the unprecedented growth rate. He noted that a number of large organisations deploy Big Data analytics to unravel hidden patterns and unknown correlations. Insights derived from Big Data analysis of largely unstructured data provides a basis for developing new core competencies which are difficult for rivals to replicate. This is particularly so for internet-based companies where markets exhibit "winner takes all" characteristics. Professor Bhimani noted the lopsided cost mix balance of web-enabled companies and

how this instilled pricing approaches and costing issues which point to a need to rethink the roles of cost management techniques. The lecture covered issues relating to cloud-based computing, outsourcing and offshoring and pointed to a variety of challenges for the finance profession.

Professor Alnoor Bhimani
Professor of Management Accounting



Information Use by Capital Providers



Dr Stefano Cascino (joint with members of a research team that was awarded an ICAS-EFRAG grant in 2012), presented the findings from their research monograph, *The Use of Information by Capital Providers*, to the International Accounting Standards Board (IASB) on 22 January 2014.

The objective of the funded project was to survey the evidence on the use of financial accounting information by capital providers of public interest entities across Europe. Based on this evidence, the report reaches four main conclusions.

First, the study documents that capital providers are heterogeneous and that their information needs differ systematically. Information can be used to affect firm behaviour and cash flows via contractual arrangements (ie, the stewardship role of accounting) and to value claims to reporting firms (ie, the valuation role of accounting). While both accounting objectives yield similar information needs in some circumstances, theoretical studies identify

areas where both objectives produce divergent information demands. Second, the findings provide evidence that capital providers use multiple information sources and that these information sources interact. Third, direct, experimental and archival evidence documents that investors tend to ignore or "miss-evaluate" relevant information. For example, even apparently benign presentational differences can have significant effects on capital providers' decisions. While these behavioral aspects are pronounced for individual investors, even professional equity investors seem to base their decisions on sub-optimal information and decision rules. This, in turn, implies that information-processing costs are relevant even for sophisticated capital providers. Fourth, the report highlights that we know surprisingly little about the actual information usage by capital providers. Direct evidence is scarce and many inferences are based on archival data that reflect investor decision behaviour and not their information gathering activities. Collectively, these findings have implications for the current discussions surrounding the conceptual framework for financial reporting.

Dr Stefano Cascino
Lecturer in Accounting

Dr Mennicken gives keynote address at the French Accounting Association



Dr Andrea Mennicken delivered the opening keynote speech at the 35th Congress of the French Accounting Association, AFC (Association Francophone de Comptabilité), in Lille on 27 May 2014.

In her presentation, *Custody, Care and Cost: Accounting between Economy and Morality*, Andrea discussed the transition

from government by law to governance by numbers in the Prison Service of England and Wales. She explored what roles accounting, in particular performance measurement, can play in the organisation and management of value conflict, and raised the question of the extent to which accounting can be called upon as a “moralising” and “democratising” instrument, connecting a multitude of actors and domains, including disparate values and rationalities, such as those of security, decency and economy.

Professor Miller awarded an Honorary Doctorate from Copenhagen Business School

Professor Peter Miller was presented with the award at Copenhagen Business School on 21 March 2014. The award is for his work on analysing the interrelations among accounting, organising and economising, both in the private and the public sector.

Professor Miller has pioneered a stream of research orientated to understanding “small management technologies” such as accounting through organisational and sociological lenses. Having pointed out that what counts of accounting varies across space and time, he has undertaken empirical analyses eg, of capital budgeting

practices, relations between accounting and manufacturing spaces, the role of Road Maps in coordinating investments across firms and the hybridisation between professional and accounting practices in public sector institutions. Together, these accumulate to theory about the relationships between accounting, organising and economising.

Two other Honorary Doctors were announced in the same ceremony: Professor Darrell Duffie (Stanford University) and Professor Henry Hansmann (Yale Law School), pictured below with Professor Peter Miller (far left).



Picture by Henriette Frausing

Financial Reporting Quality Index



Recently appointed Professor of Accounting, Peter Pope, has been awarded a Higher Education Innovation Funding grant by LSE to develop a web-based Financial Reporting Quality Index (FRQI) service covering global public companies. The FRQI index will be designed for use by investors, lenders, analysts and other corporate

stakeholders, as well as by academic researchers in accounting and finance.

Financial reporting numbers such as earnings and balance sheet values are fundamentally important in securities valuation (eg, shares and bonds) and as inputs to bank lending decisions. A crucial task for investors and lenders in processing financial statement information is to understand how accounting numbers depend on the measurement and recognition choices made by firms in producing the financial statements. Such accounting choices are often motivated by the incentives facing managers to report “good” numbers.

There have been several major financial crises in recent decades in which failures in corporate accounting and financial transparency are at least partially implicated. This project aims to respond to a growing awareness amongst financial market

professionals that corporate financial reporting quality is variable, and reflects (i) the incentives that some managers have to mislead or inform investors; and (ii) the requirements and other opportunities within existing financial reporting standards and rules for corporate managers to exercise discretion and judgement and to form estimates.

Recognising that financial reporting quality can vary, academic researchers have developed a set of research tools that can help to discriminate between high-quality and low-quality reporting and fundamental risk. The project aims to build an index comprising a range of measures of earnings management, earnings quality, abnormal accruals and balance sheet management. It will also incorporate measures of risk in future earnings and potential financial weakness in balance sheets.

The index will complement the detailed analysis of financial statements conducted by individual financial market professionals and will bring established research tools within reach of market professionals and society more generally.

Further information will be made available as the project progresses.

Professor Peter Pope
Professor of Accounting

Financial Reporting and Auditing as Social and Organizational Practice



In December the Department hosted the second Accounting, Organizations and Society (AOS) workshop on financial reporting and auditing. The event, organised by Mike Power (LSE), Joni Young (University of New Mexico) and Keith Robson (Cardiff University) was attended by over 60 participants who heard 14 papers.

The purpose of the workshop was to assemble like-minded colleagues engaged in qualitative studies of the financial accounting and audit processes. The hope and intention is to create a dedicated forum for field work in financial reporting and auditing and, over time, to create a critical mass of high quality studies. Valuation studies have recently become prominent in sociology and aspects of this work are beginning to inform interesting research on accounting processes, suggesting the networked and highly distributed nature of those processes. AOS established itself with seminal studies of managerial accounting; but now there is a growing body of equally important work on financial accounting and this workshop provides momentum for this.

The workshop papers dealt with a range of different topics relating to the regulation and practice of financial reporting, but a common thread was the attention paid to the intersection of valuation, finance and accounting expertise. Indeed, the call for papers had invited contributions on the “boundaries” of financial reporting and the manner in which the financial reporting process is permeated by different bodies of knowledge.

One paper dealt with the roles of actuaries, financial economists and accountants in the development of pension accounting. Another studied the emergence of a specialist valuation regulator in the Italian context. Yet another showed how micro-processes of goodwill accounting blurred the traditional distinction between managerial and financial accounting. The politics and practice of fair value accounting was another prominent theme, with papers on financial analyst views of fair value accounting, on fair value in China, and on the fair value hierarchy of valuation.

Professor Michael Power
Professor of Accounting

MARG 2014: Management Accounting and Strategic Partnerships



The 35th Management Accounting Research Group (MARG) Conference was held on 27 March 2014. More than 100 delegates from the academic and practitioner communities convened at LSE to engage in lively discussions around this year's conference theme on Management Accounting and Strategic Partnerships.



The morning session, chaired by Professor Alnoor Bhimani of the Department commenced with a presentation, Princes, Property Developers, Commandos and Charities: Lessons from an Unusual Strategic Alliance, by Chris Ford and David Otley of Lancaster University Management School. Ford and Otley discussed the need for furthering the boundaries of extant theories on accountability to encompass both formal and informal dimensions of control.



Henri Dekker of VU University Amsterdam delivered a presentation on Managing Risky Relations. This entailed a discussion on the importance of accounting for risks

in strategic partnerships; how risk manifests itself in different forms and how its effective management calls for a bundle of interrelated controls. Alasdair Macnab of the Royal Botanic Garden Edinburgh (RBGE) and Falconer Mitchell of University of Edinburgh spoke on Outcome Budgeting in the Public Sector: Challenges and Solutions. They noted that outcome budgeting can play an important part throughout all government-funded bodies by offering a mechanism for identifying the degree of congruence of public spending with desired national outcomes.

