

LSE Accounting

Newsletter of the LSE Department of Accounting

Issue 2 – 2010/11



Accounting at LSE • Shifting Gears
Territories of Accounting • Global Market Risks
Audit Policy • Programme News



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE ■

Department of Accounting

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THE LONDON SCHOOL
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POLITICAL SCIENCE ■

Department of Accounting

Professor Alnoor
Bhimani, Head of
Department of
Accounting



Welcome to LSE Accounting

Decisions made today can have a wide range of long term and far reaching consequences. Not surprisingly, we now face a multitude of repercussions from decisions made in the past. Our ability to act is to a large degree defined by decisions that have determined the structure of our economic system, the physical and institutional environment we operate in, the technology we use, the education we expose ourselves to and the social context which guides our interactions. The Department of Accounting has long been at the forefront of research and teaching relating to thought, actions and decisions resting on financial information and the manner in which economic calculations shape human activity. This echoes LSE's traditional concern with forces which shape the world we live in.

Graduates of the Department of Accounting's academic programmes grasp the potential of accounting to effect change. They recognise that accounting practices mobilise and reflect economic, social, institutional and technological facets of change. Our academics and students explore accounting's ability to significantly affect events. In the recent past, classroom discussions of accounting issues at LSE have included analyses of how the Fukushima nuclear disaster in Japan has led to a re-assessment of risk management and accountability issues; how prognostications of a double dip recession in the light

of the current economic backsliding in Europe and North America can impact firms' cost containment and pricing strategies; how global standard setters seek controls and reporting measures which align with emerging conceptions of desirable economic transparency, corporate governance and accountability; how the run of environmental news has triggered a "green rush" towards accounting for sustainability reporting; and how changing notions of achievable cost management targets pursued by Chinese and Indian companies have led to the "China price" and "Gandhian costing". Whilst understanding the application of accounting techniques is of relevance, assessing their impact within contexts in which they find articulation is of equal importance.

Accounting education and research at the LSE spans wide ranging issues of current concern. This newsletter captures some of the activities and work undertaken by academics, students and staff in the Department of Accounting over the past year. We hope it will give you a glimpse of the accounting academic community at the LSE.

Alnoor Bhimani

*Professor of Management Accounting,
Head of Department*

Professor Bhimani speaks at CIMA Kenya Annual Dinner



On 7 January 2011, Professor Alnoor Bhimani delivered the annual dinner speech at CIMA in Nairobi. He discussed Kenya's economic growth and accounting challenges in his address entitled "*Globalisation and Management Accounting*". He noted the impact of the information growth arising from global forces and the need for accountants to understand the value of data which traditionally has not been captured by accounting systems. He noted Kenya's growing investments in IT and the abilities required of its accountants to develop new modes of dealing with emerging organisational information forms.

Professor Bhimani noted that the finance function must today develop ways of appealing to information platforms, sources and architectures relating to information output, channels, structures and modes of assessment in a manner not inimical to the managerial style and preferences of the users served. He cautioned against the wholesale adoption of systems currently in use in foreign business environments. He noted that the novel global economy is affected by macro and micro level changes yielding accounting changes that are as multifaceted as are their effects. This impacts the manner in which enterprises access finance, make use of it, report it and monitor the risks of their economic activities. The management accounting body of expertise which has over the past two decades undergone significant changes is again at the brink of seeing immense shifts in content, structure, mode of delivery and approach to usage. Kenyan accountants must be adept in recognising the implications of these changes.

Professor Power speaks at European Commission Conference



In February 2011 Professor Michael Power spoke to an audience of over 600 in Brussels at the European Commission conference on "*Financial Reporting and Auditing: A time for change?*" The conference was a follow up to the Commission's 2010 Green Paper on Audit Policy. The Commissioner for Internal Market and Services, Michel

Barnier, opened the session on auditing and made it clear that change was essential. Professor Power addressed the question of whether the large audit firms are too big to fail and argued that issues of audit market concentration are a symptom of a deeper problem with the audit product. Rather than break up the firms, he suggested that current practice should be redesigned in order to create a series of more valuable assurance services for which clearer markets would exist.

The Territories of Accounting



How does accounting territorialise? Professor Peter Miller addressed this question in a plenary address titled "*The Territories of Accounting*", delivered at the annual meeting of the French Accounting Association in Montpellier in May of this year. His address was preceded by a question and answer session, led by Professor

Dominique Bessire of the University of Orléans, concerning his previous work and its relation to the conference theme of "*Accountings, economy and society*". His address noted how accounting has been formed and reformed at the margins, which implies an openness or permeability to the discipline. His focus, however, was on the ways in which accounting territorialises, which suggests attending more to closure, the forming of boundaries, and the creating of obstacles to further adjustments at the margins. Professor Miller identified four main types of territorialising: first, the territorialising of practice, and the forming of professional boundaries through a variety of instruments and interventions; second, the territorialising of physical spaces, whether these be a factory floor, a hospital ward, or an office; third, the territorialising of "abstract" spaces or ideas, such as failure, public service and personal identity; and fourth, disciplinary territorialising, the forming of boundaries within and between disciplines, sub-disciplines or specialisms, with implications for interdisciplinary research, as well as for individual members of faculty and even whole departments, whether through publication strategies or through hiring and promotion processes.

MARG Conference 31 March 2011



The 32nd anniversary of the MARG Conference was held at the LSE on 31 March 2011. An array of practitioners and academics gathered at Houghton Street to engage in a lively discussion on the theme: “Cost Management Strategies: Shifting Gears”.

Professor Michael Bromwich initiated the conference, noting the continued support of the Charitable Trusts of the Chartered Institute of Management Accountants (CIMA), the Institute of Chartered Accountants in England and Wales (ICAEW), and the Department of Accounting at LSE. He also reiterated the spirit of the conference: that all attendees use this opportunity to network and broaden academic and practitioner conversations.

The morning session began with John Cullen’s presentation of “*innovation in the NHS – Can accounting stimulate and facilitate innovative change?*” At a time when the aspirations of the Darzi Review face unprecedented strains on resources, his research proved timely and provocative. He presented two case studies in which accounting has been effectively mobilized by enterprising leaders to both stimulate and facilitate innovative change.

Professor Xinmin Zhang of the University of International Business and Economics Beijing, and a Director in many Chinese companies was well placed to deliver an engaging lecture on “*Corporate governance and strategic cost management – A perspective from China*”. Drawing on two cases in particular, he argued persuasively that effective cost management could only be achieved alongside other fundamental changes in organisations, in areas such as corporate governance, organisation structure and sales channels.

Robin Bellis-Jones, Director, Bellis-Jones Hill Group, began the afternoon session with an insightful talk on “*Costing in the NHS – From measurement to management*”. He started by outlining the major management challenges that the size and complexity of the NHS presents to regulators. He then explained in detail the creation of Monitor, the independent regulator of NHS foundation trusts, and the service-line management technique that it deploys. He showed that the shift in the basis of funding patient care from block funding to Payment by Results brought a transition towards the ABC approach.

A panel discussion themed “*Cost Management Strategies: Shifting Gears*” followed, chaired by Professor Bromwich and joined by Mr Peter Simons of CIMA, Professor John Cullen of

University of Sheffield, Professor David Cooper of University of Alberta, and Mr Bellis-Jones of the Bellis-Jones Hill Group. Professor Bromwich started by briefly reviewing the advances in the management accounting area.

In response to Professor Bromwich’s review, Mr Simons described the development of management cost accounting in terms of five progressive gears. He argued that the first gear to help management accounting achieve effective cost management consisted of saying no to activities beyond budget. The second gear included business reengineering, while the third gear involved applying the cost leadership principle across the whole company. He considered the fourth gear to be the analytical and intelligent approach to cost management. He argued that the fifth gear, consistent with Professor Zhang’s presentation, considers the wider context in which the business is run.

Professor Cullen argued that the key driver of the future of organisational success lies in a recognition that organisations operate in close and dynamic relationships with each other, rather than in isolation.

Professor Cooper brought the academic and practitioner perspectives together by discussing the importance of learning from cases, the values of case research and the academic’s role in this process. He argued that although most researchers are preoccupied with averages and means, there is important practical and intellectual value in examining extreme cases.

