

LSE Accounting

Magazine of the Department of Accounting at LSE

Issue 4 – 2012/13



- Globalisation, Technology and Accounting
- Risk Culture in Financial Organisations
- Public Lecture: Hans Hoogervorst



Department
of Accounting

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LSE Accounting – Issue 4 is published by the Department of Accounting, The London School of Economics and Political Science
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Design: LSE Design Unit (lse.ac.uk/designunit)

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Accounting Matters

I am merely preaching to the choir in my preface when I say that accounting matters. As you can read inside this issue, Hans Hoogervorst, Chairman of IASB, recounted several areas in his public lecture at LSE where indeed accounting mattered, and matters, a great deal (pages 8-9). Many of these areas are the subject of our research at LSE, and not only from a technical perspective, but quintessentially also considering how accounting standards are shaping, and being shaped by, their contexts, including their behavioural impacts as well as their economic rationales and political impetuses.

Indeed, Peter Holgate, a newly-appointed visiting professor at LSE with an acclaimed career in practice, is very apt when he reflects on his first year at LSE saying that, whilst the students at LSE have knowledge about the specific accounting rules, it was the politics and historical contingencies of the rule setting in which they were very interested (page 9). This suggests, as we aspire to, that our research rubs off on our teaching. But it also goes the other way, where teaching and research “converge to create an inspirational environment” as a former MSc student puts it in his reflections on page 13.

The variety and diversity of “matters” in accounting of interest to the LSE accounting community are featured plentifully in this magazine, covering areas such as risk culture (page 7), corporate governance (page 10), technology (page 5), sustainability and greenhouse accounting (page 14), accounting “artifacts” and practices (page 3) – where these topics and interests cover a wide range of sectors and constituencies including the full set of accounting information users (page 6), NGOs (page 4, page 16), the Prison Service of England and Wales (page 13), and the British Airline Pilots Association (page 11), just to name some. Although “impact” has become an explicit university funding criterion in the UK of late, it is something that we at LSE, as our research travels across national borders, sectors and publics, have always regarded as important.

I congratulate Professor Mike Power on his Honorary Doctorate from Uppsala University (page 3) for his work that appositely illustrates the trajectory of impact across a scholar’s body of work over time. I also congratulate Visiting Professor Wayne Landsman on his AAA Notable Contribution Award for his work on international accounting standards and accounting quality (page 9). And I warmly welcome Professors Bjorn Jorgensen and Peter Pope (page 2) whose track records reveal the fitting breadth of accounting research that we embrace at LSE.

Looking ahead, I eagerly anticipate meeting the new cohort of students, as well as colleagues who come to LSE to present their work in our vibrant and diverse accounting research forums and brownbags (pages 23-24).

I hope you will find the time to peruse what has kept us busy in the Department during the most recent year. Let me know any thoughts or suggestions you may have.

Wim A Van der Stede
Head of Department of Accounting



The Department of Accounting Recruits Two New Professors



Professor Bjorn Jorgensen

Prior to joining the Department of Accounting at LSE, Professor Bjorn Jorgensen was a member of the faculty at Harvard, Columbia and Colorado. Bjorn, however, has visited with LSE in 1997 when he taught AC420 in Michaelmas term.

Originally from Denmark, Bjorn has a keen interest in international accounting and auditing standards and their enforcement. Specifically, his recent research investigates the consequences of the recent adoption of International Financial Reporting Standards (IFRS) in over 120 countries. For example, he has investigated whether financial reporting quality under IFRS is comparable to US accounting standards. In this area, he also studies how Canadian companies that are cross-listed in the US choose between IFRS and US accounting standards. Finally, he examines firms' classification of interest within the statement of cash flows. Bjorn also has had the opportunity to study IFRS adoption from a practical perspective since he served as a Visiting Academic Scholar at the US Securities and Exchange Commission (SEC).

Professor Jorgensen also does research on the role of risk, and on measuring, managing and controlling for risk. Specifically, he studies the incentives for, and consequences

of, managers' voluntary disclosures about risks. He also studies ways in which firms effectively communicate, and regulators identify, very infrequently occurring extreme losses. Overall, his research concludes that risk disclosures affect inherent as well as perceived riskiness. While risk is not traditionally addressed in accounting research, LSE has long been on the forefront of research in this area as evidenced by the wide-reaching work of the Department of Accounting's Centre for the Analysis of Risk and Regulation (CARR).

Finally, Bjorn also studies how earnings management may lead to unusual patterns in accounting numbers. For example, firms appear more likely to report earnings per share of one pound than 99 pence. He documents that these patterns are more likely to arise in fiscal year earnings than in earnings for the trailing four quarters. Bjorn's work applies research methods from accounting, economics, finance, history and statistics.

Professor Jorgensen has taught both undergraduate, master and doctoral level courses and combines case-based learning with current research and regulatory developments. He is an effective teacher who received the Best MBA Core Teacher Award earlier this Summer. To date, Bjorn has advised over thirty doctoral students who now work at universities around the world including Alabama, Carnegie Mellon, Columbia, IESE, INSEAD, KAIST, Toronto, UCLA, Washington and Wharton, as well as the Federal Reserve Board and USAF.



Professor Peter Pope

Professor Peter Pope joins us from Cass Business School, where he was a Professor of Accounting from 2011-13, and prior to that he held professorships at Lancaster University Management School and Strathclyde Business School. He has

also held appointments as a Visiting Professor at New York University's Stern School, the University of California at Berkeley, Hong Kong University of Science and Technology, Chinese University Hong Kong, Monash University and Macquarie University.