Professor Michael Bromwich of LSE and Rick Payne of the ICAEW's Thought Leadership Programme introduced Warwick Hunt of PwC UK who presented The Role of

the CFO in Strategic Partnerships. He identified a role for the CFO as a "convenor of debate" within key areas of strategic partnerships over and beyond the traditional functions of budgeting and measuring bottom-line results. Hunt noted that key success factors within partnerships such as PwC include a solid entrepreneurial spirit, strong organisational culture and shared values, a common set of objectives, effective communication, long-term vision, flexibility in responding to environment changes, and the owners' close involvement in the partnership's activities.

The afternoon panel discussion, chaired by Professor Michael Bromwich, provided a platform for the panellists – Henri Dekker, George Grosz (Senior Partner at CDI), Alasdair Macnab and Kenneth Simmonds (Emeritus Professor of Marketing and International Business at LBS) – to share their thoughts on both the main theme of the day's presentations and on the equally-important issue of whether new strategic alliances suggest the need for new strategies and new accounting. A common theme emerging from follow-up questions was that in practice there are stark differences between neat plans on paper and behavioural issues that managers encounter when dealing with people in partnerships.

Keith Luck of the Chartered Institute of Management Accountants (CIMA) delivered the Distinguished Practitioner Lecture on How Management Accounting and Strategic Partnerships Combine to Deliver Success – A Practitioner's Perspective. In addition to his role at CIMA, Luck is the Strategic Programmes Director at Serco PLC, a FTSE 250 company that provides outsourcing services to the public sector. Luck spoke on the standard view of management accounting as that of "improving decision making and building stronger, sustainable organisations", and outlined the critical role that management accountants play in this process.

The generosity of the Charitable Trusts of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA), and the Department of Accounting at LSE for their support of MARG over the past 35 years was acknowledged.

Hami Amiraslani, Rodney Brown and Vanessa Nostran
PhD in Accounting Students



Risk Culture in Financial Institutions

What is it and who is responsible for managing it?



The causes of the financial crisis of 2009 have been extensively discussed and researched. Failure of systemic risk oversight by regulators is cited as a major contributor to the crisis but also the central role of defective organisational culture in general, and risk culture in particular.

Interest in this idea of risk culture continues and problems of risk culture have been referred to extensively in official reports, such as the US Senate report into the "London Whale" at JP Morgan and the analysis of problems at HBOS in the United Kingdom. In November the Financial Stability Board published a consultation document on risk culture and the Financial Reporting Council published a revised version of its guidance to Directors on risk management – formerly the Turnbull Report – which includes a new focus on risk culture. Internal auditors are also being drawn into the discussion as they come under pressure to audit the risk culture of financial organisations

There are many definitions of risk culture and they generally refer to the organisational norms, habits and attitudes which inform the actual taking of risk, and the actual operation of related controls and mitigation. In our ESRC co-funded project on risk culture in financial organisations, carried out over 18 months, we focused mainly on the risk management function as an important but not unique contributor to the risk culture.¹ Working inside several banks and insurers – and an airline for comparative purposes – we identified a number of key cultural trade-offs which are important for risk taking.

Despite widespread agreement on the importance of risk management, and the crowded advisory market and regulatory interest in promoting risk culture improvement programmes, we found that risk culture remains an elusive managerial and regulatory object. Within the banks and insurers which we studied we found much enthusiasm to improve management of risk but also great variety of practices to change risk culture.

One of the key issues and potential indicators of the condition of an organisation's risk culture is the extent to which risk appetite and related key risk indicators are understood, owned and actioned within business units.

This may depend in part on the authority of the risk function within the organisation and its ability to manage the roles of providing valued advice while functioning as an overseer. Rather than attempting an overarching account of culture as a whole, our pragmatic approach looked at cultural encounters and actions inside organisations – close to the "joining the dots" approach as advocated by the UK Financial Conduct Authority.

The focus on risk culture is undoubtedly a symptom of how society has reacted to the financial crisis and the demand for more security. Many of the respondents in our study associated risk culture with taking less risk and this poses a challenge for regulators in the future to distinguish a good risk culture from that of a highly precautionary culture. Our research suggests that a good risk culture has less to do with the level of risk-taking as such, and more to do with the self-understanding, transparency and information quality within organisations about critical risk and control trade-offs.

We also found that risk culture is unlikely to be only entity-specific; there seems to be a community of actors across organisations such as consulting firms, regulators and financial organisations who share values of compliance, process clarity and auditability. Since it is widely recognised that the financial crisis was made worse by too little variety in risk management systems, which made all banks react in the same way under stress, it would be ironic if the current interest in risk culture resulted in similar pressures for homogeneity.

Professor Michael Power
Professor of Accounting

(This text was also published in the Spring 2014 edition of *Society Now*, the magazine of the ESRC.)



¹*Risk Culture in Financial Organisations* by Michael Power, Simon Ashby and Tommaso Palermo is available at www.lse.ac.uk/researchAndExpertise/units/CARR/pdf/Final-Risk-Culture-Report.pdf

An Interview with Nadine De Gannes

Nadine De Gannes is a second year PhD student and teaches on undergraduate courses in the Department of Accounting

What is your background prior to starting the PhD in Accounting programme?

I completed my undergraduate degree at the Richard Ivey School of Business at the University of Western Ontario in 2009. Ivey runs two introductory business courses at the university, which are facilitated by recent graduates. I was hired as a Business Instructor for the second year introductory Accounting course. I spent two years in this role before pursuing my Masters. In July 2012, I graduated with an MSc Accounting, Organisations and Institutions from LSE, and I started the PhD in Accounting later that year.

Why did you decide to do a PhD in Accounting?

I truly enjoy teaching. A PhD, in my mind, was a necessary step to ensure that I could teach at the highest levels in the field of Accounting. A love of teaching, however, is insufficient. I had to be sure that I possessed an aptitude for research as well as the wherewithal and work ethic to focus on a chosen topic for four years. During my Masters, I had the opportunity to write two papers totalling 10,000 words which gave me some insight into my ability to work diligently on a particular topic of interest. Those experiences also confirmed that I enjoyed the research and writing process. Once I had decided on a focal topic, I felt confident that a PhD in Accounting was the right fit for me.

What research area is your PhD in?

In the US based literature, my topic is Executive Compensation, but it's more likely to crop up in the UK based literature as Director Remuneration. Either way, my focus is on how pay packages are regulated and more specifically, how the company's shareholders engage with regulation and corporate governance.

Is there a typical day in the life of a PhD student?

There is a typical week, with a blend of class teaching, seminars, coffee chats, office hours, and research-related endeavours. I enjoy Wednesdays. On a typical Wednesday, I arrive at the office around 8am to make notes from the readings assigned for our 11am PhD Seminar. Our Seminar ends at 1pm, at which point I usually need an hour or two to "digest" the discussion. This process can be quite lively as all the PhD students are in the office. If we're lucky, we have a coffee chat scheduled at 3pm. My colleague, Renuka, spearheaded informal coffee chats with the Department's faculty or visiting academics. These have proven to be phenomenal insights into academia and the trials, tribulations and joys of research. Our coffee chat guest(s) talk about their research, their own PhD experiences, and often share bits of advice to help us navigate our individual paths. A very busy Wednesday would also include an Accounting Research Forum (ARF) where a guest speaker would present his/her paper to the Department. These typically run from 4-5.30pm. Following the ARF, I spend some time in my office jotting down goals for a very ambitiously planned Thursday, and then head home.

What is your favourite aspect of being a PhD student?

I love the independence of setting my daily or weekly targets and then scheduling my work hours to achieve those targets.

What is your least favourite aspect of being a PhD student?

Submitting my work! Since each iteration of the edit process results in a version that I am happier with, letting go of my work can be quite a struggle.

How much teaching do you do?