Mr Bellis-Jones discussed the longer established companies which, he argued, are more resistant to change and removed from reality. In these organisations he stated that the management accountant’s most important duty is to provide transparency of business processes and make sure that organisations respond nimbly to changes in the environment.

This year the ICAEW Distinguished Practitioner Lecture was delivered by Andrew Shilston, Finance Director of Rolls-Royce plc. Mr Shilston’s talk was entitled “*Cost Management – Shifting Gears*”. He started by discussing the differences between cost reduction and cost management. He then discussed in detail the cost management techniques adopted in different functions of Rolls-Royce across the entire valuation, including visual tools and quality management in Manufacture, local/capacity planning in Logistics and benchmarking in Overhead Management.

Professor Bromwich concluded the Conference by thanking ICAEW and CIMA for their sponsorship, Rebecca Baker of the LSE Department of Accounting for her organisation of the event, and the audience for their participation. The 32nd MARG Conference was concluded with the traditional grand reception in the LSE Senior Dining Room.

Dane Pflueger
London School of Economics

Narisa Tianjing Dai
University of International Business and Economics, Beijing

CIMA News: Professor Wim A Van der Stede gives Anthony Howitt Lecture



Professor Wim A Van der Stede, CIMA Professor of Accounting and Financial Management, spoke at the CIMA bi-annual Anthony Howitt Lecture held at The British Museum, London, on 18 May 2011. He addressed over 130 delegates on corporate governance reporting and the critical roles of regulators, issuers and users at a time when rules in this area are still up for review.

disclosures. He said that organisations should have the flexibility to tell the 'story' of their mandate, and ensure that a deeper understanding of their governance practices was communicated. Companies would demonstrate the effectiveness of these practices and how they are shaped for real use rather than mere compliance. He discussed the critical role of disciplined accountability to the functioning of markets which involves an approach to governance reporting that engages, but not blindly trusts, responsible issuers and vigilant users. He noted that this is where regulators should be firm in their requirement for disclosure but restrained in their prescription in order to find the right balance.

In a time of strong calls for tighter compliance, Professor Van der Stede argued in favour of principles-based

The Department and the ICAEW

The Department continues its longstanding and productive relationship with ICAEW, which enables us to have a significant impact on professional developments:

- Continued accreditation as a "Partner in Learning institution" for recognition of the BSc Accounting and Finance for exemptions from the Professional Stage of the Institute's examinations.
- Faculty members have gained further research grants from the Institute's charitable trusts: for example, currently Yuval Millo and Bob Wearing (University of Essex) are participating in a research project aimed at mapping the different views, opinions, perceptions and reported practices among actors involved in shareholder activism in the UK. The project, titled *Activist Investors in UK Quoted Companies and the Implications for Corporate Governance*, included interviews with 25 representative actors from three main categories of bodies: institutional investors, publically-listed companies and non-governmental organisations. The findings, which are to be published in a report this summer, indicate that whilst many actors do not wish to be identified as activist investors, there is a broad agreement that many of the practices performed by activist investors have positive impacts on companies' managerial performance and quality of corporate governance.
- The ICAEW's trusts (along with CIMA) have continued their long running support of the annual MARG conference at LSE (organised by Professor Michael Bromwich) which attracts leading international management accounting academics and practitioners. This year's conference in March 2011 addressed the theme of *"Cost Management Strategies: Shifting Gears"* and key speakers included Professor John Cullen of University of Sheffield, Professor Xinmin Zhang of the University of International Business and Economics in Beijing, and Robin Bellis-Jones, Director of the Bellis-Jones Hill Group. Peter Simons of CIMA and Professor David Cooper of the University of Alberta joined the panel discussion. Andrew Shilston, Chief Financial Officer of Rolls Royce, gave the ICAEW Distinguished Practitioner Lecture.

- The ICAEW's trusts have also supported the LSE/MBS conference, organised at LSE this year in June by Dr. Vasiliki Athanasakou, which addressed the theme of *"In Search of the Ideal GAAP: Stewardship, Decision-making, and the Way Forward"* and attracted an international audience of 92 participants. Keynote speakers were Professor S.P. Kothari from MIT and Professor Richard Macve from LSE's Department of Accounting.

- Professor Richard Macve (also a Chartered Accountant) continues to act as the ICAEW's Academic Advisor to its Research Advisory Board with particular involvement in the planning and organisation of the annual Information for Better Markets Conferences held in December at Chartered Accountants Hall. These events attract world-renowned academic speakers and the participation of a productive balance of academics and leading practitioners and policy makers. The 2010 conference addressed the theme of *'Adopting IFRS: the global experience'* and the 2011 conference will be held on 19-20 December 2011, and the theme will be *"Accounting for financial instruments: everybody's problem?"*

There has been publicity in the press recently for new professionally oriented Accounting degree schemes at other universities based on partnerships with "Big 4" firms. The Department of Accounting at LSE maintains its traditional values of educating our students to understand the economic, social, political, legal, institutional and organisational factors that drive changes in regulation, in financial reporting and in managerial practice, rather than simply to master the 'nuts and bolts' of professionally orientated training. It is clear that it is this academic approach that is also recognised by ICAEW, and by its present-day leaders in the profession and in practice, as having the most value in preparing our students for future leadership in the world of practice and policy making.

Professor Richard Macve



Management Accounting Research and Practice Conference

The Department held its first Management Accounting Research and Practice Conference on 4 November 2010. This series of conferences aims to consider the impact of management accounting research on enterprise practices and the interplay between academic investigations and the application of management accounting concepts, techniques and approaches. Professor Bhimani, Chair of the Conference *“Management Accounting and Strategic Alliances”* commented on the theme, noting its relevance and economic significance in an increasingly integrated global economy. The main speaker was Mr Masashi Isogai, Managing Director of Toyota Motor Corporation, who spoke on research and development strategy, knowledge transfer and Toyota’s latest strategic management initiatives. Other speakers included Dr Pingli Li, Professor Guliang Tang, Dr Narisa Tianjing Dai, Professor Chen Gao and Professor Hiroshi Okano.

World Congress of Accountants, Kuala Lumpur

On 12 November 2010, CIMA Professor Wim A. Van der Stede was one of four panelists at the opening plenary session of the World Congress of Accountants 2010 in Kuala Lumpur entitled Accountants: Sustaining Value Creation in the Borderless Economy.

China’s Ministry of Finance vice minister Dr Wang Jun, who provided a regulator’s perspective on the panel, said the global accountancy profession should play a more active role in driving economic recovery and growth. Malaysia’s sovereign fund Khazanah Nasional Bhd managing director Tan Sri Azman Mokhtar, who provided an investor’s perspective, highlighted three key points – trust, relevance and leadership – to enable accountants to create value sustainably in their organisations. Professor Van der Stede provided an academic perspective, referring to a global survey by CIMA, stating that momentum towards greater responsibility was likely to continue for accountants the world over although the degree might differ geographically. AICPA certified public accountant Olivia Faulkner Kirtley, who provided a board’s perspective, said it was key to embed sustainability into the DNA of a company. The session was chaired by IFAC president Robert Bunting.

5th LSE/MBS Conference

June 27, 2011 marked the 5th annual LSE/MBS conference, *“In search of the ideal GAAP: Stewardship, decision-making, and the way forward”*, which rotates between the Department of Accounting of the LSE and the Manchester Accounting and Finance Group of Manchester Business School. This is the second time that LSE has hosted this conference and the third time that the ICAEW’s charitable trusts has sponsored part of the costs.

Since its inception in 2007 this annual conference series has provided a forum for both established and young and emerging academics, policy makers and practitioners from around the world to debate topical issues in global accounting. This year we invited papers by Maria Correia (London Business School), Sugata Roychowdhury (Boston College), Yuval Millo (LSE), and Garen Markarian (Instituto de Empresa Business School). The conference centred on the long-standing debate on the use of accounting information for decision-making vis-à-vis stewardship. The global financial crisis has heated up this debate, challenging international regulators to re-think the desired properties of GAAP. Two keynote speakers provided experienced commentary on the topic. SP Kothari (MIT) has recently published a comprehensive review of positive research in accounting, highlighting its implications for GAAP (Journal of Accounting and Economics 2010, 2/3). Richard Macve (LSE) has a long established publication record on the conceptual framework of accounting and the uses of accounting information, and is one of the few academics representing both the academic and policy-making scene.