Peter's teaching and research interests are in the areas of capital markets, financial reporting and securities valuation. He has published widely in leading accounting journals such as *The Accounting Review*, *Journal of Accounting Research*, *Review of Accounting Studies* and *Contemporary Accounting Research*, as well as in many international finance journals. His current research interests focus on IFRS implementation in Europe, global equity market anomalies and fundamental valuation models, with particular reference to the links between financial statement factors, risk and equity returns. He was the Scientific Coordinator

of the EU-Funded (€2.5m) INTACCT Research and Training Network 2007-10, and he has been the recipient of numerous other research grants.

His research has received several prestigious awards, including the 2008 Best Paper Award 2004-2008 from the Financial Accounting and Reporting Section of the American Accounting Association. He was also the British Accounting and Finance Association Distinguished Academic of the Year in 2006.

Peter has considerable experience in consulting and advisory roles for major organisations, mainly in the investment management industry. He has also served as the Academic Coordinator of the Institute of Quantitative Investment Research (UK) since 1991.

He is a qualified accountant (FCMA) and was previously a member of the UK Accounting Standards Board Academic Panel. He is co-editor of the *Journal of Business Finance and Accounting*, a former Associate Editor of *Contemporary Accounting Research*, and has served on the editorial boards of other leading accounting journals such as *Journal of Accounting Research*.

Organisations, Artifacts and Practices Workshop



On 13 and 14 June 2013, the third Organisations, Artifacts and Practices (OAP) workshop took place at LSE, organised by Nathalie Mitev (LSE Department of Management), François-Xavier de Vaujany (Université Paris-Dauphine) and Martin Giraudeau (LSE Department of Accounting), and sponsored by the LSE Departments of

Accounting and Management, the University of Paris-Dauphine and the French embassy in London.

The two previous workshops held in 2011 and 2012 in Paris started to develop an important intellectual hub for scholars interested in the influence of the physical world of objects, goods, work spaces, production and information technologies, management tools and accounting instruments on the everyday life of organisations.

This year's specific theme for the workshop was a particularly challenging one: Time, History and Materiality in Management and Organisation Studies. Time indeed flies: nothing is less material than time. And yet the past is all around us, as historians and archaeologists know well: it is right here, materialised into archives and remains. The future itself surrounds us, in the shape of budgets and projects, forecasts and plans. Making sense of the relations between time, history and materiality therefore required shrewd observation and acute conceptualisation, as well as a diversity of approaches.

After the warm welcome to the workshop by Professor Peter Miller (LSE Department of Accounting) and Laurent Burin des Rozières (Conseiller Culturel and Director of the French Institute in London), the participants met this challenge with courage and success, starting with the three inspiring keynote speakers who had kindly accepted the organisers' invitation. Professor François Hartog (EHESS) proposed a fundamental reflection on what it means to practice history in today's world; Professor JoAnne Yates (MIT) mobilised examples from her works on control, life insurance and standardisation to question the changing roles of technologies in organisations; and Professor Michael Rowlinson (Queen Mary University) explored the spaces where historians of business and analysts of organisations can meet.

More than 40 other talks were given during the two days of the workshop, on a wide range of topics and by scholars from disciplines as varied as Accounting, History, Information Systems, Management and Sociology, allowing for intense and exciting interdisciplinary exchanges during the discussions that followed.

These conversations continued at a reception afterwards where it was emphasised how such interdisciplinary and international events generate intellectual and institutional benefits.

No doubt that more of these benefits will arise from next year's edition, which will take place in Rome and deal with a new exciting topic: Rules, Regulations and Materiality in Management and Organisation Studies.

Dr Martin Giraudeau
Lecturer in Accounting

Professor Michael Power Awarded Honorary Doctorate



Professor Power, Professor of Accounting and Director of the Centre for the Analysis of Risk and Regulation (CARR), has been awarded an honorary doctorate by Uppsala University in Sweden. Professor Power was only one of two academics being awarded an honorary doctorate from the Faculty of Social Sciences. He gave an address to

the Faculty and was presented with the award at the University's graduation ceremony for all doctorates and honorary doctorates on Friday 25 January 2013.

Mike said: "It is a great honour to receive this recognition from such a distinguished university. I very much enjoyed both my visit to Uppsala and the ceremony."

On announcing the awards, the University wrote: "In 1997, Michael Power published the book *The Audit Society: Rituals of Verification*, a book that has been widely read

internationally and inspired elaborative studies. His research has also been of significance in the public debate, where reference is commonly made to 'the audit society'. In his pioneering studies, he uncovered the development of a society not only characterised by numerous audits, but where operations are also designed with an eye to being audited, evaluated, and revised.

Power has also done significant research work on the development and standardisation of financial regulation and reporting and their importance in the organisation and governance of companies and public activities. In his latest book, *Organized Uncertainty: Designing a World of Risk Management*, Power analyses the explosive growth in recent years of 'risk management'. He shows that this growth has less to do with actual dangers and potentials than might be thought, and more to do with the prestige and legitimacy of organisations."

Accounting, Non-Governmental Organisations and Civil Society Workshop



In December 2012, the first Accounting, Non-Governmental Organisations and Civil Society workshop was hosted by the Department of Accounting at LSE. The workshop, organised by Matthew Hall (LSE, Accounting), David Lewis (LSE, Social Policy) and Brendan O'Dwyer (University of

Amsterdam), brought together 27 established and emerging scholars from all corners of the world. The participants, journeying from institutions as far as Australia and America, are part of a growing academic community that investigates third sector issues of measurement, management and performance through an accounting lens.