I am a class teacher for AC211, the Department's second year Managerial Accounting course. In my first year, I taught the Friday afternoon classes (4-5pm and 5-6pm). Probably not my students' first choice in class selection, but we made it work!

What do you enjoy about teaching?

I love the energy that a good class discussion can generate. I particularly enjoy facilitating that discussion and building momentum to that "aha" moment, when you know your students really get it.

Does teaching others teach you anything about yourself as a student?

I can often tell when a student has a burning question, but lacks the courage to ask it. I believe it is a missed learning opportunity not only for that student, but the entire class. As such, I don't waste an opportunity to ask questions of my supervisors or colleagues.

Is being a PhD student what you envisaged it might be?

I think I envisaged a very lonely process because of the individual nature of research and writing. With the benefit of time on the programme, I appreciate that while a PhD is an individual journey, it is not a lonely one. There is academic and emotional support at every turn. Rejecting these would be tantamount to misery.

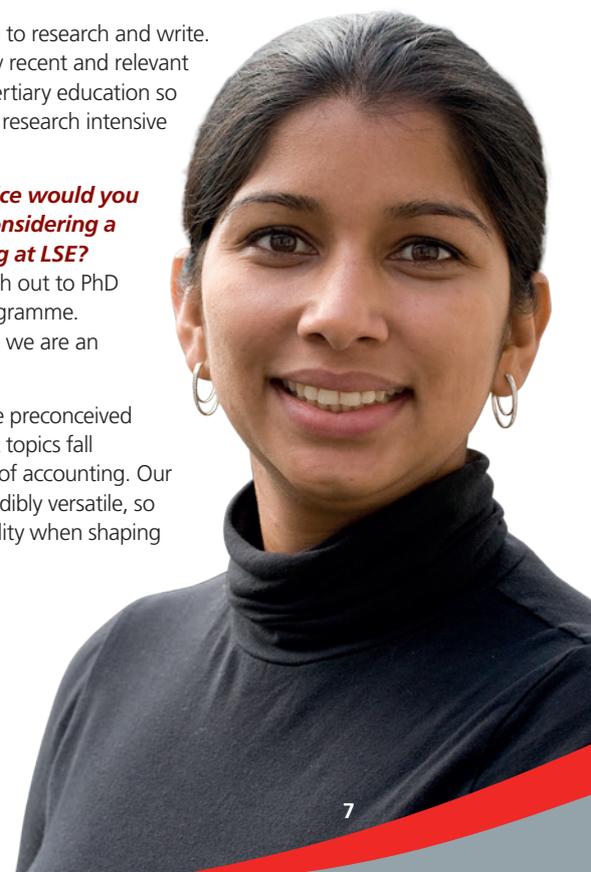
What do you plan to do once you finish the programme?

Teach and continue to research and write. I see first-hand how recent and relevant research enriches tertiary education so I hope to work at a research intensive institution.

Finally, what advice would you give to anyone considering a PhD in Accounting at LSE?

Get informed. Reach out to PhD students in the programme. Ask us questions as we are an incredible resource!

Many students have preconceived notions about what topics fall within the purview of accounting. Our Department is incredibly versatile, so draw on this versatility when shaping your focal themes.



Numbers from the Bottom Up Workshop



In the academic year 2013-14, a focus group of nine Fellows from various disciplines in the humanities and social sciences studied the rise, spread and power of numbers in economic and social life. They convened at the Wissenschaftskolleg zu Berlin (Institute for Advanced Study Berlin) under the leadership of Wendy Espeland, a

sociologist from Northwestern University.

Quantification, including accounting, is often associated with objectivity, precision and rationality. It is increasingly also associated with accountability and efficiency. But why do we associate numbers with these qualities? What kinds of expertise and resources are needed in order to make credible numbers? What powers do we attribute to numbers and how do they interact with other kinds of authority, for example law? And in what ways have numbers changed how we engage in politics? In order to examine these questions, this focus group brought together international scholars from different fields such as accounting, anthropology, history, history of science, sociology and statistics to study the production and uses of numbers in different institutional contexts. Andrea Mennicken joined the group from the Department of Accounting, LSE.

In March, the quantification focus group held the workshop Numbers from the Bottom Up. It was devoted to the study of the motives for making numbers, the authority attributed

to numbers, the effects of numbers, and dynamics of their spread. Andrea Mennicken and Michael Power from the Department of Accounting participated along with Mary Morgan from the Department of Economic History at LSE.

Michael Power examined the social life of accounting estimates and their transformation into stabilised, trusted organisational and regulatory facts via inscriptions and audit trails in the field of life assurance.

Andrea Mennicken analysed attempts aimed at the quantification of decency in the Prison Service of England and Wales. She raised the question of which quantification, focusing in particular on instruments of rating and performance measurement, can be applied as a link connecting a multitude of actors and domains, including disparate values and rationalities, such as security, decency and economy.

Mary Morgan investigated problems of aggregation and disaggregation in poverty measurements in the late 19th and early 20th centuries. She explored the disaggregation work that it takes to provide aggregated numbers, such as the Booth poverty index, with power and political traction in social policy and urban planning.

Dr Andrea Mennicken

Associate Professor of Accounting



Participants of the workshop

Alumnus Profile: Boriana Iordanova, MSc class of 2002



Behavioural finance and market anomalies have fascinated me since my undergraduate studies. After all, finance is much more than mathematical formulas and empirical tests, and more often than not market players are irrational and their behaviour cannot be captured by financial models. I wanted to

explore these topics further at postgraduate level and decided to apply to LSE. The key aspect that influenced my decision was the social science focus the LSE is renowned for. And I wasn't disappointed!

At LSE our tutors encouraged us to critically question established finance theories and analyse them through the lens of social science. We learnt not to be afraid to venture into uncharted territories, be unconventional, contrarian and go against consensus. Furthermore, we didn't just follow the work of recognised academic luminaries in the finance field but also learnt from original papers written by up-and-coming PhD students and scientists. I was able to advance my knowledge of behavioural finance and market anomalies through the study of, amongst others, Fama-French's multi-factor models and Robert Shiller's "irrational exuberance" ideas. While I was absorbed by their work, I questioned how, and if at all, it applies in practice to the real world equity markets.

The answer to my question came eight years later when I joined the indexing team at UBS Global Asset Management in 2010 (prior to this I was equity research analyst covering financials and investment banker working on M&A in the asset management sector). As an index analyst at UBS I research a new generation of indices called alternative beta indices. Unlike mainstream market cap weighted indices that are synonymous with market efficiency, alternative beta indices exploit market anomalies such as value, low volatility, quality, size and momentum. Analysing alternative beta indices gives me the opportunity to apply in practice the knowledge I gained at LSE as well as to see behavioural finance in action. I relish this chemistry between academia and the investment world, and every day at work I'm inspired to do more, do better and search for "hidden gems" in the alternative beta space.

At LSE I had the honour of being taught by prominent academics; in the indexing team at UBS I have the privilege of working for someone with a second-to-none understanding of the financial markets: Ian Ashment. The positive influence from these good mentors and colleagues in academia and in indexing is making not only my investment experience but also my life experience fulfilling. I have learnt to take every step in life with curiosity, hard work, strong convictions and firm belief in myself.

Boriana Iordanova
MSc Accounting and Finance 2002, CFA

AAA Outstanding Educator Award



Visiting Professor Wayne Landsman received the 2014 Outstanding Educator Award by the American Accounting Association (AAA). He also received the 2014 Best Paper Award by the AAA Financial Accounting and Reporting Section for his study, Cost of Capital and Earnings Transparency, published in

the *Journal of Accounting and Economics* (2013). Both awards were presented at the 2014 AAA Annual Meeting in Atlanta in August.

AAA Management Accounting Award



At the 2014 AAA Annual Meeting in Atlanta, Professor Wim A Van der Stede received the runner-up AAA Notable Contribution to Management Accounting Literature Award for his article with Michal Matejka and Ken Merchant, Employment Horizon and the Choice of Performance Measures,

which appeared in *Management Science* (2009). Wim won this award before, in 2007.