This year’s conference had two novel features. The first was to include a paper from outside mainstream financial accounting research to signal our interest in embracing related disciplines and endorsing the multidisciplinary approach to accounting research that the LSE has long initiated and promoted. The second was to invite discussions of each paper by established academics in the field. We are very grateful to Jennifer Francis (Duke University), Scott Richardson (London Business School), Laurence van Lent (Tilburg University) and Per Olsson (Duke University) for their contributions. With these carefully chosen presenters and discussants and 70 delegates from the US, the UK and Europe, the conference day was stimulating. The event contributed importantly to the international debate on the uses of accounting information with insights on the way forward.

Dr. Vasiliki Athanasakou



Charlotte Knights, Departmental Manager, interviewed Professor Richard Macve on his 65th birthday.

In your life as an academic, what has been your biggest surprise?

I guess getting a Chair at the LSE. I was a Lecturer here originally, and then went

off to be a Professor at Aberystwyth – which was also a big surprise – and remained there for 18 years. I'd always thought I wouldn't move, but got thinking and thought, there's only one place I really want to go, and... here I am! That was in 1996, so I've been back here for 15 years. The latest surprise was being given the British Accounting and Finance Association's Distinguished Academic Award for last year.

You are retiring this September. What advice would you give to an aspiring academic starting out now in the field of Accounting?

That's quite a difficult question, because the game has changed quite a lot compared to when I started. But I still think the main thing is that you should try and do research that answers a question that's troubling you, even if it's not (yet) troubling the rest of the world.

What was your biggest impact on accounting research?

There are huge handbooks that the leading accounting firms produce on financial accounting standards and, for some reason, the team at Ernst & Young who wrote theirs for 20 years or more would always start off with the Conceptual Framework and what I had said about it. That was the first major piece of work I did. Harold Edey was on the Accounting Standards Committee (ASC) and the Chairman was Tom Watts of Price Waterhouse. The Americans had been spending millions of dollars on the Conceptual Framework for Accounting, and the ASC commissioned me to do a study on whether it was something that they needed. My study was published in 1981, basically saying that I didn't think it was a very good idea as it could have only limited practical effect, and that, if they did feel they needed something, they could always copy the American one (which the ASB basically did some years later).

What do you think is the biggest challenge that the Accounting profession is now facing?

The latest prediction is that the next 'Big 5' accounting firm will be Chinese, not the traditional British/American firm. The argument is that we have the existing 'Big 4' primarily as a result of British international trade and American international expansion, when firms grew to provide services to their clients as they went around the world. And now the Chinese are doing it. They don't see why they should have to buy from the Anglo-Americans. And that just happens to suit the research areas I'm now interested in as it is not only Chinese history but also the future which will be interesting and, I suspect, will shake things up a lot.

A lot of your writing has been on Accounting History. Is that a field that is becoming less significant to accounting researchers?

That's a good question. There is a group of people who just do accounting history, for antiquarian interest, I suppose you could say. I think I've been quite lucky in that my first mentors, Harold Edey and Will Baxter, thought you needed to know about accounting history to understand about accounting, what had shaped it, the law, the developments in the economy, and then equally how accounting had been implicated in this and how the theory could and should develop. After I left here, Anthony Hopwood came and started the sociological, interpretive end of accounting. A lot of that is history, what Foucault calls understanding the history of the present, unwrapping how we got here, how knowledge and power relations have changed, and how that may constrain (or enable) where we go next. So the answer is Yes and No. That's why I'm now particularly interested in Chinese accounting history. If they're going to define the New World order, we'll need to have understanding of where they're coming from, which of course is very difficult because all through Chairman Mao's period it was suppressed. But people are now starting to dig out earlier archives, so it's going to be quite interesting.

Who has been your most influential Accounting figure?

Until about the mid-1980s, Harold Edey and Will Baxter were probably the ones I talked about things most with. On the back of my work on the Conceptual Framework, I fixed up a year in the US at Rice University, Texas, where I had a great time with Steve Zeff and Phil Bell. Steve Zeff is still going strong and knows everything that there is to know about any accountant of interest or accounting event of interest – just a great mine of scholarship and someone who has become a very close friend. While I was at Rice I also met up again with Keith Hoskin (who had been a fellow undergraduate at New College, Oxford) and we began our most productive partnership which is still ongoing. Among my colleagues at LSE there is, in particular, Michael Bromwich, who first taught me nearly 40 years ago and with whom I have recently been collaborating. You also learn a great deal from your students. I've worked a lot with Professor Jo Horton in Exeter. She might say that I influenced her, but equally she has influenced me. I've done things that I wouldn't otherwise have done. Also with George Serafeim at Harvard. If you can find younger collaborators, they see things differently but nevertheless you can bring something to the party that they don't know about. That's part of the fun. They will challenge you, and that's important. I've had a lot of very good students but those two really stand out.

Accounting as a field is always changing. Has that had an impact on your lifelong learning?

It's a bit surprising – I never thought I'd be an academic. It was only when I started to do accounting at Peat Marwick (now KPMG) that I realized it was something I was really good at! I've found the academic side of accounting much more interesting, although I didn't know anything about it until I came here and studied "the economic

basis of accounting theory". I have followed all the various later developments and in particular in auditing and in environmental and corporate social responsibility (CSR) reporting. I don't know what the next thing will be! It's part of what keeps you young, being an eternal student.

As an Academic Advisor to the ICAEW for the last 17 years I've been able to see all the research funding proposals and outputs, so you get to spot who is any good and be involved with colleagues at the Institute, which keeps you on your toes. I've also been made an Honorary Fellow of the Institute of Actuaries which is a related but very different discipline to accounting.

If you could do it all over again, what would you change?

My biggest fear would be that I wouldn't have done it actually. I arrived at LSE in 1974. It was clear that I wouldn't get as paid as much as if I'd stayed in KPMG and been a partner, which I was tipped for, but my wife and I were already set up OK with a house etc. Then within a few years the pay differential increased a lot. Recruitment and retention is always a big problem, especially if you're going to try to get people to come out of practice and into academe.

I guess I might say that I haven't written enough. I was only 31 when I was offered the Chair at Aberystwyth. Ralf Dahrendorf said to me that you can be a Professor too young, by which I think he meant that you can get bogged down with administrative duties, when you should be writing. So I've got a lot still to do. I've got at least 10 projects on the go which need to be finished off!

There's a famous theory by Thirlby, from one of the LSE Essays on Cost, that you can never know whether you've made the right decision, because you never know what would have happened if you'd done something else. So it's best not to have any regrets.

Is it true that you used to offer sherry to your tutees when you first started out?

The main thing that I remembered from being a tutee at Oxford was that I got offered sherry or wine, so when I got my first batch of tutees here, I assumed that's what I should do. I had to put an end to it after one student thought it was an improper invitation...!

"I'd always thought I wouldn't move, but got thinking and thought, there's only one place I really want to go, and...here I am!"

Professor Richard Macve

Close contacts and global market risks



In a recent paper, titled *"Dangerous Connections: Hedge Funds, Brokers and the Construction of a Market Crisis"*, Yuval Millo (with Jan Simon, Neil Kellard and Ofer Engel) examines how connections between hedge funds contributed to the emergence of a market crisis. The paper is based on data collected from 26 hedge funds and 8 brokerage firms in Europe, the

United States and Asia between December 2007 and June 2009. The hedge funds analysed controlled 15 per cent of all assets managed by hedge funds. The data triangulates interviews, field observations and quantitative analysis of social networks.

The research is the first to analyse in detail the social structures and practices through which investment decisions are made in hedges. The findings show that decision making in hedge funds relies crucially on an elaborate two-tiered structure of connections among hedge fund managers and between them and brokers. This structure of connections contributed to a situation whereby, once hedge funds collectively accepted an investment idea and invested accordingly, they "locked in" on the idea, ignoring warning signs.