During the workshop, selected participants discussed their working papers for an upcoming special issue of *Accounting, Organizations and Society*. The papers covered a variety of themes, including accountability, performance measurement and third sector trends. To explore such themes, researchers engaged with qualitative methods – case studies, interviews, participant observation and extensive fieldwork. A notable feature of many papers was the use of fieldwork from a variety of developing country contexts, including Bangladesh, India, Sri Lanka, Guatemala and El Salvador.

The nature of “accountability” was interrogated: the direction of information flows, power dynamics between donors and NGOs and also the effects of management controls. Notably, O’Leary investigated the mechanics of “downward accountability” for local beneficiaries. Her paper argued how local “participation” and “empowerment” does not automatically mean that downward accountability is achieved. Also, several

authors questioned the premise of accountability itself. Ahmed, Cooper, Hopper, Martinez, Soobaroyen, and Wickramasinghe framed the concept, and practice of, accountability as embroiled in a web of political, economic and social relations.

A few papers opened the black-box of performance management in the third sector. Chenhall, Hall and Smith framed performance measurement as a negotiated process affected by three kinds of pressures: instrumental, expressive and technical. For Ebrahim and Rangan, an organisation’s operating environment informed what could be measured. The authors illustrated that some organisations, due to the nature of their work and context, are only able to measure outputs while others are in a better position to measure outcomes and impacts.

As for sector trends, Ruff, Saxton and Neu added that there are styles of philanthropic giving based on an organisation rank or “social position”. For these authors, the stability of one’s position is based on factors such as alumni associations, business culture and moral impetus. Also, related to management, Kennergren, Kraus and Unge observed that the type of organisation determines the mix of suitable formal and informal controls. In particular, formal controls, depending on an organisation’s type, can either de-skill workers or leverage employee talents.

Papers from the conference are now under review with the special issue planned for 2014/15. Many thanks to the LSE Department of Accounting and Elsevier for supporting the workshop.

Renuka Fernando
PhD in Accounting Student



Professor Bhimani speaks on Globalisation, Technology and Accounting at the House of Lords



At the UK-China Business Finance Forum held at the House of Lords on 11 October 2012, Professor Alnoor Bhimani spoke on Globalisation and Technological Change: Implications for Accounting. He spoke about digital technologies, mobile web access and the rise of social media in China as prime movers of both business model innovation and social engagement

shifts. He noted that we are observing a full scale socio-technical disruption which is irreversibly altering Chinese society and its economic development. The coupling of new ways of attaining economic value creation through novel business models with up to now unseen modes of social media interaction has created a sea change of possibilities for altering people's experiences of one another and of products. Professor Bhimani argued that a transformation in what is "sayable" and in the medium through which this can be articulated has altered business model architecture and options for economic value creation. He highlighted the changing role of accounting information in a technologically more grounded world and the risks and economic yield possibilities presented for China. He also identified dimensions of the growing appetite for accountability, transparency and governance and their impact on accounting practices and financial controls. China will have to contend with calls for more reporting of a type which meets the precepts of established global standards but will likely also become a proponent of novel ways of reporting financial information reflective of the country's first hand experiences with the new socio-economic interactive order. He commented on the premise on which successful Chinese internet sites such



as baidu.com, sina.com, taobao.com and sohu.com as well as top social media platforms such as qq.com, weibo.com and renren.com have managed to mobilise a presence among China's half a billion plus internet users. This he indicated presents the possibility of an evolving array of business models which will rely on the effective analysis of extreme levels of data complexity and scale of data.

Professor Bhimani discussed how business decision makers and consumers are increasingly co-creators of products and what this signifies for financial and quantitative information analysis. He warned of the dangers of being reactive rather than proactive in the design of business information systems in "prosumer" contexts where consumers are also producers and revenue generation and expenses arise from a multitude of sources. The prognosis he claimed is of a China with sophisticated consumers and a new entrepreneurial and savvy class of managers who will produce and analyse financial data in ways at present non-existent in the accountant's tool box.

The Department and ICAEW



As reported in the last Magazine, the Department continues its longstanding and productive relationship with ICAEW, which enables us to have a significant impact on professional developments. Recent developments include:

- Funded by the ICAEW's charitable trusts, this year's prestigious PD Leake

Lecture will be held at Chartered Accountants Hall on the evening of Thursday 24 October 2013 and will be given jointly by two LSE Professors, Alnoor Bhimani (Accounting) and Leslie Willcocks (Management), on "Business accounting in the digital age – is technology transforming the finance function?". Previous speakers from our department have been Professor Michael Power and Professor Michael Bromwich. This year's lecture is being organised by ICAEW's IT and Finance and Management Faculties.

- Again, partly funded by the ICAEW's charitable trusts, the 2014 British Accounting and Finance Association (BAFA) doctoral colloquium will be held at LSE on Sunday-Monday 13-14 April 2014. It will be followed by the BAFA 50th Anniversary conference here from Monday-Wednesday 14-16 April 2014. BAFA started life as the Association of University Teachers of Accounting, whose active founders included Professors Will Baxter and Harold Edey (see lse.ac.uk/accounting/news/Baxtertribute.aspx; lse.ac.uk/accounting/news/edey_tribute.aspx).

- Emeritus Professor Richard Macve (pictured) will be retiring as the ICAEW Research Advisory Board's Academic Advisor at the end of 2013 after serving since November 1994.

Professor Richard Macve

Professor of Accounting, Emeritus



Seventh LSE/LUMS/MBS Conference

What constitutes Financial Reporting Quality?