Food Risk Regulation



Like many risk regulatory bodies in the UK, the Food Standards Agency (FSA) is tasked with an expanding portfolio of missions while resources to fulfil them are shrinking. Indeed, while food related risks have featured even higher in recent years due to the fallout from the horsemeat scandal, cuts to local authorities' budgets have reduced resources to enforce the law: most

enforcement activity in the food domain is delivered by local authorities, under the FSA's oversight.

The academic and policy debate has been awash with piecemeal ideas aiming to achieve greater compliance at a reduced cost. That debate had informed regulatory innovation in food already before austerity struck: there has been considerable interest in regulatory strategies such as risk-based enforcement, public disclosure of regulatee performance, and empowerment of third parties as surrogate regulators. New tools and strategies have been progressively introduced, piling up on top of a traditional (for the UK) regulatory regime anchored in criminal law. As a result, the regime for food risks has become a hybrid: a complex mix of old and cutting-edge approaches.

In a hyper-innovative regulatory state like the UK (Moran 2003), poverty is certainly being the proverbial mother of invention: cuts have accelerated the hybridisation of food safety regulation. The shift towards risk-based enforcement has been unfolding at a quicker pace as local authorities have been trying to reallocate scarce resources in a meaningful way. Regulatory experimentation in local authorities is also on the rise, while various regulatory innovations are being debated that could be applied to food standards or food hygiene in the future.

In such a context, the increasingly important question is the quality of the current hybrid regime: is it the right "policy mix"? This is a broad and difficult question, that academics have begun addressing, mostly at the theoretical level. Austerity and the pressure for evidence based policing are turning this into an empirical question for regulators. The Centre for Analysis of Risk and Regulation (CARR) is working with the FSA to explore it further.

Moran M (2003) *The British Regulatory State: High Modernism and Hyper Innovation*. Oxford University Press.

Dr Julien Etienne
CARR Research Fellow



Professor Power gives RJ Chambers Research Lecture



Professor Mike Power presented the prestigious RJ Chambers Research Lecture at The University of Sydney on 3 April 2014. In the lecture, *Risk Culture and Organisations*, he presented the findings and conclusions from his recent empirical research with Simon Ashby and Tommaso Palermo (see also page 6). The lecture, sponsored by the

Accounting Foundation of the University of Sydney, was attended by over 200 delegates, a mix of academics, accounting practitioners and representatives of banks and insurers in Australia. Mike argued that problems of risk culture were in large part problems of both the authority of risk professionals and also the extent of their meaningful and continuous interaction with the business. Furthermore, three lines of defence models, which have been promoted as part of the solution to this problem, may in fact increase the isolation of the risk function. The respondent to Mike's lecture was Mr Charles Littrell, Executive General Manager of the Australian Prudential Regulation Authority (APRA). He suggested that Australian financial services had not experienced the cultural implosion seen in other countries like the UK largely because of the strong links between regulators and the four main Australian banks.

During his stay in Australia, Mike also visited the University of Queensland in Brisbane and on 9 April 2014 gave another public Lecture, *Living in an Audit Society: Performance Reporting Systems after the Global Financial Crisis*. He argued that the well-documented expansion of auditing within many different fields since the 1980s had its roots in political demands for accountability and control, driven in part by populist suspicion of organisations and experts. Yet despite far-reaching regulatory changes involving an intense focus on administrative control systems and auditable performance management, organisations seem to be "out of control" and riskier than ever. The lecture argued that a succession of scandals, from Enron to the Global Financial Crisis, has given rise to reforms which are in fact part of the problem. Specifically it was argued that we are individually and collectively caught within a "web of audit" and that organisations can be defined as a nexus of pervasive audit trails which shape conceptions of value and of relevant performance. The talk drew on examples from different fields and addressed some of the public policy issues at stake for regulatory systems obsessed by evidence.

Alumnus Profile: George Grosz, BSc class of 1957



1954 to 2014 – 60 years have passed so quickly! The Accounting and Finance class was a class of 30, a melting pot of various European and African nationalities, and I was attracted to this subject by the inspiring lectures of Will Baxter, Harold Edey and David Solomons (visiting US professor in Cost Accounting)

After gaining my BSc (Econ) in Accounting and Finance in 1957, I joined a small City firm of chartered accountants, JH Champness, Corderoy, Beesly & Co as an articled clerk for three years. I was the first university graduate the firm had seen and besides receiving a small remuneration, the senior partner took me under his wing to assist him in his high-level work with major clients such as Carreras, Duke of Westminster's Estate, Reed Paper Group where the first consolidation of subsidiaries in the UK was realised. This served me well, as in my ICAEW Finals in May 1960, the principal accounting question was on consolidation! I qualified as a Chartered Accountant in 1960, just after the abolition of National Service. The joint auditors of Carreras, Cooper Brothers, invited me to join the firm which I did on 1 January 1961.

Six months later, following the merger with Lybrands of New York, the famous two senior partners John Pears and Henry Benson, asked me to move to Paris and organise the merger of the small Paris, Brussels and Rotterdam offices of the two firms under the name Coopers & Lybrand. I stayed with C&L in Paris for seven years as a senior manager during which I had many audit, tax and advisory assignments in Europe and Africa, in particular for Unilever and United Africa Company.

Soon after my arrival in Paris, I met a French female accountant. We married a year later and had two daughters and two grandchildren.

In 1967 I had the opportunity to leave the profession and enter industry as financial controller of the European subsidiaries of Schlumberger Ltd (oil prospection and electronics) and for 10 years participated in the group's

important worldwide growth. I then joined Otis Elevator in Paris as Financial Director until the Otis group was acquired by United Technologies Corporation (UTC) in 1976. I helped integrate Otis into UTC worldwide and was appointed Financial Director for Europe, Africa and the Middle East based in Paris.



L-R: Michael Shafan, Fred Brook, Alan Pizzey and George Grosz, 1957

After four years with UTC, I decided to join forces with a Swedish friend and we set up a consulting firm Corporate Development International which specialised in Company Search. From two offices in 1978, we developed the firm over more than thirty years into more than 50 offices worldwide when we retired. Today I am still active in the field of M&A whenever someone needs my services.

I have always kept in close contact with LSE. In 1982, at the request of the then Director Ralf Dahrendorf and Anne Bohm, Director of Alumni Relations, I set up, with a few others, the Alumni and Friends of LSE in France. First as General Secretary and later as President, I organised regular meetings and events for LSE Alumni in Paris. I stepped down in 2009 after 27 years. In summary, what I learned and experienced at LSE in the 1950s has been the backbone of my professional life, the springboard to my career in the accounting profession and industry worldwide and the source of many lasting relationships.

LSE has left an indelible stamp on my life and everlasting memories. I look back with pleasure and forward with hope.

George Grosz
BSc (Econ) Accounting and Finance 1957, FCA

Alumni Career Panel and Networking Event

The Department of Accounting, together with LSE Careers, held an Alumni Career Panel and Networking Event on 12 March in the Sheikh Zayed Theatre, New Academic Building.

It was Chaired by Professor Wim A Van der Stede, and gave current postgraduate students in the Department the chance to meet alumni from the MSc Accounting and Finance and MSc Accounting, Organisations and Institutions programmes that are now working for Barclays Capital, UBS, Standard Chartered, Ernst & Young,

Accenture, Schroders, BlackRock, Westbourne Capital, PwC, Deloitte, Morgan Stanley and Apex Fund Services. The format for the event was a series of short talks, where the alumni talked about their careers, the roles they are doing now, and how having an accounting postgraduate degree from LSE has helped them in their career. They also shared their top tips for career success. The short talks were followed by a Q&A session, and networking over drinks and nibbles.

Taught Programmes: MSc Law and Accounting

About the MSc programme

This interdisciplinary programme draws on the resources of the Department of Law and Department of Accounting and is intended for graduates with a good undergraduate degree in law or accounting or a degree which contains elements of law or accounting. Some management, business and economics degrees may also be accepted.

The programme is designed for students who have studied or worked in legal, accounting or related fields.

Programme details

Students take courses to the value of four full units, one full unit core compulsory interdisciplinary course, courses to the value of one full unit each in law and accounting (the choice depending on background), and one further full unit option.