To understand how connections can contribute the emergence of financial risk, we need to take into account the motivations of the different actors. Hedge fund managers interact with brokers who execute trades on their behalf and provide them with "flow information". Flow information is descriptive information about the conditions surrounding a possible investment action. For example, whether there are more buyers than sellers for certain assets, the type of institutions that are interested in buying or selling, and the magnitude of specific orders. The brokers' flow information is frequently combined with initial trading ideas. In contrast, hedge fund managers interact with other hedge fund managers to compare and test their initial trading ideas, to look, jointly, for potential flaws and to establish robust reasoning for choosing particular trading positions.

These different motivations and practices can be defined as different "logics of connectivity". Logic of connectivity is the set of intentions guiding the actor's communicative actions, which, if reciprocated by the actor's counterparties, are likely to lead to the establishment of connections. The findings show that the hedge fund managers' dominant logic of connectivity encourages creating connections with other hedge fund managers, but hedge fund managers tend to be selective, preferring connections within small and cohesive groups. Brokers' logic of connectivity, on the other hand, motivates them to create and maintain communicative connections with as many hedge funds as possible, but not with other brokers. In other words, brokers aim to position themselves at the centers of star-like network formations. The two-year qualitative data collection points that two logics of connectivity identified and their resulting structure of connections are inherent to decision making among hedge funds and have a crucial impact on their structure of opportunities and risks.

Dr. Yuval Millo

PhD Student News

In April, several members of the Department of Accounting attended the Annual Congress of the European Accounting Association (EAA) in Rome, held jointly by the EAA and the Faculties of Economics of LUISS Guido Carli University and the University of Siena. PhD student Julia Morley presented a paper on the IASB Liabilities Project, in which she analysed a recent episode in financial reporting regulation. She identified the reasons why standard setters have not always been successful in their drive to extend the use of financial economic methods in financial reporting. Faculty members Andrea Mennicken and Vasiliki Athanasakou also presented papers. The location of the conference was delightful and naturally sightseeing was on the agenda for many delegates. However, the main aim of the conference was to allow participants to exchange ideas and develop connections with accounting academics from many different institutions around the world. The event provides a chance to catch up with old friends and co-authors, meet new people, or even to keep an eye out for potential recruits to the Department. The 2009 Congress in Tampere, Finland, held on 12-15 May, was no exception. There is also a chance to catch up over dinner with one's own colleagues, who during the term are busy with teaching, marking, meetings, and research, and seldom get a chance to interact on a more informal basis.

PhD Origins

PhD Students Dane Pflueger and Miguel Lim hail from the LSE's own MPA (Masters in Public Administration) Programme, the School's two-year, highly interdisciplinary degree, designed to produce skilled and professional analysts and policy-makers. Professors Peter Miller and Michael Power, as well as Drs. Liisa Kurunmaki and Rita Samiolo, are among the LSE Accounting faculty who teach core courses in the MPA Programme.

The LSE MPA is part of the wider Global Public Policy Network (GPPN), which is a partnership between LSE, Columbia University, Sciences Po Paris and the Lee Kuan Yew School of Public Policy at the National University of Singapore. These four universities offer dual degree opportunities with each other, providing international mobility for its students. This global network aims to tackle the world's foremost public policy programmes and frequently offers opportunities for interaction and collaboration between students and academics in the network.

Recently Miguel Lim visited Sciences Po Paris and the Lee Kuan Yew School in Singapore. At these schools he met various faculty members who were enthused to hear about the research agenda at the LSE Accounting Department. Bruno Latour, Sciences Po's academic director and a leading scholar in the field of sociology, commented that LSE Accounting Department's research strengths such as the understanding of accounting as a technology of government as well as the sociology of finance were themes that he much wanted to see more widely taught and discussed.

MSc Accounting, Organisations and Institutions Reception



On 30 November 2010, a reception was held to welcome all new MSc Accounting, Organisations and Institutions students. In the second year of this exciting new programme, Robert Hodgkinson spoke at the event. Robert is an Executive Director at The Institute of Chartered Accountants in England and Wales.

Robert has overall responsibility for ICAEW's seven specialist faculties and leads ICAEW's thought leadership and research programmes. He was the user representative in Accounting and Finance for the UK Government's 2008 Research Assessment Exercise and is a regular contributor to academic conferences, including those of the American Accounting Association and the European Accounting Association, among many others.

Robert gave a fascinating presentation about what he called 'curious' aspects of accounting, such as the role of politics in accounting and the changing role of accounting and accountants in society. These and a variety of other 'titbits' of accounting, reflected upon in a remarkably relaxed tone, was warmly received by all present.

Student prizes 2009/10



Each year the highest achieving students are rewarded for their hard work and effort with a variety of prizes.

BSc Accounting and Finance prizes

The **Financial Times Prize** was awarded to **Simon Beck** (pictured) for the best performance in AC340 – Auditing, Governance and Risk Management.

The **W T Baxter Prize** and **H C Edey Prize** was awarded to **Sachin Kakkar** and **Richard Fay**, for the highest overall aggregate score achieved on the BSc Accounting and Finance programme.

MSc Accounting and Finance prize

The **Emeritus Professors Prize** was awarded to **Dominique Hamel** for outstanding examination performance across all papers in the MSc Accounting and Finance.

Taught Programmes: Diploma

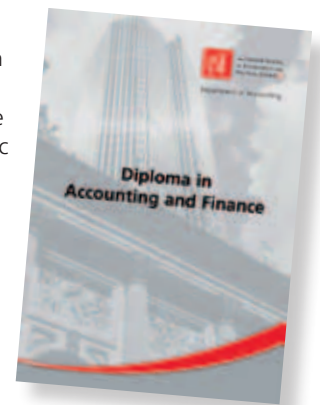
The Diploma in Accounting and Finance is a flexible postgraduate programme providing the opportunity to acquire a solid foundation to those having little or no background in accounting or finance or to extend knowledge in this area. This programme allows students with varying levels of knowledge and experience to build or extend their understanding of topics such as financial accounting, managerial accounting, auditing, asset pricing, corporate finance, and valuation. Students can also acquire knowledge of, or specialise in, other areas within the social sciences such as economics, management, mathematics, and statistics.

Every year, about 30 students join the programme from all over the world. Over the past five years, about 41% of the students have been originating from Continental Europe, 20% from the Far East, 15% from Asia and India, and 15% from North America. The programme is deliberately kept small to facilitate the learning experience.

The Diploma programme acts as a conversion programme for students with undergraduate degrees in arts, economics, law, business, science, or engineering. Diploma students are provided the opportunity to subsequently join the MSc Accounting and Finance subject to satisfactory performance in the Diploma programme. Those interested in subsequently joining the Masters programme are encouraged to acquire the quantitative skills (in mathematics, statistics, microeconomics, and

econometrics) during the Diploma in Accounting and Finance programme which will enable them to take more advanced elective courses in the MSc programme. Over the past years, around one third of the Diploma students have annually joined the MSc Accounting and Finance, whilst others have taken other MSc programmes at the LSE and other leading universities.

The Diploma is a qualification in its own right and opens up a wide range of career opportunities in the areas of accounting, consulting, and finance. Over the past five years, Diploma graduates have been enjoying professional careers in investment banking, equity research, asset management, management consulting, and auditing. Companies having employed recent graduates from the Diploma programme include Barclays Capital, BNP Paribas, Credit Suisse, Deloitte, Dresdner Kleinwort Wasserstein, HSBC, J P Morgan, KPMG, Lazard, McKinsey, Merrill Lynch, Morgan Stanley, N M Rothschild, and Société Générale. A special event for Diploma alumni and students co-hosted by the Department of Accounting and EDHEC will take place this autumn at the LSE. The event will include short presentations by LSE and EDHEC faculty on topical issues affecting capital markets.



The Professor William T Baxter Travel Scholarship



As mentioned in Edition 1 of the Accounting newsletter, the Department of Accounting has recently established the Professor William T Baxter Travel Scholarship. This award is to be granted annually to a graduating student from the Department of Accounting to fund an academic tour of North America, before returning to the LSE to undertake further study at Masters or PhD level within the Department.