This year, LSE hosted the seventh in the series of what has grown to become a key UK collaborative annual meeting for financial accounting researchers that has witnessed growing international appeal. The theme of this edition of the conference was devoted to the CFIE project that LSE, Manchester Business School (MBS) and Lancaster University are jointly undertaking

to investigate the forces that shape the Corporate Financial Information Environment (see box). To this end, we invited experts from academia and practice to share insights on what drives the quality of voluntary disclosures and reported earnings in annual reports. Our objective was to create a forum for brainstorming on the ways that relevant streams of the literature could advance. The sessions were very interactive and constructive.

About the Project

The project on the Corporate Financial Information Environment (CFIE) is funded by ESRC and ICAEW and aims to take a holistic approach to financial communication that embraces management disclosures and information provided by financial journalists, rating agencies and other market commentators external to the firm. The project team combines accounting with computational linguistics expertise to (a) provide a more sophisticated analysis of the quality of the CFIE; (b) highlight the issues and practices of current financial communication; and (c) assess the implications of the interaction between key elements of the CFIE.

For more information about the project, please visit ucrel.lancs.ac.uk/cfie/funding.php

Professor Martin Walker opened the conference, highlighting particularly the expert plenaries selected to help stimulate the discussion on the “financial reporting quality” puzzle. The day

commenced with a theory expert, Anne Beyer from Stanford, who reviewed the theoretical underpinnings of partial disclosure equilibria, highlighting the need for further research on the costs of earnings management. Feng Li from the University of Michigan continued by reviewing the issues involved in automated scoring of annual report narratives, emphasising the need for further analysis of the cognitive traits of those narratives. For such an analysis, the audience stressed the need to identify the key preparers of the annual reports. John Dawson, Chairman of the Investor Relations Society, shed light on this “black box”, offering thorough answers to 16 questions on the preparation and relevance of annual reports. The audience welcomed John’s wide-ranging insights yet was intrigued by some specific examples (eg, about the 150 people behind BP’s annual report preparation). Per Olsson from Duke University stimulated the audience to reconsider the effect of business fundamentals on the properties of reported earnings and the interaction of those properties with the quality of the annual report narratives, while Vivien Beattie from the University of Glasgow revisited annual report narratives to stress the limitations in capturing cognitive biases and impression management, and to provide guidance for future research. The sessions ended with Mahmoud El-Haj, a computational linguist from Lancaster University, who reported on the progress of the CFIE project and the issues in scoring UK annual report narratives. Steven Young, also from Lancaster University, closed the day announcing the follow-up event on 15 September 2014.

The conference attracted researchers interested in disclosures from across Europe and the US, who eagerly contributed to the discussions and felt inspired by the developments of current research.

Dr Vasiliki Athanasakou

Lecturer in Accounting



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE

Dr Gerben Bakker wins prestigious Ralph Gomory Prize



Dr Gerben Bakker, Senior Lecturer in Economic History and Accounting, has won the Ralph Gomory Prize at the April 2013 Business History Conference (BHC) in the United States.

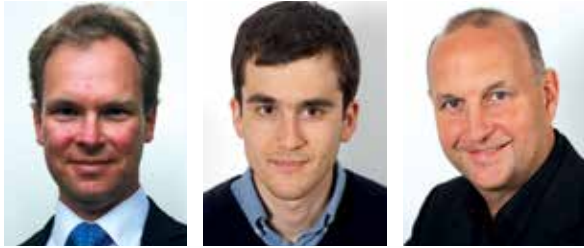
The \$5,000 prize, funded by the Alfred P Sloan Foundation, was awarded by the BHC for the best article published in 2011 and 2012 that examines the impact of

business enterprise on the economic conditions of the countries in which they operate.

The prize was awarded for Dr Bakker’s article *Trading facts: Arrow’s Fundamental Paradox and the Origins of Global News Networks*, published in P Putnis, C Kaul and J Wilke (eds) *International Communication and Global News Networks: Historical Perspectives* (Hampton Press/International Association for Media and Communication Research, 2011).

Dr Bakker said: “I’m very happy; this is the most prestigious (and largest!) prize I’ve ever won”.

Investigating Risk Culture in Financial Organisations



In the search for explanations of the financial crisis, much attention has been paid to problems of culture within financial organisations, and to “risk culture” in particular. Somehow significant parts of certain large banks were engaged in highly risky activities without appropriate oversight by boards and risk management functions. Risk appetite was poorly understood and monitored and it is said that banks were more focused on models than human behaviour. Supervisory practices at regulators were also part of the problem and a new regulatory landscape in the UK was created as a result. Since the crisis numerous reports addressing cultural issues have been written. Anthony Salz reported on the culture at Barclays, and the Banking Commission published the results of its investigation into HBOS in April 2013. So the topic of risk culture remains highly salient to financial regulators, boards and industry executives.

For all the interest and activity, “risk culture”, understood as the culture of risk taking and control in an organisation, remains a complex thing that is difficult to define precisely. The Institute of Risk Management published a helpful overview of the issues in 2012, but our research aims to probe a little deeper in an attempt to understand what organisations are actually doing about risk culture and why. The project began in May 2012 and is funded by ESRC (The Economic and Social Research Council), CII (The Chartered Insurance Institute), CIMA (The Chartered Institute of Management Accountants) and the Lighthill Risk Network. In November we published an interim report based on desk work and initial interviews with senior risk leaders in nine financial institutions.* We observed an abundance of experimentation in the form of “risk culture” workstreams and change programmes, but surprisingly little consensus about the meaning of risk culture. We did however see a strong focus on improving risk information infrastructure and the importance of reporting mechanisms.