Teaching for the core course and law courses is done primarily through seminars. Teaching in the accounting courses is normally delivered through a combination of lectures and seminars.

The core course is taught by an interdisciplinary team of lawyers and accountants. It is examined by a long essay and a two-hour examination.



Graduate destinations

Our graduates go on to careers in a number of roles such as senior associates, in-house counsel, lawyers working for regulators, traders, banking analysts, regulatory accountants, auditors, consultants and forensic accountants.

Dr Eva Micheler

Programme Director MSc Law and Accounting

Professor Jorgensen presents IFRS research



At the 2014 doctoral and new faculty consortium of the International Accounting Section of the American Accounting Association, held in Texas, Professor Bjorn Jorgensen presented joint research with Professors Burnett, Gordon and Linthicum on the adoption of International Financial Reporting Standards (IFRS).

While IFRS has been the standard for European listed companies since 2005, Canada adopted IFRS in 2011. More than 100 countries have required that public firms switch from their home country accounting standard to IFRS. Most Canadian firms switched from Canadian Generally Accepted Accounting Principles (Canadian GAAP) to IFRS on 1 January 2011. While early adoption was permitted, few Canadian firms switched earlier than 2011 to IFRS. Given its proximity and close ties to the USA, Canada is unique in its similarity to the USA in terms of institutional setting and financial reporting incentives. The Canadian experience with IFRS adoption therefore offers information that may inform US standard setters in its decision whether to require or allow US firms to adopt IFRS.

Similar to firms in Mexico, Switzerland and German Neue Markt, Canadian firms with shares cross-listed on exchanges in the USA were permitted to choose between either IFRS or US GAAP. In Canada, audit fees increase for firms that switched from

Canadian GAAP to IFRS and to US GAAP. Giving firms a choice between two accounting standards likely decrease the costs of IFRS adoption, including audit fees.

Nevertheless, the net benefits of IFRS adoption (including higher quality of financial reporting and decreased comparability) are less clear. To date 15 per cent of Canadian cross-listed firms chose US GAAP. As expected, Canadian cross-listed firms that are development stage enterprises or intensely engaged in research and development are less likely to adopt US GAAP since IFRS permits general capitalisation on development expenditures whereas US GAAP does not. Further, Canadian cross-listed firms with more assets in the USA are more likely to adopt US GAAP. Also, firms located in French-speaking Quebec are more likely to choose IFRS. Finally, foreign ownership is a key determinant of the choice of accounting standard: Canadian firms with more US ownership are more likely to choose US GAAP.

In the EU markets, liquidity improved around IFRS adoption in 2005 although this liquidity improvement was concentrated in countries that simultaneously experienced increased enforcement. Canada already had relatively high level of enforcement prior to IFRS adoption, and in the case of Canada, liquidity actually decreased post-IFRS adoption.

Professor Bjorn Jorgensen

Professor of Accounting and Financial Management

Centre for the Analysis of Risk and Regulation



April saw a major change in the now 15 year history of the Centre for the Analysis of Risk and Regulation (CARR): after many years, Mike Power stood down as director and handed the keys over to Martin Lodge and Andrea Mennicken. We are grateful to Mike for his advice and support, and look forward to building on CARR's

solid foundations in the next few years. CARR's interdisciplinary focus on comparative risk and regulation research agenda will remain, but we will embark on some new research directions over the coming months.

The past few months have witnessed numerous activities that highlight the richness of CARR's intellectual agenda and its centrality in international scholarly and practitioner debates in risk and regulation. For example, CARR organised a one-day conference to consider the continued influence of the British model of utility regulation in an international perspective. It is now over 30 years since the initial agenda for competition and incentive oriented utility regulation was established in the UK, an agenda that shaped international regulatory reforms for the past thirty years. The conference considered the UK and international experiences, especially also the context of utility regulation in lesser developed countries. While most speakers pointed to a consolidation of competition and incentive-based ideas in utility regulation, there were also areas in which the agenda was moving on, particularly in relation to the environment and the wider climate change policy agenda. Considering risk and regulation in the context of both the OECD – and the industrialising world is a key feature of the CARR agenda, as are the dynamics between existing systems of risk management and regulation and wider sustainability agendas.

Another feature that characterises CARR is its interest in the pre-requisites for systems of regulating and managing risk. One such pre-requisite is administrative capacity. High-intelligence regulatory systems are unlikely to achieve their desired effects without the administrative skills and capabilities to operate them. Similarly, public sector reform agendas in general, and regulatory reform proposals in particular, often resemble the proverbial "solutions in search of a problem." Instead, a problem-focused approach that asks what skills and capabilities are required of individuals and organisations rarely features. This concern was at the heart of a roundtable on "civil service capacity" which featured Christopher Hood (Oxford), Sir Richard Mottram (LSE), Stephen Meek (Department for Education) and Nick Pearce (Institute for Public Policy Research). This roundtable was organised to launch the *Hertie Governance Report 2014* which was edited by Martin Lodge together with CARR associate Kai Wegrich from the Hertie School of Governance.

Systems of accounting and accountability have been a traditional research focus in the work of CARR.

Recent debates have turned increasingly towards reputation-based interpretations of how those giving and holding to account interact. Such a reputation-based focus has important implications for our understanding of how to design and operate meaningful systems of account-holding. Similarly, existing systems of risk regulation become stretched in the case of extreme, cross-systemic events or dynamics. Such a focus on "existential risks", those risks that are perceived to threaten individual and collective ways of life, highlights how existing systems of risk management and regulation remain organisation-focused, and how a focus on systemic risks may be too limited in offering assurance against threats that are perceived as existential. Both of these themes, accountability and existential risk, were considered in two separate workshops held at CARR that brought together international scholars from across different disciplines.

These activities illustrate CARR's role in advancing academic and practitioner debates in the fields of risk and regulation across disciplines. We do so by conducting research that speaks to these debates and that provide for the unique "CARR voice". This CARR voice is not one that is bound by particular disciplinary, methodological or theoretical boundaries. However, it is characterised by theoretically grounded work that is not interested in one policy sector alone, but one that seeks to provide insights that apply across different policy and organisational settings. In addition, CARR's role is to provide a stage for research in risk and regulation that brings together different disciplines, early career and established researchers. In addition, CARR is also a stage for exchange between academics and practitioners. CARR has been closely engaged with national and international regulators, governmental, non-governmental and private organisations, and we will continue to build on these networks. The field of risk and regulation continues to be at the forefront of scholarly and academic concern given the challenges of the financial crisis, demographic developments, and climate change. CARR has been at the forefront of the debates over the past 15 years of its existence, and it is well-placed to continue and advance its role over the coming years.

Professor Martin Lodge
CARR Director

For more information see
lse.ac.uk/carr



Are Valuation and Stewardship Complementary or Competing Objectives of Financial Accounting?



Dr Stefano Cascino, together with the other members of an international research team (Mark Clatworthy from the University of Bristol; Beatriz García Osma from Universidad Autónoma de Madrid, Joachim Gassen from Humbolt-Universität zu Berlin, Shahed Imam from Warwick Business School, and Thomas Jeanjean from ESSEC

Business School) has been awarded a £40,000 research grant to conduct a research project meant to understand whether valuation and stewardship are complementary or competing objectives of financial accounting.

The current development of the Conceptual Framework by the IASB is generating renewed interest in the objectives of financial accounting and their impact on recognition and measurement rules. Conceptually, valuation-based objectives can be separated from objectives that directly interact with managerial decision-making by designing and/

or governing contracts. The latter class of objectives is also referred to as the stewardship role of accounting. While many constituents stress the importance of contracting-related accounting objectives (eg, stewardship) for the development of financial accounting standards, the IASB seems to hold the view that different objectives can, at least to a reasonable extent, be addressed by a common set of financial reporting rules. The research project aims to address this important gap in the empirical literature by producing both direct and indirect evidence for the demand from capital providers for accounting information, depending on their information objectives. The goal is to conduct a comprehensive empirical study of the different objectives of accounting information and to use the results of this research to properly inform one of the controversial debates faced by accounting standard setters.