The Department feels that this is a wonderful way to remember and honour Professor Baxter (who passed away in 2006, just short of his 100th birthday) for his long-time contributions to LSE students and staff, to academic accounting, and the accountancy profession.

The first winner of this scholarship is Renuka Fernando, who completed the MSc Accounting, Organisations and Institutions programme in 2010, and is currently a first year PhD in Accounting student. Renuka was awarded the scholarship in June 2010, and will be travelling to North America in July 2011.

Renuka's research is focused on third sector strategies and struggles in articulating objectives other than profit.

In particular, the role of accounting in providing relevant information on results – this usually is outside the scope of traditional financial and managerial numbers.

In the spirit of the William T Baxter scholarship, Renuka will be travelling to Clearwater, Florida for the "2011 Critical Perspectives in Accounting (CPA) conference" to be held July 10 – 12. Her paper titled "Delivering Non-Monetized Results: The Accounting Story of the Logic Model" has been accepted into the CPA Emerging Scholar Colloquium. Presenting at the colloquium will give Renuka the opportunity to discuss her work with doctoral students, new faculty, emerging researchers and established scholars in the field. She will also attend the main conference, gaining invaluable exposure to diverse strands of accounting research.

Prior to her studies at LSE, Renuka worked for a Canadian firm specialising in not-for-profit audits. She was also a research associate for the Centre of Public Interest Accounting, where she contributed to publications in areas such as fair-trade, healthcare and aboriginal programming. Complementing this accounting background, Renuka completed her bachelors in international development and has conducted extensive research and field work in Accra, Ghana. Renuka has been recognised by the private sector and the provincial government of Alberta, Canada for over 10 years of voluntary work with Canadian immigrant and refugee youth.

Visiting Professor receives 2011 AAA Literature Award



Visiting Professor Joni Young has been chosen to receive the 2011 American Accounting Association (AAA) Notable Contributions to Accounting Literature Award for her publication "Making Up Users".

The AAA Notable Contributions to Accounting Literature Award, first bestowed in 1966, is designed to recognise contributions to accounting literature published in the last five years that are judged by the committee to have uniqueness and potential magnitude of contribution to accounting education, practice and/or future accounting research; breadth of potential interest; originality and innovative content; clarity and organisation of exposition; and soundness and appropriateness of methodology.

Professor Joni Young will be honoured at the AAA Annual Meeting in Denver where she will receive a plaque.

Graduate Teaching Assistants Prize



Each year the LSE awards a prize to its Graduate Teaching Assistants (GTA) and Guest Teachers who have performed to a very high standard, gaining feedback from both the teaching department and its students.

In 2010-11, the Department of Accounting chose to award a GTA prize to Ms Julia Morley for her teaching on AC211 "Managerial Accounting". Julia is a final-year PhD in Accounting student and continues with the Department of Accounting from 2011-12 as an LSE Fellow. Julia receives a financial reward and a signed certificate from the Interim Director of LSE. We wish her continuing success in all her endeavours.



Visiting Professor Michael Lounsbury

"Into the void: Institutional Sources of De Novo Organisational Identities in Nanotechnology Exploration"

On 1 December 2010, Professor Michael Lounsbury from the University of Alberta, spoke at a special joint CARR/Accounting seminar within the Accounting Department's ARF series. Michael is one of the leading scholars of institutional and organisation theory in North America.

Professor Lounsbury received his PhD from Northwestern University in 1999. Previously, he was a J Thomas Clark Professor of Entrepreneurship and Personal Enterprise at Cornell University.

Currently he is Alex Hamilton Professor of strategic management, organisations and sociology at the University of Alberta, where he is the director of the Technology Commercialization Centre. He also is a Research Officer at the Canadian National Institute for Nanotechnology.

His research has contributed to the new institutionalism by focusing on entrepreneurial dynamics and the emergence of new industries and practices. He has published research on social movement activism in the building of a recycling industry, money manager professionalisation in the mutual fund industry, and the co-evolution of nanoscience and nanotechnology.

His work has been published in top social science journals such as *Administrative Science Quarterly*, *Academy of Management Journal*, *Academy of Management Review*, *Strategic Management Journal*, and *Organization Studies*.

Professor Lounsbury presented his recent paper 'Into the void: Institutional Sources of De Novo Organizational Identities in Nanotechnology Exploration' which focussed on how de novo organisations establish identities in a completely new, emerging industry where constitutive institutional rules defining appropriate activity and identity characteristics are ambiguous.

Drawing on an investigation of the creation of the carbon nanotube industry, one of the first industries associated with nanotechnology, it investigated how the patenting activities of actors in two relatively established fields – fundamental science and corporate development – shape the patenting activity and resultant identities of de novo organisations.

Centre for the Analysis of Risk and Regulation

Although the Centre for Analysis of Risk and Regulation (CARR) ceased to be an ESRC centre in October 2010 it is still very much in business with a modest core of full-time research staff, a wide network of research associates and doctoral students, and a diverse range of events. My role as Director has been to build on the legacy of my predecessor Bridget Hutter, refresh the CARR agenda and secure new funding streams. In addition, we are delighted to appoint two Visiting Fellows – James Strachan who sits on the boards of the Financial Services Authority and Legal & General in addition to several other roles, and Jeremy Lonsdale who is Director General of Value for Money Audit at the UK National Audit Office.

CARR is now administered within the Department of Accounting on behalf of the main stakeholder departments - Government, Law and Sociology. Accounting is well suited to this role having already established a number of inter-departmental collaborations. CARR has also modified its thematic focus to address: *Operational Risk and Resilience*; *Risk Governance*; and *Regulation and Markets*. This third theme is new and the aim is to address the organisational and institutional interfaces between regulation and markets, in particular how regulation and markets are mediated by specific practices and constitute one another. CARR will focus on why assumptions about markets, systems and agents come to be embedded in regulatory practice, and will also analyse the role of 'regulatory orders' in making markets possible.

In order to breathe some life into these themes, three new discussion groups with a core membership have been created – on failure and resilience; 'key risk indicators' and 'financial advice' respectively. At a time when academics are surrounded by so much formality, the aim is to recover spaces for informal discussion about issues of common interest. Early signs are promising and colleagues are highly engaged in the groups.

CARR research reflects interests in risk management and regulation wherever it occurs. Sector specialism is secondary to the goal of comparing and understanding sources of variation in regulation across fields and cultural settings. CARR staff continue to operate in a larger frame of reference than their own specific interests and, while demanding, this makes for work with a broad potential reach. In many ways, the world has changed and is changing to make this character of CARR even more relevant than before. Regulators themselves are interested in what goes on in other fields. And conversations with policy makers, though anecdotal, reveal a new appetite to learn across regulatory regimes. These changes flow in part from the aftermath of the financial crisis as efforts are made to rethink systemic risk management, drawing on expertise from epidemiology and other areas. But events like Deepwater Horizon and the Icelandic ash cloud have also revealed the fragility of regulatory knowledge silos.

Crises and disasters force us to be epistemologically democratic and pluralistic – which is the only good thing that can be said of them.

CARR continues to be interested in the following questions: what is the nature and capability of risk management knowledge; how and why is this knowledge organised politically and governed? How and why are our organisational and wider social worlds permeated by risk and what practical designs for its management make sense? Normatively, we are concerned with how we can manage uncertain futures. It is clear to us that risk management and risk regulation are not peripheral activities of relevance to technical experts but deal with fundamental values and choices about how we wish to live collectively.

Finally CARR remains sensitive to the difficult practicalities of enacting risk management and regulation. We have always been ready not only to produce research papers and monographs diagnosing these difficulties but also to sit down with policy makers and help them to think through what works. This tradition of engagement may not be sufficient to count as 'research impact' under the new UK proposals for research evaluation, but it is important to us and to those groups of able practitioners who we prefer to regard as partners rather than 'users'.