Since November we have continued to gather data and have conducted two large member surveys (CIMA and CII). In our survey to CII members, where we received 2,258 responses to an online questionnaire completed between November and December 2012. More than 60 per cent of respondents claimed to have some kind of risk culture change programme. As expected, the results show that the larger the organisation the more likely it was that they would embark on a risk culture initiative. While there is more analysis to be done, two recurrent themes from the survey are of particular interest.

First, a number of respondents commented on the link between risk culture and risk aversity. This suggests how difficult it is to achieve a good balance between risk taking and control, with organisational actors perceiving the new accent on risk culture to be one of precaution and conservatism in risk taking.

Second, many respondents referred to the dominant role of compliance and regulatory changes in shaping risk culture, such as Solvency II. The importance of regulation is consistent with our interim findings in which senior risk personnel often referred to increased evidentiary requirements as a feature of their operating environments. While regulators may be interested in risk culture as a regulatory asset, they have a poor understanding of their own impact on it.

Turning to the characteristics of risk culture change programmes, the CII survey suggests that the risk culture programmes of insurers share similar characteristics. Most insurers make use of training to help change their culture (85 per cent of responses) and rely on informal evaluations of risk culture by management (81 per cent). Yet only half of the respondents (53 per cent) claimed to have used tools developed by external consultants. We compared the perceived benefits and drivers of risk culture programmes across those that used tools developed by external consultants and those who did not. The results suggest that those organisations which place a greater weight on regulatory drivers will use tools developed by external consultants. Those who use consultants also report greater perceived benefits, both regulatory and non-regulatory. This underlines the importance of advisory markets in supporting risk culture workstreams.

This is just a snapshot of the CII survey. Together with other survey results it will give us some aggregate data about how the risk culture problem is perceived and implemented. We have also run smaller, customised surveys within three organisations and will follow this up with focus groups. In short, much more work and analysis remains to be done before we publish our final report.

*Risk culture in financial organisations: an interim report (lse.ac.uk/researchAndExpertise/units/CARR/pdf/Risk-culture-interim-report.pdf).

Dr Simon Ashby
Associate Professor, University of Plymouth

Dr Tommaso Palermo
Lecturer in Accounting, LSE

Professor Michael Power
Professor of Accounting, LSE



LSE Public Lecture: Hans Hoogervorst, IASB Chairman



On 6 November 2012 the new Chairman of IASB (international Accounting Standards Board) gave a public lecture at LSE on Accounting Harmonisation and Global Economic Consequences, chaired by Dr Ane Tamayo of the Department of Accounting and attended by students, faculty and many guests, including alumni and other leaders from the accounting profession, standard setters and business life.

Following a lively Q&A session, invited guests attended a reception for further networking and conversation with the speaker. Among those attending was Robert Bruce, a leading UK financial journalist, who participates each year in one of our third-year undergraduate financial accounting and reporting lectures (course AC330). We are grateful to Deloitte and to Robert for permission to reproduce below the column he initially contributed on IAS Plus, the global accounting news website (iasplus.com/en).

There was a sense of great anticipation at the London School of Economics and Political Science. The audience was the broadest of groupings. There was a large number of young students, a wide range of academics and practitioners, right down to the founding managing partner from the days when Arthur Andersen first set up in the UK. Ian Hay Davison is now north of 80 years old but as lively and engaged as ever.

They had gathered to hear Hans Hoogervorst, Chairman of the IASB, set the current thinking on IFRS into context. The day before he had been before the European Parliament where an aside about how waiting for the US to decide whether or not it was going to join the IFRS family was now resembling the Samuel Beckett play "Waiting for Godot" had charmed his audience.

There was no talk of playwrights or delays at LSE. Hoogervorst wanted to emphasise the IASB's firmness of purpose and its determination. He recalled the past. He talked of the time when the IASB and the FASB "had the mother of all battles against vested interests to record the granting of stock options as an expense." He recalled the pressure brought to bear. He talked of the "huge lobbying campaign led in part by the technology sector." He quoted the legendary investor Warren Buffett from 1998 when he had said that "a distressing number of both CEOs and auditors have in recent years bitterly fought FASB's attempts to replace option fiction with truth and virtually none have spoken out in support of FASB." "Its opponents," Buffett had continued, "even enlisted Congress in the fight, pushing the case that inflated figures were in the national interest." Back then, Hoogervorst pointed out, lobbyists spent \$70m in their efforts to stop the standard-setters efforts. And ultimately the standard-setters had won. "It was the IASB, and I am really proud of that," he said, "that led the way, paving the way for the FASB to follow suit."

This was the heart of Hoogervorst's thesis. There was a pattern. Enormous amounts of money and lobbying were brought to bear. The standard-setters, more concerned with recording economic realities, finally won. And now, years later, no one can understand what all the fuss had been about. "Almost ten years on," he said of the stock option fracas, "and very few people question the logic of recording stock options as an expense. It is simply regarded as a good business practice."

The same, he argued, had been true of the battle to bring pensions and other post-employment benefits onto the balance sheet. "Many years ago," as Hoogervorst pointed out, "companies were able to keep the information related to these liabilities off the balance sheet." And without their clear and visible presence strategies, unsurprisingly, could go disastrously awry. "As a result," said Hoogervorst, "the management of some companies were able to literally give away the value of the company without shareholders knowing anything about it."