Dr Stefano Cascino
Lecturer in Accounting

Professor Bhimani speaks on The Allure of Big Data



Professor Al Bhimani spoke at the 14th conference of the Social Study of ICTs held at LSE. As a panel member discussing Big Data and Innovation, he commented on the scale of the ongoing data growth in the global economy. He identified trends in mobile technology usage, digitisation, global population demographics and

new regulatory structures put into place in the aftermath of the global financial crisis as being key drivers of the data profusion we are currently witnessing. It was noted that the State and a number of large organisations deploy Big Data analytics in seeking to unravel hidden patterns and unknown correlations. Insights derived from Big Data analysis of mainly unstructured data, he argued, can offer a basis for developing new ways of addressing citizen needs

and concerns as well as for providing customer service and product choices in addition to producing social value. Professor Bhimani discussed the implications not just for reporting structures and communication forms but also identified issues relating to ethics, governance and risk management which will need to be addressed in the face of the growing interest in Big Data analysis. He pointed to evidence of Big Data analysis illustrations and implications in enterprise contexts which echoed ideas communicated by Professors Theodore Porter, Jannis Kallinikos and Nick Couldry who were also speakers at the event.

Professor Alnoor Bhimani
Professor of Management Accounting



At last year's presentation ceremony, the following prizes were awarded to Accounting students for their excellent examination performance:

BSc Accounting and Finance prizes

The **HC Edey Prize** was awarded to Xinyi Lee for excellent performance in the BSc Accounting and Finance degree overall.

The **WT Baxter Prize** was awarded to Andrew Morrison for excellent performance in the BSc Accounting and Finance degree overall.



The **Mazars AC340 Prize** for excellent performance in AC340 was awarded to Jonathon Smith and Leng-Lei Tho.

MSc Accounting and Finance

The **Emeritus Professors' Prize** for outstanding examination performance in the MSc Accounting and Finance was awarded to Huong Pham, Yu Sun and Yifan Tang.

MSc Accounting, Organisations and Institutions

The **Anthony G Hopwood Prize** for outstanding examination performance in the MSc Accounting, Organisations and Institutions was awarded to Daniel Willmann and Rishabh Joshi.

Graduate Teaching Assistants Award

Each year the LSE Teaching and Learning Centre (TLC) awards a prize to those Graduate Teaching Assistants (GTAs) and Guest Teachers (GTs) who have performed to a very high standard, based on student feedback. This year, Chris Constantinou and Renuka Fernando have been both awarded GTA Teaching Prizes for the high standard of their teaching on AC100. They were given their prizes and a certificate on 27 May 2014 at the end of the LSE Teaching Symposium.



Chris Constantinou



Renuka Fernando

LSE Student Union Teaching Awards

In addition to receiving the Graduate Teaching Assistant Award, Renuka Fernando (pictured below with Paul Kelly, Pro-Director for Teaching and Learning) was awarded a Highly Commended Nominee prize for Sharing Expertise and Knowledge at the LSE Students' Union Teaching Excellence Awards. These awards are student-led and Renuka was one of the most nominated members of staff in this year's awards. Her personable and charismatic approach to teaching accounting was repeatedly referenced by students: "Renuka demonstrates a broad knowledge enhanced by her experience in the commercial field and expertly provides different perspectives to those covered in textbooks."



The Accounting, Organisations and Institutions Society

The 2013-14 academic year has been a busy one for the Accounting, Organisations and Institutions (AOI) Society. Throughout the year, the Society's committee has sustained efforts in order to offer opportunities to the AOI cohort to get the most out of their time within the Department of Accounting at LSE.

The Society has held a number of social events this year to consolidate the social links among the AOI class of 2014 and building a sense of unity within this distinctive programme. Outside the social sphere, the Society has also organised various talks with prominent professionals and academics that have undoubtedly enhanced the experience of postgraduate students from the Department of Accounting. We have received Ian Schneider, restructuring partner at PwC who explained how crucial accounting metrics became for organisations facing failure. Professor Michael Power, LSE and St James's Place, gave a talk about his role as a Non-Executive Director at St James's Place and provided the audience with handy tips on how to manage their future career. From the same organisation, we also hosted a talk by Andrew Croft, St James's Place's Chief Financial Officer, during which he laid out his perspective on the multi-faceted nature of a FTSE100 officer's job. We have in addition received prominent regulators in the field of accounting standards. Dr Zhang Wei-Guo, board member

from the International Accounting Standard Board (IASB) gave a talk on the role of China in the global accounting standardisation process. We were also delighted to host Sir David Tweedie, former chairman of the IASB, as he discussed the impact of the financial crisis on the IASB and the global harmonisation process.

Significant contributors from the Department of Accounting are jointly responsible for a great deal of the Society's successes. I would thus like to thank Lynsey Dickson, Professor Richard Macve, Professor Michael Power, Professor Wim Van der Stede, Dr Matthew Hall and PhD candidates Rob Charnock, Maria Zhivitskaya, and Vassily Pigounides, for having been so supportive throughout the year. Their attitude of inclusiveness towards the Society and their consideration for our projects allowed us to effectively leverage the strength of the Department's brand while organising all of those events.

Finally, I believe the AOI Society has proven to be an asset for the Department, and I hope future classes will feel similarly interested in carrying on with the Society's purpose.

Philippe Fortier

President 2013-14

LSESU Accounting, Organisations and Institutions Society



The AOI Society committee members and faculty along with Sir David Tweedie

Dr Vasiliki Athanasakou**New appointments:**

Editorial Board, *Journal of Business Finance and Accounting*

Editorial Board, *Accounting and Business Research*

Publications:

The Perceived Credibility of Forward-Looking Performance Disclosures (with K Hussainey), *Accounting and Business Research* (2014) 4(3): 227-259

Presentations:

Canadian Academic Accounting Association Annual Meeting, Edmonton

Charles University Prague; Warwick Business School; IESEG Lille; Ivey Business School

Dr Gerben Bakker**Publications:**

Money for Nothing: How Firms Have Financed R&D-Projects since the Industrial Revolution, *Research Policy* (2013) 42(10): 1793-1814

How They Made News Pay: News Traders' Quest for Crisis-Resistant Business Models, *Soothsayers of Doom: The Media and the Financial Crisis in Historical and Comparative Perspective* (2014)

Professor Alnoor Bhimani**Publications:**

Owner Liability and Financial Reporting Information as Predictors of Firm Default in Bank Loans (with M Gulamhussen and S Lopes), *Review of Accounting Studies* (2014) 19(2): 769-804

Digitisation, "Big Data" and the Transformation of Accounting Information (with L Willcocks), *Accounting and Business Research* (2014) 44(4): 491-495

Management Accounting, *International Encyclopedia of Social and Behavioural Sciences* (forthcoming)

International Comparative Management Accounting, *Encyclopedia of Management* (forthcoming)

Presentations:

Financial Management and Technological Changes: Implications for Emerging Economies, keynote speech at the Chartered Institute of Management Accounting, London

How Digital Information is Transforming Business, PD Leake Lecture at the Institute of Chartered Accountants of England and Wales, London

The Allure of Big Data, panel speaker at the Social Study of ICTs Conference, LSE

Dr Stefano Cascino**Awards:**

ICAS Research Grant

Publications:

What Drives the Comparability Effect of Mandatory IFRS Adoption? (with J Gassen) (2014) *Review of Accounting Studies* (forthcoming)

L'Approccio Conservativo nel Financial Reporting (2013)

Presentations:

Stockholm School of Economics AAA Annual Meeting, Atlanta; EAA Annual Meeting, Tallinn; Stockholm School of Economics Financial Reporting Conference; International Accounting Standards Board (IASB); University of Miami International Accounting Conference

Dr Yasmine Chahed**Publications:**

Translations in Regulatory Space, *Indiana Journal of Global Legal Studies* (2014) 21(1): 195-221

Presentations:

AOS Financial Reporting and Auditing as Social and Organisational Practice Workshop, London; EAA Annual Meeting, Tallinn; EGOS Colloquium, Rotterdam; CPA Conference, Toronto

Visits:

Visiting Scholar at the WZB Berlin Social Science Center (August – September 2013)

Dr Martin Giraudeau**Publications:**

The Limits of Performativity: Politics of the Modern Economy (with F Cochoy and L McFall) (2014)

Conference organisation:

Let's Calculate: Reinventing Accounting with Bruno Latour? (with V Lépinay) Sciences Po, Paris (May 2014)

Social Studies of Social Sciences seminar series (with A Pottage), LSE

Dr Lisa Goh**Visits and presentations:**

Chinese University of Hong Kong and Hong Kong Polytechnic University (January – April 2014)

Dr Matthew Hall**Appointments:**

Associate Editor, *Qualitative Research in Accounting and Management*

Publications:

Performance Measurement, Modes of Evaluation and the Development of Compromising Accounts (with R Chenhall and D Smith), *Accounting, Organizations and Society* (2013) 38: 268-287

Presentations:

Taking Appropriate Measures:

The Emergence and Reconfiguration of the Social Return on Investment Valuation Methodology (with E Barman and Y Millo), the Research Colloquium on Social Entrepreneurship, Oxford

Who and What Really Counts?