Professor Michael Power
CARR Director

For more information see CARR website:
www.lse.ac.uk/CARR



A day in the life of: Matthew Hall, Lecturer in Accounting



Matt is currently lecturing a 5-week module on performance measurement as part of a second year course on "Managerial Accounting" for undergraduates, as well as a 10-week course on "Managerial Accounting, Decisions and Control" for postgraduate students drawn from across the LSE. His duties within the Department include acting

as a departmental representative for Academic Board meetings, a selector for the department's MSc programmes, and an academic advisor for postgraduate students. Beyond the department, Matt is also the Warden at Rosebery Hall, one of LSE's student residences. Matt's present research focuses on non-government organisations (NGOs), with a specific interest in how accounting and other forms of planning and calculation affect the management of NGOs and their relations with clients, funding bodies and governments. He is also interested in the role of accounting information in managerial work, and has recently completed a study examining transformations in the role of risk functions at two large UK banks.

7am: Get up, turn on computer. Make smoothie, toast bagel and prepare the first of many coffees. Quick look at The Age (Melbourne newspaper) online website whilst having breakfast.

7.30am: Make sure tyres are pumped up on bike and cycle the 10 minutes from Rosebery Hall to the LSE. Arrive at LSE just as it starts to rain....

8am: Turn on PC, check and respond to emails and update diary for the day. Short phone call with colleague in Australia regarding changes to our current research paper. Check presentation notes for AC500 presentation at 11am.

9.30am-10.30pm: Office hour. If quiet, start marking AC211 class assignments on 'Risk management and performance measurement'.

11am-1pm: Present a paper at the AC500 PhD seminar entitled "Performance measurement, modes of evaluation and the development of compromising accounts". Tough questions from colleagues but a very productive and invigorating session.

1-2pm: Quickly change into gym gear for weekly squash game with Justin from the departmental admin team. A very energetic game that ends with Justin winning two sets to one. Cool down in office for 15 minutes before showering and grabbing a quick sandwich for lunch.

2.30pm: Type up notes from AC500 seminar and think about making changes to the paper. Email comments and reflections to co-authors for feedback.

4pm: An impromptu meeting with MSc Accounting, Organisations and Institutions student regarding supervision of essay on "Sustainability Accounting".

4.30pm: Begin preparing presentation of paper on "Evaluation Logics in the Third Sector" for forthcoming workshop on evaluation practices in NGOs to be held in London. Review latest batch of MSc Accounting, Organisation and Institution applications and make recommendations. Speak to Front of House manager at Rosebery Hall about plans to plant fruit trees in the garden and noise complaints from several residents.

6pm: Cycle home, thankfully rain has disappeared. Watch BBC news channel while making dinner. My turn to wash the dishes. Relax for rest of evening watching second series of Mad Men.

8pm: Watch news online while making dinner. Check personal email and if there are friends on Skype. Find something to watch on BBC iPlayer. Hard choice between Never Mind the Buzzcocks and Newsnight.

10.30-10.45pm: My head tells me to go to bed but another episode beckons....

A day in the life of: Dane Pflueger, PhD student

The best and the worst part of being a PhD student is that nobody tells you what to do with your day. This doesn't mean that we don't have anything to do: aside from ongoing fieldwork and writing, I advise tutees and teach three AC100 classes. I also prepare for and attend a number of seminars in the Department and outside throughout the week. However, on a day to day and hour to hour basis, I'm the only one who dictates my schedule.



I live with a lawyer whose every movement is dictated by clients, so I am acutely aware of how refreshing the flexibility of such a schedule can be. But I also wake up every morning (an hour or so after my housemate is out of the door) to stare at the piles of books and hours of transcripts sitting by my desk, wondering where in the world to begin my day.

That said, I have to start somewhere, and coffee at the kitchen table in front of my laptop is where I begin. I'm in the second year of my PhD, which means that I've made some very definite decisions about my thesis and its focus, but still need to stay up to date on a broad variety of issues related generally to my topic. I have Google alerts ("Donald Berwick", "GMC", "health and sustainability") and RSS feeds (The NHS Confederation, NICE, etc) that I scroll through in the morning, and email a few notes to myself. I also follow up on a pile of emails (some trying to sort out fieldwork, some to teachers and students, and others from myself) as I go.

I try to sort my days between those with big blocks of free time, where I can really dig into my research, and those dotted with seminars, where I can follow up with the

myriad of little things (emails from students, preparation for some meeting or seminar, checking advisee attendance, etc) that pile up endlessly.

Today, unfortunately, is somewhere in between, so I stay at home until about noon, forgetting shower and breakfast and instead picking up where I left off on literally the 30th draft of a paper I started last Fall; *"Making Quality Calculable"* is the title I'm sticking with for now. By the time I look up again, I'm running late and remember that I have to join the real world at some point so I scramble to eat something, shower, dress, brush teeth, and run out of the door.

I arrive just in time for a CARR seminar, say hello to a few colleagues. It's about the relationship between environmental models and law. I can't listen without thinking about that paper I put down a few hours earlier; a few months back a reader suggested that I should pay more attention to the legal context of quality. I make a note to myself: see Dr Liz Fisher papers, *"quality and law?"*

Back in our shared office, I have a coffee with a few other PhD students and we reflect a bit about the talk. We're interested and excited not only in the paper and the topic, but the person and her career too. *"How did someone with this legal background get interested in environmental models in the first place?"*

I spend an hour bringing myself up to speed with the course that I teach while eating a very late lunch so that I am prepared to answer questions from students during my office hours tomorrow.

At about five I get back to that paper. This "legal thing" is hanging over me, so I start to look around Google Scholar. I print off a few key papers and start to get a feel for the field. I jump between the paper and the internet (admittedly ending up on a Wikipedia page or two...). At this point it is clear to me that I am totally ignorant about law and social-legal studies more generally. It is also clear that the reader's suggestion was spot on; this is something that I'm going to need to fully understand before my paper is complete.

By the time I look up again, it's about 9pm. I still have no clue about these legal issues, but I know that I won't be able to let it go.

I head home with a lump of new papers in my bag. I get in around 10 and try to explain to my housemate why I didn't have time to wash up, even though I presumably 'didn't have anything to do' until 1pm. We share a glass of wine and a bit to eat, then I read a few pages of *"Accounting for Taste"* in the bath before bed around 12:30am.

The next morning I'll be joining a lucky few at the Farmer's Market while my housemate slaves away in Canary Wharf, but office hours, three classes to teach, and, most dauntingly, that lump of legal papers will be waiting for me too.

Alumni Profile: Professor Chibuike U Uche



Arriving at LSE in September 1992 for the MSc Accounting and Finance programme (International Accounting and Finance) was for me a dream come true. For a Nigerian chartered accountant with limited international exposure, experiencing the LSE environment was both thrilling and challenging.

The diversity of the School, which had students from almost 100 countries, gradually brought meaning to the need for contextualisation. This was no doubt reinforced by the world class professors that we were exposed to. In this direction, the late Professor Anthony Hopwood was a real delight. It is difficult to forget both his style and in-depth analysis of how organisational and societal diversities influence the accounting craft.

After my Masters degree, I was privileged to be admitted into the PhD Class. Christopher Napier, a good man with an eye for detail, agreed to supervise my thesis which investigated the various social, economic and political dynamics that shaped the evolution of banking and its regulation in Nigeria. He taught me to question the unquestioned. When he left for a Chair in Southampton in 1996, the Department assigned me to Professor Richard Macve who had just arrived from the University of Wales, Aberystwyth. My 1997 doctoral thesis won the International Economic History Association Prize for Best Doctoral Thesis completed between 1997 and 2000 for the Post World War One period.

Thirteen years after obtaining my doctorate degree, Professor Macve has remained my supervisor. It is such post - PhD LSE support that has facilitated my numerous publications, some of which are in the top journals in my area and my elevation, with effect from 2003, to the Chair in Banking and Financial Institutions at the University of Nigeria. In 2009, in recognition of my research contributions, I was appointed into the Monetary Policy Committee of the Central Bank of Nigeria. Thus far, I have visited over forty countries across six continents on various academic fellowships and/or engagements. Although I am resident in Nigeria, my LSE training and support from the Accounting faculty has made it possible for me to be a global scholar.