Reform was, understandably, painful to companies. "At the time," he said, "bringing pension liabilities on balance sheet was hugely controversial. And to some degree it still is. However such liabilities are now routinely discussed in the boardroom and with investors. This is especially true as many pension schemes are in trouble and the company is on the hook if things go wrong."

This brought Hoogervorst to the third of his examples. And this one is still playing in real time. "Today we have a similar battle with leasing," he said. And the ingredients are the same.

"The vast majority of lease contracts are not recorded on the balance sheet," said Hoogervorst, "even though they usually contain a heavy element of financing. For many companies, such as airlines and railway companies, the off-balance sheet financing numbers can be quite substantial. What's more, the companies providing the financing are more often than not banks or subsidiaries of banks. If this financing were in the form of a loan to purchase an asset, then it would be recorded. Call it a lease and miraculously it does not show up in your books."

And this, he argued, caused real problems for users of financial reporting. "Right now," he said, "most analysts take an educated guess on what the real but hidden leverage of leasing is by using the basic information that is disclosed and by applying a rule-of-thumb multiple. It seems odd to expect an analyst to guess the liabilities associated with leases when management already has this information at its fingertips. That is why it is urgent the IASB creates a new standard on leasing and that is exactly what we are doing, in close cooperation with the FASB."

And the lobbyists are again arguing that making the figures and their implications clearer, like stock options and pensions before them, will in Hoogervorst's words, mean "that the end of the world is nigh." "I seem to remember similar claims being made when the IASB and the FASB required stock options to be expensed," he said. And it is not as though regulators have not provided the same warnings. Hoogervorst quoted from what the US regulator, the SEC, had to say on the leasing issue back in 2005. "The fact that lease structuring based on the accounting guidance has become so prevalent will likely mean that there will be strong resistance to significant changes to the leasing guidance, both from preparers who have become accustomed to designing leases that achieve various reporting goals, and from other parties that assist those preparers," it said.

But Hoogervorst is making a wider point. We have all learned, very painfully, what the effect of hiding debt has upon the global economy. "As the financial crisis was caused by

excessive leverage,” he said, “our efforts to shed light on hidden leverage should be warmly welcomed around the world. The fact is that we are still facing an uphill battle. We will need all the help we can get to ensure that we do not get lobbied off course. We need national accounting standard-setters, regulators such as the SEC, investors and others to stand by their beliefs and help us to bring much-needed transparency to this important area.”

The full text of Hans Hoogervorst’s lecture may be found on the IASB website (ifrs.org/Alerts/Conference/Documents/HH-LSE-November-2012.pdf).

Professor Richard Macve

Professor of Accounting, Emeritus



Visiting Professor Wayne Landsman receives 2012 AAA Literature Award



Visiting Professor Wayne Landsman has received the 2012 American Accounting Association (AAA) Notable Contributions to Accounting Literature Award for his 2008 article *International Accounting Standards and Accounting Quality* (with M Barth and M Lang). He was honoured at the AAA Annual Meeting in Washington DC.

A Visiting Year



“Would you be interested in being a Visiting Professor in the Department of Accounting?,” Professor Richard Macve asked me one day. “We won’t be paying you of course,” he added.

So after much form-filling, an interview and some hierarchical process within the School, here

I am. Although I’ve been interested in academic accounting for some decades, my day job has always been as a practitioner: I’m a Senior Accounting Technical Partner of PricewaterhouseCoopers LLP. By the standards of the firm, my team and I are at the academic fringe. From the perspective of LSE, I’m very much a practitioner; but it is that perspective that is, apparently, useful.

Hence I have found myself sharing both undergraduate and postgraduate lectures with the scheduled lecturer who would spend half the time explaining the theory and then handing over to me to explain how it works in practice. “How do the accounting standard-setters actually make decisions? How do the politics interact with the accounting principles? What do auditors actually do when faced with a decision about a marginal treatment that is much favoured by an industry but less than clear to a reader? Why do companies enter into some of the transactions that are being discussed? Why reorganise the individual entities that make up a group?” These are examples of some of the topics that I answered.

One “visit” was to join the team presenting to MSc Accounting and Law students on company law, including European directives, and how that relates to accounting rules. I answered such questions as “Where did the European rules come from? Why do they say what they say? How do we deal with the conflict with the domestic parts of company law and the domestic tradition of accounting?”

Another occasion was a talk to the MSc Accounting, Organisations and Institutions Society group who gave me a topic – fortunately one I knew something about, namely the comparison of UK, US and international accounting standards and the way in which each had influenced the others. Whilst they had some knowledge about the specific accounting rules, it was the politics in which they were mainly interested. I’ve found that compared with more mature business people, students are much more straightforward in the way they discuss political power, personal motivations and the effect that these have. Business people range in their descriptions of these phenomena from euphemism to denial. The student angle is therefore refreshing. May they retain that, even when they become mature business people!

Peter Holgate

Senior Accounting Technical Partner
PricewaterhouseCoopers UK
Visiting Professor

Management Accounting Research Group Conference



The 34th annual Management Accounting Research Group (MARG) Conference was held at LSE on Thursday 18 April 2013. This year's conference, Management Accounting and Corporate Governance: New Issues and New Directions, was made possible by the Charitable Trust of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Institute of Management Accountants (CIMA). The conference was organised and facilitated by the Department of Accounting at LSE.

The conference was chaired by Emeritus Professor Michael Bromwich of the Department. The first presentation, Corporate Governance and Management – a Blurred Boundary, was delivered by Laura Spira, an expert on corporate governance at Oxford Brookes University. Professor Spira presented a selection of definitions of management accounting and corporate governance; noting an overlap and provoking the audience to consider this blurred boundary, and whether it was necessarily a bad thing.