Stakeholder Prioritization and Accounting for Social Value (with E Barman and Y Millo), the Journal of Management Studies workshop on Accounting for Stakeholders, London

The Expressive Role of Performance Measurement Systems: a Field Study of a Mental Health Development Project (with R Chenhall and D Smith), Erasmus University and Queens School of Business

Professor Bjorn Jorgensen**New appointments:**

Editorial Board, *Contemporary Accounting Research*

Chair, 2014 Doctoral and New Faculty Consortium of the International Accounting Section of the American Accounting Association

Publications:

Public Equity and Audit Pricing in the United States (with B Badertscher, Brad, S Katz and W Kinney) *Journal of Accounting Research* (2014) 52(2): 303-339

The Shapes of Scaled Earnings Histograms are Not Due to Scaling and Sample Selection: Evidence from Distributions of Reported Earnings Per Share (with YG Lee and S Rock), *Contemporary Accounting Research* (2014) 31(2): 498-521

Presentations:

IESE; INSEAD; London Business School; Rotterdam School of Management; University of Mannheim

Dr Liisa Kurunmäki**Publications:**

Calculating Failure: The Making of a Calculative Infrastructure for Forgiving and Forecasting Failure (with P Miller), *Business History* (2013) 55(7): 1100-1118

Dr Andrea Mennicken**New appointments:**

Faculty, 2014 European Accounting Association Doctoral Colloquium, Estonia

Publications:

Accounting for Values in Prison Privatization, edited by S Alexius and K Tamm Hallström, *Configuring Value Conflicts* (2014)

Michel Foucault and the Administering of Lives (with P Miller), *The Oxford Handbook of Sociology, Social Theory, and Organization Studies: Contemporary Currents*, edited by P Adler, P du Gay, G Morgan and M Reed (forthcoming)

Accounting and the Plasticity of Valuation (with M Power), *Moments of Valuation: Exploring Sites of Dissonance*, edited by A Berthoin Antal, M Hutter and D Stark (forthcoming)

Presentations:

Custody, Care and Cost: Accounting between Economy and Morality, keynote at the Annual Meeting of the French Accounting Association, Lille

Professor Peter Miller**Awards:**

Honorary Doctorate from Copenhagen Business School (March 2014)

Publications:

Accounting, Organising and Economising: Connecting Accounting Research and Organisation Theory (with M Power), *Academy of Management Annals* (2013) 7(1): 555-603

Calculating Failure: The Making of a Calculative Infrastructure for Forgiving and Forecasting Failure (with L Kurunmäki), *Business History* (2013) 55(7): 1100-1118

Michel Foucault and the Administering of Lives (with A Mennicken), *The Oxford Handbook of Sociology, Social Theory, and Organization Studies: Contemporary Currents*, edited by P Adler, P du Gay, G Morgan and M Reed (forthcoming)

Presentations:

Economizing Failure, keynote speech, Numbers, Policies and Politics, ESCP, Paris

Dr Julia Morley**Presentations:**

Shifting Discourse as Market Construction, Heriot Watt University and LSE

The Influence of Investment Professionals on the Adoption of Social Impact Measurement, Northampton University

Looking for the Boundaries of Accounting: A discussion of Abbott's Things of Boundaries (with R Fernando and D Pflueger), Stockholm Business School

Where Culture and Lobbying Collide: The Case of the IASB Liabilities Project, BAFA Annual Conference, London; EAA Annual Congress, Tallinn

Dr Tommaso Palermo**Publications:**

Accountability and Expertise in Public Sector Risk Management: A Case Study, *Financial Accountability & Management* (2014) 30(3): 322-341

Presentations:

Risk Culture in Financial Organisations final report launch event (with S Ashby and M Power), Lloyds of London

Guidance on Supervisory Interaction with Financial Institutions on Risk Culture, Feedback on the Financial Stability Board's Consultative Document (with S Ashby and M Power)

Risk Culture Challenges for CROs and Risk Functions, ILAG risk seminar

Dr Dane Pflueger**Presentations:**

Looking for the Boundaries of Accounting: A discussion of Abbott's Things of Boundaries (with R Fernando and J Morley), Stockholm Business School

Professor Peter Pope**Publications:**

Common Factors in Default Risk across Countries and Industries (with K Aretz), *European Financial Management* (2013) 19(1): 108-152

Professor Michael Power**Publications:**

Accounting and the Plasticity of Valuation (with A Mennicken), *Moments of Valuation: Exploring Sites of Dissonance*, edited by A Berthoin Antal, M Hutter and D Stark (forthcoming)

Presentations:

Risk Culture in Financial Organisations final report launch event (with S Ashby and T Palermo), Lloyds of London

Risk Management at the Crossroads: Implications for BCM, plenary address at the Business Continuity Management World Conference, London

The Politics of Practice of Impact Evaluation, keynote address at the Swedish Evaluation Society Annual Conference, Stockholm

Challenges and Opportunities in Reforming Bank Culture, Systemic Risk Centre, LSE

Searching for Risk Culture, Global Finance Initiative public lecture, Cornell University

Guidance on Supervisory Interaction with Financial Institutions on Risk Culture, Feedback on the Financial Stability Board's Consultative Document (with S Ashby and T Palermo)

The Social Life of Accounting Estimates, Numbers From the Bottom Up workshop, Berlin

Searching for Risk Culture, keynote address at the Journal of Management Studies annual conference

The RJ Chambers lecture, the University of Sydney

Conference organisation:

Financial Accounting and Auditing as Social and Organisational Practice, Accounting, Organisations and Society conference, LSE (December 2013)

Dr Ana Simpson**Presentations:**

University of Athens

Publications:

Does Investor Sentiment Affect Earnings Management?, *Journal of Business Finance and Accounting* (2013) 40(7-8): 869-900

Professor Ane Tamayo**New appointments:**

Visiting Research Fellow, University of Cambridge

Faculty, 2014 European Accounting Association Doctoral Colloquium, Estonia

Publications:

Targets' Earnings Quality and Bidders' Takeover Decisions (with K Raman and L Shivakumar), *Review of Accounting Studies* (2013) 18 (4): 1050-1087

How Do Industry Peers Respond to Control Threats? (with H Servaes), *Management Science* (2014) 60(2): 380-399

Have Rating Agencies Become More Conservative? Implications for Capital Structure and Debt Pricing (with R Baghai and H Servaes), *Journal of Finance* (forthcoming)

Presentations:

HEC Paris; WHU Otto Beisheim School of Management

Visits:

University of Cambridge, Centre for Financial Analysis and Policy (January-March 2014)

Professor Wim A Van der Stede**Appointments:**

Management Accounting Research, Editor-in-Chief Designate

Publications:

Earnings Targets and Annual Bonus Incentives (with R Indjejikian, M Matejka and K Merchant), *Accounting Review* (2014) 89(4): 1227-1258

A Manipulationist View of Causality in Cross-sectional Survey Research, *Accounting, Organizations and Society* (2014) 39 (8) (forthcoming)

Budgeting and Management Control, *Wiley Encyclopedia of Accounting* (forthcoming)

Presentations:

Journal of Management Accounting Research 25th Anniversary Panel, AAA Management Accounting Meeting, Orlando

Editors Panel, AAA Management Accounting Doctoral Colloquium, Orlando
Keynote, Annual Congress of the Dutch Controllers Association, Utrecht

In memoriam: Professor Ted O'Leary (1950-2014)



With the sudden and premature passing of Ted O'Leary, we have lost a true scholar and a very kind man.