Academic Highlights



Dr Vasiliki Athanasakou

Research visit to Stockholm School of Economics (Feb 2011) and Manchester Business School (March & April 2011)

Seminar presentation at Universidad Carlos III de Madrid, Manchester Business School the Athens University of Economics and Business

Publications:

The market reward for achieving analyst earnings expectations: does managing expectations or earnings matter? (with N C Strong and M Walker). *Journal of Business Finance and Accounting* 38, pp 58-94 (2011)

The association between classificatory and inter-temporal smoothing: Evidence from the UK's FRS3 (with N C Strong and M Walker). *International Journal of Accounting* 45 pp 224-257 (2010)

Discussion of *The impact of dual class structure on earnings management activities*. *Journal of Business, Finance and Accounting* 37 pp 486-494 (2010)

Professor Alnoor Bhimani

Publications:

Accounting and non-accounting determinants of default: An analysis of privately-held firms. *Journal of Accounting and Public Policy* (with M Gulamhussen and S Lopes) (2010)

Agency takeover risk of principal in outsourcing relationships, *Global Business and Economics Review* (with K Hausken and M Ncube) (2010)

Sustainability and organisational connectivity at HSBC Accounting for Sustainability: Practical Insights, A G Hopwood, J Unerman and J Fries London: Earthscan (with K Soonawalla) (2010)

Plenary speeches:

Globalisation and Technological Disruption: Implications for the Accounting Function, Irish Accounting and Finance Association Annual Conference, University College Cork, April 2011.

Globalisation Trends: Implications for Management Accounting in East Africa, Makerere University Business School, Kampala, Uganda, April 2011

Dr Pascal Frantz

Publication:

What Are the Determinants of Mergers and Acquisitions in Banking? (with E. Beccalli). Palgrave Macmillian. 10 pp. 171 – 202 (2010)

Dr Stefano Cascino

Publications:

The Influence of Family Ownership on the Quality of Accounting Information, (with D Mussolino, A Pugliese, and C Sansone). *Family Business Review, Special Issue on Accounting in Family Firms*, 23 pp 216-229 (2010)

Verso un inquadramento del rapporto tra informazione di bilancio e modelli di governo delle imprese (The relation between accounting information and corporate governance mechanisms) (with R Viganó) In Fortuna, F (Eds), *La corporate governance nell'esperienza nazionale e internazionale: aspetti comparativi e profili evolutivi*, Bologna: Il Mulino (2010)

Dr Martin Giraudeau

Publications:

Performing Physiocracy. Pierre Samuel Du Pont de Nemours and the Limits of Political Engineering. *Journal of Cultural Economy*, vol 3, no 2, pp 225-242 (2010)

Performativity, Economics and Politics: An Overview. *Journal of Cultural Economy* (with F Cochoy & L. McFall) vol. 3, no 2, pp 139-146 (2010)

Dr Lisa Goh

Presentation at the 2011 Summer Accounting Symposium of the University of Technology, Sydney (Feb 2011)

Publication:

Executive Compensation, Compensation Consultants, and Shopping for Opinion: Evidence from the UK (with A Gupta). *Journal of Accounting, Auditing, and Finance* 25(4): pp 607-643 (2010)

Dr Matthew Hall

Publications:

Social capital and management control systems: a study of a non-government organisation (with R Chenall and D Smith). *Accounting, Organizations and Society*

Do comprehensive performance measurement systems help or hinder managers' mental model development? *Management Accounting Research*

Social capital: the role of management control systems in NGOs (with R Chenall and D Smith). *CIMA Research Executive Summary Series*, 6 (6), pp 1-6 (2010)

Dr Liisa Kurunmäki

Publications:

Accounting Within and Beyond the State (with I Lapsley and P Miller). *Management Accounting Research* (2010)

Calculating Hybrids (with P Miller and T O'Leary). *Calculating the Social Standards and the Re-configuration of Governing* (Palgrave Macmillan) (2010)

Regulatory Hybrids: Partnerships, Budgeting and Modernising Government (with P Miller). *Management Accounting Research* (2010)

Professor Richard Macve

Appointed member of American Accounting Association Financial Accounting Standards Committee, June 2011

Plenary speech:

Plenary speech at British Accounting and Finance Association conference at Aston University, April 2011.

Dr Andrea Mennicken

Publication:

From Inspection to Auditing: Audit and Markets as Linked Ecologies. *Accounting, Organizations and Society* 35 (3): pp 334-359 (2010)

Selected presentations:

Too Big to Fail, and Too Big to Succeed: Market Creation, Accountability and Risk in the British Prison Service presented at New Public Sector Seminar, University of Edinburgh, November 2010

Management Accounting as Organizational and Social Practice Workshop, Paris, March 2011

Calculating Organizational Value(s): The Case of Impairment Tests presented at European Group of Organization Studies (EGOS) Colloquium, Gothenburg, July 2011

Professor Peter Miller

Selected publications:

Regulatory Hybrids: Partnerships, Budgeting and Modernising Government (with L Kurunmäki). *Management Accounting Research*

Academic Highlights

Rejoinder to McKinlay (with N Rose). *Organization Studies*, vol 31, No 8 pp 1155-1163 (2010)

Political Power Beyond the State: Problematics of Government (with N Rose). *The British Journal of Sociology* – Shaping Sociology over 60 Years (2010) www.bjsshaping sociology.com/view/0/index.html

Calculating Hybrids (with L Kurunmäki and T O'Leary). *Calculating the Social: Standards and the Re-configuration of Governing* (Palgrave Macmillan, 2010).

Plenary speeches:

Plenary/keynote talk at the annual meeting of the Association Française de Comptabilité (French Accounting Association), May 2011

Dr Tommaso Palermo

Publications:

Translating ambiguous reforms: doing better next time? (with M Arnaboldi). *Management Accounting Research* Vol 22 No 1 pp 6-15 (2011)

Adopting performance appraisal and reward systems: a qualitative analysis of public sector organizational change (with G Azzone). *Journal of Organizational Change Management* Vol 24 No 1 pp 90-111 (2010)

Scenario Budgeting: Integrating Risk and Performance (with W Van der Stede). *Finance & Management* 184 pp 10-13 (2011)

Managerial innovations in central government: not wrong, but hard to explain (with M Arnaboldi and G Azzone). *The International Journal of Public Sector Management*, Vol 23 No 1, pp 78-93 (2010)

Professor Michael Power

Advisory board member of Financial Reporting Council, *Cutting Clutter* Working Group, 2010-11

Gave Oral Testimony to House of Lords Economic Affairs Committee on the role of auditors (October 2010)

Speaker at Ernst & Young/CBI Audit Committee Chair Forum, March 7 2011 on *The future of audit*

Publications:

Preparing for financial surprise *Journal of Contingencies and Crisis Management* (with J Downer) (2011)

Foucault and sociology *Annual Review of Sociology* 37: pp 33-54 (2011)

Close Calls, a special issue of *Risk & Regulation* pp 20. (2010)

Fair value, financial economics and the transformation of accounting reliability *Accounting and Business Research* 40(3): pp 197-210 (2010)

Presentations:

Organizations and audit trails paper presented at Experts in Public

Economics group conference, Ministry of Finance, Stockholm, February 21 2011, plenary address ESSEC, Paris, April 2011, HEC Montreal, May 2011

Plenary speeches:

Rethinking the moral economy of risk management at Copenhagen Business School, June 3, 2010

The financialization of financial accounting at CRESC conference, April 2010

Dr Rita Samiolo

Conferences:

Co-organised with Linda Soneryd (SCORE, Stockholm University) the workshop *Constructing stakeholders: organising, categorising, and mobilising the legitimate participants*, part of the 10th Nordic Environmental Social Science Conference, 14-16 June 2011, Stockholm University.

Discussant for the session *Author Meets Critics: Matthew Gill, Accountants' Truth: Knowledge and Ethics in the Financial World* (Oxford 2009) at the SASE (Society for the Advancement of Socio-Economics) meeting in Madrid, 23-25 June 2011.