Professor Michael Power, also of the Department, delivered the second talk of the day. The presentation, Searching for Risk Culture in Financial Organisations, was an opportunity for Professor Power to share his thoughts on the relevance of "risk culture" today. Described as a problematic topic in practice, both operationally and conceptually, and an "object of concern", Professor Power emphasised the importance and relevance of culture and risk culture. In tying these themes back to management, two questions were posed; how can it be managed and is it a management accounting problem? As the research study is still underway, some initial findings from the examination of risk culture were shared.

The first talk of the afternoon was delivered by Martin Thomas, independent consultant with call4change and an Advisory Board Member at the Centre for Sustainable Organisations.

Thomas' talk, Measuring Thriving Organisational Performance in Turbulent Times, highlighted the notions of economic, social and natural capitals and the management of these capitals in achieving the triple bottom line. Thomas

also introduced the notion of "thriving" organisations as those that have gone beyond sustainability, meeting all sustainability criteria and creating new value in one or more of the capitals. The fourth talk, presented by Alfred Wagenhofer, Characteristics of Accounting Information that Serves the Board of Directors. Professor Wagenhofer, Chair of the Institute of Accounting and Control and Director of the Center for Accounting Research at the University of Graz, Austria, is interested in the types of accounting information that boards use and whether accounting information is best when aggressive, neutral or conservative.

The panel discussion participants, Gillian Lees (Head of Corporate Governance at CIMA), Michael Power, Martin Thomas and Alfred Wagenhofer, each presented brief statements. Professor Power positioned himself, not as an academic, but as a NED (Non-Executive Director), and in so doing, highlighted the role of management accounting in providing him with the necessary information. Gillian Lees also reiterated that the quality of decision making is dependent on the board having the right information, presented in the right way. The discussion subsequently centred on the effectiveness of corporate governance, inaction in spite of information availability, and trust.

The ICAEW Distinguished Practitioner Lecture was delivered by Philip Gregory, Senior independent Non-Executive Director at Hansard Global plc. Mr Gregory's lecture, The Effect of Changing Governance on the Finance Function: Some Observations and Experiences, offered the audience a lens into the changing demands of a new Chief Financial Officer. Traditionally, a CFO was seen as maintaining a "good set of books," a role which corporate governance also envisions; a bookkeeper, a controller, a corporate policeman. On the other hand, the CEO is seeking a personal financial advisor in a CFO, especially in light of the difficult economic climate, and the increased speed at which information is needed. Additionally, the increased number of NEDs along with their demands for "due process" means that CFOs previously adept at condensing information are now required to expand and explain. Mr Gregory noted the improvements in corporate governance. He believed that CFOs were not lacking in technical skills, rather the interpersonal skills required to have those "tough conversations" with the Board.

Robert Charnock, Nadine De Gannes and Dorothy Toh
PhD in Accounting Students



The Department and CIMA

The Department's relationship with CIMA continues on a strong note. Just to mention a few highlights, this year the Department held the 34th Management Accounting Research Group (MARG) conference, which is unfailingly sponsored by CIMA and ICAEW. There is a separate report on the MARG conference on page 10. During the past year, Professors Michael Bromwich and Wim Van der Stede also have had many continuing engagements with CIMA as the emeritus and current CIMA Professors, respectively. Michael has continued to make contributions to the profession as a member of CIMA's Technical Committee. Both Michael and Wim also participated in CIMA's R&D Panel, where agendas are discussed and set for how CIMA can support and disseminate research, thus bridging practice and academia.

Wim also gave an address to CIMA's Council in London, and was a keynote speaker at the CIMA-sponsored Global Management Accounting Research Symposium (GMARS) in East Lansing, Michigan. Wim has also regularly been involved in reviewing various CIMA publications, such as for CIMA's Kaplan & Norton Balanced Scorecard Anniversary event in November 2012. Needless to say that the Department appreciates, and looks forward to continuing, its fruitful relationship with CIMA.

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



Centre for the Analysis of Risk and Regulation



The Centre for the Analysis of Risk and Regulation (CARR) continued to be active during 2012/13 with its usual programme of seminars and visitors, including doctoral students. We began the seminar series for the year in grand style with a talk by Charles Perrow (author of the seminal work *Normal Accidents* in 1984), entitled Risk and

Denial: Exploring Energy Risk Possibilities and Probabilities from 1945 to 2012. We also published issue 24 of our flagship magazine *Risk & Regulation* (Winter 2012). This issue can be found online and includes essays on the Costa Concordia disaster, executive pay and everyday life in Greece as well as a themed section on Enterprise Risk Management. The Spring 2013 issue has also just been published (issue 25) with topical pieces on the politics of gun control and trust in food supply chains, in addition to our more traditional interests in the accountability of regulators and comparative risk regulation regimes. During the period we also published two CARR discussion papers: DP 72, *The 'Californication' of Government? Crowdsourcing and the Red Tape Challenge* by Martin Lodge and Kai Wegrich; and DP 73, *Independence in Dependence: Health Technology Assessment, Quality of Life, and the Position of the Patient* by Matthias Benzer.

CARR remains committed to practitioner outreach and this year we hosted a group from the British Airline Pilots Association to discuss pilot fatigue risk management. This is a topic which no doubt interests us all. In addition we also met representatives from the Centre for Work Life Studies at Malmö to discuss regulation and evaluation; and from the UK Business Continuity Institute to discuss resilience and security.