Ted O'Leary was Professor of Accounting, University of Manchester, since 2001. He was also Adjunct Professor of Accounting, University of Michigan, since 2002. Prior

to that, he was Associate Professor of Accounting, National University of Ireland, Cork, from 1991 to 2001, and Assistant Professor of Accountancy, University of Illinois, 1986 to 1991. Ted was a Fellow of the Institute of Chartered Accountants, Ireland, he gained an MBA from University of Dublin (Trinity College) in 1975, and a PhD from the University of Warwick in 1983. He was a visitor at London Business School, 1982-3, where he met his long-term collaborator Peter Miller.

Ted helped transform the discipline of accounting, and he did so from his unusual dual positions which straddled the Atlantic. He achieved this in part through analysing it as an organisational and social practice. But he did so also by the very high standards he brought to fieldwork. His assiduous attention

to detail resulted in a number of landmark papers, in journals as diverse as *Accounting, Organizations and Society, Cultural Values, Journal of Accounting Research, Science in Context*, and the *Academy of Management Review*.

Ted looked at accounting from both the inside and the outside. From the inside, he was genuinely interested in managers and management. He focused on how things worked and were made operational in managerial worlds, long before something called "practice theory" became fashionable. Yet, as an outsider, he was also far from being merely descriptive and a slave to the categories and discourses of practice. Indeed, he paid meticulous attention to how accounting interacted with other disciplines, whether engineering, organisation design, or microelectronics, and had a keen sense of organisational and practical complexity in contrast to the usual tropes of management knowledge.

Ted will be deeply and sorely missed for the gentle persistence and collegiality he brought to the academy.

Professor Peter Miller

Professor of Management Accounting

Department Seminars 2013-14

Accounting Research Forums

20 November 2013

Craig Lewis

Vanderbilt University
Do Fraudulent Firms Engage in Disclosure Herding?

11 December 2013

Brian Bushee

University of Pennsylvania
Corporate Jets and Private Meetings with Investors

5 March 2014

Richard Barker

Saïd Business School, University of Oxford
Is the IASB Consistent on Conservatism?

30 April 2014

Jan Mouritsen

Copenhagen Business School
Accounting, Institutional Innovation and Free Spaces: Benchmarking in a Highly Institutionalised Setting of Healthcare

11 June 2014

Paul Healy

Harvard University
The Use of Broker Votes to Reward Brokerage Firms' and Their Analysts' Research Activities

18 June 2014

Doug Skinner

University of Chicago
The Evolution of Audit Market Structure and the Emergence of the Big 4: Evidence from Australia

Financial Accounting Seminars

2 October 2013

Gil Sadka

Columbia University
Earning Betas

6 November 2014

Sudipta Basu

Temple University
Professional Knowledge – Building Institutions and the Historical Emergence of Accounting Norms

4 December 2014

Michael Minnis

University of Chicago
Financial Statements as Monitoring Mechanisms: Evidence from Small Commercial Loans

19 February 2014

Beatriz Garcia Osma

Universidad Autonoma de Madrid
Accounting Conservatism and Firm Investment Efficiency

12 March 2014

Fabrizio Ferri

Columbia University
Management Influence on Investors: Evidence from Shareholder Votes on the Frequency of Say on Pay

19 March 2014

Maria Ogneva

University of Southern California
Predicting Restatements in Macroeconomic Indicators using Accounting Information

7 May 2014

Gaizka Ormazabal

IESE
Director Risk Exposure and Board Turnover: A Pre- and Post-Crisis Analysis

28 May 2014

Anya Kleymenova

London Business School
Consequences of Mandated Bank Liquidity Disclosures

Accounting, Organisations and Institutions Seminars

4 December 2014

Karel Williams

Manchester Business School
Business Elites and Democracy in Britain

19 March 2014

Alex Nicholls

Saïd Business School, University of Oxford
Accounting and Reporting as Communicative Action: Conceptualizing Social Impact Measurement Facts and Values

6 June 2014

Jacob Soll

University of Southern California
The Reckoning: Financial Accountability and the Rise and Fall of Nations

25 June 2014

Richard Macve

LSE
What Should be the Nature and Role of a Revised Conceptual Framework for International Accounting Standards?

CARR Seminars

21 January 2014

Hiroaki Matsuura

Oxford University
Economic Effects of Emergency Risk Communication: Evidence from the Fukushima Daiichi Nuclear Disaster

25 February 2014

Zsuzsanna Vargha

University of Leicester
Infrastructures of Control: Sales Incentives and the Accidental Architecture of Measures in Banking

29 May 2014

Moshe Maor

Jerusalem University
Risk and Policy Underreaction

24 June 2014

Pete Fussey

University of Essex
From Ecology to Inertia? The Practice, Performance and Polysemy of "Resilience"

Academic Visitors

Prabhu Sivabalan

November – December 2013
University of Technology, Sydney

Phill Cobbin

November 2013 – January 2014
University of Melbourne

Aljoša Valentinič

October 2013 – September 2014
University of Ljubljana

Henri Dekker

March 2014
VU University Amsterdam

Josep Bisbe

March 2014
ESADE

Faculty

Vasiliki Athanasakou *Assistant Professor of Accounting*

Alnoor Bhimani *Professor of Management Accounting*

Stefano Cascino *Lecturer in Accounting*

Yasmine Chahed *Lecturer in Accounting*

Pascal Frantz *Lecturer in Accounting and Finance*

Omiros Georgiou *LSE Fellow*

Martin Giraudeau *Lecturer in Accounting*

Matthew Hall *Associate Professor of Accounting*

Bjorn Jorgensen *Professor of Accounting and Financial Management*

Liisa Kurunmäki *Associate Professor of Accounting*

Richard Macve *Professor of Accounting, Emeritus*

Andrea Mennicken *Associate Professor of Accounting*

Peter Miller *Professor of Management Accounting*

Julia Morley *Lecturer in Accounting*

Christopher Noke *Associate Professor of Accounting, Department Tutor*

Tommaso Palermo *Lecturer in Accounting*

Peter Pope *Professor of Accounting*

Michael Power *Professor of Accounting*

Rita Samiolo *Lecturer in Accounting*

Ana Simpson *Associate Professor of Accounting*

Ane Tamayo *Professor of Accounting*

Wim A Van der Stede *CIMA Professor of Accounting and Financial Management, Head of Department of Accounting*

Visiting Fellows and Professors

Elena Beccalli *Visiting Senior Fellow in Accounting*

Jennifer Francis *Visiting Professor of Accounting*

Peter Holgate *Visiting Professor of Accounting*

Wayne Landsman *Visiting Professor of Accounting*

John O'Hanlon *Visiting Professor of Accounting*

Martin Walker *Visiting Professor of Accounting*

Joni Young *Visiting Professor of Accounting*

Administrative Team

Justin Adams *Administrator*

Rebecca Baker *PhD in Accounting Programme Manager*

Muheez Busari *BSc Accounting and Finance Programme Manager*

Lydney Dickson *MSc Accounting, Organisations and Institutions Programme Manager*

Yvonne Guthrie *Department Manager*

Dorothy Richards *Graduate Admissions Manager, Diploma and MSc Accounting and Finance Programme Manager*

Elizabeth Venning *Student Information Centre Assistant*

Faculty Updates

Ane Tamayo has been promoted to Professor

Michael Bromwich (*CIMA Professor of Accounting and Financial Management, Emeritus*) has retired

Jose Carabias joins us as an Assistant Professor of Accounting after completing his PhD at London Business School

Ahmed Abdalla, Dimos Andronoudis, Prajakta Desai, Renuka Fernando, David Twardowski join us as LSE Fellows

Farewell, and best wishes, to **Lei Chen, Lisa Goh** and **Dane Pflueger** who are leaving.



LSE Accounting

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