Dr Ana Simpson

Publications:

Do Customer Acquisition Cost, Call Usage and Customer Retention Matter in the Wireless Industry (with E Talmor and G Livne), *Journal of Business Finance and Accounting* (2011)

Discussion of the *Relevance of Accounting Information in a Stock Market Bubble: Evidence from Internet IPOs*, *Journal of Business Finance and Accounting*, Vol 37 Issue 3-4, pp 322 – 331 (2010)

Analysts' Use of Non-financial Information Disclosures, *Contemporary Accounting Research*, Vol 27 Issue 1, pp 249-288 (2010)

Dr Kazbi Soonawalla

Publications:

Financial Reporting of Joint Ventures: Canadian Evidence on Two Reporting Alternatives (with A W Richardson and R Roubi), *European Accounting Review*

Sustainability and Organizational Connectivity at HSBC, with A Bhimani, in *Accounting for Sustainability: Practical Insights*, Eds Anthony Hopwood, Jeffrey Unerman and Jessica Fries (2010)

Dr Ahmed Tahoun

Received the American Finance Association 2011 PhD student grant. Nominated for the 2011 Post-Graduate Researcher of the year at University of Manchester.

Attended the EAA Annual Congress, Istanbul, Turkey, 2010

Publication:

IFRS adoption in Europe and investment-cash flow sensitivity: Outsider versus insider economies (with T Schleicher and M Walker). *International Journal of Accounting* 45(2), pp 143-168 (2010)

Dr Ane Tamayo

Publications:

Does Derivative Accounting Affect Risk Management? International Survey Evidence (with Karl Lins and Henri Servaes) *Financial Management* (2011)

CIMA Professor Wim A Van der Stede

President of the AAA Management Accounting Section, AAA Finance Committee, EAA Publications Committee.

Associate Editor *Contemporary Accounting Research*, Editorial Board Member *Accounting Organizations & Society*, *Management Accounting Research*, *The Accounting Review*.

Selected publications:

Real Options in the Motion Picture Industry: Evidence from Film Marketing and Sequels (with J Gong and M Young) *Contemporary Accounting Research* (2011)

Employment Horizon and the Choice of Performance Measures: Empirical Evidence from Annual Bonus Plans of Loss-Making Entities (with M Matejka and K Merchant). *Management Science* 55, pp 890-905 (2009)

Selected practice articles:

Designing Effective Reward Systems. *Finance & Management* 170 pp 6-9 (October 2009)

Risk and Performance Management Through the Business Cycle. *CMA Management* (May), pp 24-27 (May 2009)

Selected keynote speeches:

Keynote at the International Group of Controlling Annual Conference, Frankfurt (2011)

Keynote at the EIASM New Directions in Management Accounting Conference, Brussels (2010)

Dr Zsuzsanna Vargha

Publication:

Educate or serve: the paradox of 'professional service' and the image of the west in legitimacy battles of post-socialist advertising. *Theory and Society*, 39(2): pp. 203-243 (March 2010)

Departmental Activities 2010/11

Accounting Research Forums

Michaelmas Term 2010

2 November 2010

Professor Alessandro Broedel Lopes

University of São Paulo, Brazil

'The Determinants of Firm-Specific Corporate Governance Arrangements and the Informativeness of Accounting Reports: Evidence from Brazil'

22 – 26 November 2010

Professor Mark Mizruchi

University of Michigan, USA

'The Decline of the American Corporate Elite'

29 November – 3 December 2010

Professor Michael Lounsbury

University of Alberta, Canada

'Into the void: Institutional Sources of De Novo Organizational Identities in Nanotechnology Exploration'

Lent Term 2011

2 February 2011

Professor Lakshmanan Shivakumar

London Business School

'Exchange-Sponsored Analyst Coverage'

16 February 2011

Professor Scott Richardson

London Business School

'Asset Management Uncertainty and Credit Term-Structure'

9 March 2011

Dr Vicky Kiosse

Lancaster University

'Aggressive Pro Forma Reporting in the Post-SOX Environment: Do Managers Use Conference Calls to Influence Analysts' Exclusions?'

16 March 2011

Dr Casey Rowe

Purdue University, USA

'Framing Games for Hardening Accounting Information'

Summer Term 2011

4 May 2011

Professor Chris Napier

University of London

'Islamic Accounting: From Ideology to Practice'

Brown Bag Seminars

Lent Term 2011

10 February 2011

Dr Tobias Scheytt and Christian Huber

Helmut Schmidt University, Hamburg

'Performance Counts: Power and camouflage in controlling intellectual organizations'

15 February 2011

Dr Prabhu Sivabalan

University of Technology, Sydney

'Management control impacts on creative attribution generation in an innovation project setting'

Summer Term 2011

5 May 2011

Professor Michael Bromwich

London School of Economics and Political Science

'Fair Value Accounting: A Comparative Example of Different Accounting Systems'

9 May 2011

Matthew Gill

FSA London

'Accountants' Truth: Knowledge and Ethics in the Financial World'

8 June 2011

Franco Wong

University of Toronto, Canada

'Real Effects of Accounting for Employee Stock Options'

Department of Accounting Visitors

Guest Lecturers

Assistant Professor Christof Beuselinck

October 2010

Tilburg University, The Netherlands

Professor Azzim Gulamhussen

October 2010

Lisbon University Institute

Dr Hanna Sivola

October – November 2010

University of Oulu, Finland

Professor Henri Dekker

January 2011

Free University of Amsterdam

Dr Prabhu Sivabalan

January – February 2011

University of Technology Sydney, Australia

Visitors

Dr Julie Labatut

October – December 2010

INRA, Toulouse, France

Assistant Professor Ariela Caglio,

January – June 2011

Università Bocconi, Italy

Cake Sale for Comic Relief



In March 2011, LSE's Department of Accounting held a cake sale in support of Comic Relief, raising £177.31. The cakes were baked by the Department's administrative team and bought by staff and students from around the School. The Department would like to thank everyone involved.

Faculty

Dr Vasiliki Athanasakou

Lecturer in Accounting

Dr Gerben Bakker

Lecturer in Economic History and Management
(joint with Economic History)

Professor Al Bhimani

Professor of Management Accounting, Head of
Department of Accounting

Professor Michael Bromwich

CIMA Professor of Accounting and Financial
Management, Emeritus

Dr Yasmine Chahed

Lecturer in Accounting

Dr Stefano Cascino LSE Fellow

Dr Pascal Frantz

Lecturer in Accounting and Finance

Dr Martin Giraudeau LSE Fellow

Dr Lisa Goh Lecturer in Accounting

Dr Matthew Hall Lecturer in Accounting

Dr Liisa Kurunmäki Reader in Accounting

Dr Kevin Li LSE Fellow

Professor Richard Macve Professor of Accounting

Dr Andrea Mennicken Senior Lecturer in Accounting

Professor Peter Miller

Professor of Management Accounting

Dr Yuval Millo Lecturer in Accounting

Mr Christopher Noke

Senior Lecturer in Accounting, Departmental Tutor

Dr Tommaso Palermo LSE Fellow

Professor Michael Power Professor of Accounting

Dr Rita Samiolo Lecturer in Accounting

Dr Ana Simpson Lecturer in Accounting

Dr Kazbi Soonawalla Lecturer in Accounting

Dr Ahmed Tahoun LSE Fellow

Dr Ane Tamayo Lecturer in Accounting

Professor Wim A Van der Stede

CIMA Professor of Accounting and Financial Management

Dr Zsuzsanna Vargha LSE Fellow

Visiting Fellows and Professors

Professor Elena Beccalli *Visiting Senior Fellow
in Accounting*

Professor David Cairns *Visiting Professor in Accounting*

Professor Joanne Horton *Visiting Senior Fellow
in Accounting*

Dr Silvia Jordan *Visiting Fellow*

Professor Wayne Landsman *Visiting Professor
in Accounting*

Professor Ken Peasnell *Visiting Professor in Accounting*

Professor Martin Walker *Visiting Professor in Accounting*

Professor Joni Young *Visiting Professor in Accounting*

Administrative team

Charlotte Knights *Departmental Manager*

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

Rebecca Baker *Student Services Manager, BSc Accounting
and Finance, PhD in Accounting Programme Manager*

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

Justin Adams *Administrator*

Elizabeth Venning *Student Information Centre Assistant*



Department of Accounting administrative team

LSE Accounting

Newsletter of the LSE Department of Accounting

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