Last year I was able to report success in obtaining resources from the ESRC as part of its co-funding pilot scheme

for a project on risk culture in financial organisations. The ESRC funding was conditional on obtaining matching support from private sources and we were delighted to receive the backing of the Chartered Insurance Institute (CII), the Chartered Institute of Management Accountants (CIMA) and the Lighthill Risk Network. I report on the project on page 7 in this magazine. This year we have also been delighted to welcome two new LSE Fellows in Risk & Regulation who joined CARR in the Autumn of 2012. Dr Martha Poon, an economic sociologist, joined us from the Institute for Public Policy at NYU. She works on the sociology of financial markets and regulation, and has kindly taken over the editorship of *Risk & Regulation*. Dr Madalina Busuioc, a political scientist, joined us from the University of Amsterdam to work on the "crisis management state". Her book *European Agencies: Law and Practices of Accountability* was published this year (Oxford University Press) and she has successfully resurrected the CARR programme for affiliated doctoral students. Julien Etienne, British Academy Fellow, continues to organise our seminar series and also published *Ambiguity and Relational Signals in Regulator-Regulatee Relations* as part of a special issue of *Regulation & Governance* to mark the 20th anniversary of the publication of *Responsive Regulation* by Ian Ayres and John Braithwaite. A summary of his paper can be found in issue 25 of *Risk & Regulation*. More importantly, Julien sustains a key regulatory institution – "CARR coffee" which happens every Tuesday at 11am. All are welcome.

Professor Michael Power
CARR Director

For more information see
lse.ac.uk/carr



An Interview with Chris Constantinou

Chris Constantinou is a Guest Teacher and Teaching and Learning Support Manager of AC100 in the Department of Accounting, June 2013

How long have you been teaching on AC100, and how did you get into teaching at LSE?

I have been teaching the AC100 course for over ten years. Prior to this, I had been working as a Chartered Certified Accountant and had also built up my own practice. It had always been an ambition of mine to teach and I felt that I had reached the time in my career where I was

ready to fulfil my passion. Many factors attracted me to teach at LSE – it is the international centre of academic excellence, and the atmosphere is vibrant and dynamic.

What are your favourite aspects of teaching on AC100?

My favourite aspects of teaching include the interaction with students. The remarkable variety of multicultural backgrounds brings a different dimension to teaching. No one day is the same and I enjoy dealing with the different needs and issues which each day presents. I also enjoy working with the talented teaching and administrative staff in the Department of Accounting. It is an honour to be part of the team.

Can you recount a favourite story about a student?

The AC100 course is not limited to accounting students only; it is common for students from other departments to take this course as their outside option. I am happy to say that I have had cases of students studying for a different degree altogether, and then making a career working in the accounting and finance world as a result of their AC100 experience.

What are your least favourite aspects of your role?

There is little I dislike about teaching. The aspect I most dislike is when students are struggling with the material, but this is always resolved by directing the students to the superb support structures that AC100 has on offer.

How do you feel accounting at LSE is different from other universities?

Teaching accounting at LSE is different from other universities. It is the attitude with which we teach accounting that is unique – accounting has been turned into an exciting and thought provoking subject. The aim is to inspire students and encourage them to think critically, and to reflect on the techniques which they learn and to build life-long skills.

As a teacher what do you aim for students to have accomplished after completing AC100?

I hope that students have enjoyed studying AC100 and that the course equips them with the confidence and knowledge that they need to understand accounting and finance, and to call upon these skills in the future.

What do you think makes a good teacher?

There are many qualities which contribute to the make-up of a good teacher. There is no secret formula, but includes characteristics such as empathy – the ability to bond with students and resonate with their feelings and emotions, and to communicate on their level. Knowledge of subject matter and clear objectives may seem obvious attributes, but are paramount. The teacher should have good knowledge of, and enthusiasm for, the subject matter that they are teaching, and should keep up to date with current developments. They should be prepared to answer questions (in as many different ways as necessary), and to keep the material interesting for the students. Other qualities include confidence and communication skills, including listening. Passion is another characteristic – demonstrating enthusiasm for the subject, creating a positive environment for students to enjoy learning and making the lessons exciting, so that they make a difference. A good teacher should also be inspirational – the teacher should appreciate that they can change a student's life by instilling self-confidence in them, and help them to realise and aspire to their potential. A teacher should also be flexible. They should be willing to learn new skills, consider different teaching methods, share ideas and adapt to our ever-changing environment.

How has your role and involvement in AC100 changed since you've been at LSE?

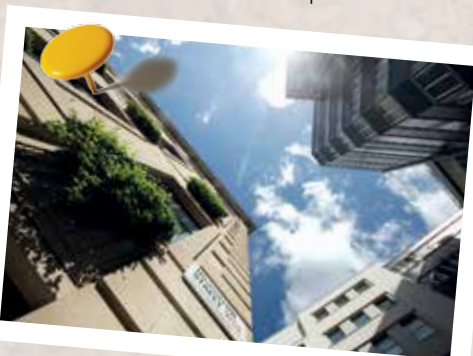
The AC100 Teaching and Learning Centre was established in 2008 and the teaching on AC100 was revolutionised through a range of pioneering teaching innovations which were introduced by Dr Andrea Mennicken and Dr Yasmine Chahed. In addition to my teaching role I am privileged to hold the position of AC100 Teaching and Learning Support Manager, which involves the smooth running of AC100 Moodle and the other support structures including 1-2-1 support sessions and the peer tutor scheme which were implemented by virtue of this initiative.

What do you do when you are not teaching on AC100?

Family and friends play a large role in my life. Coming from a typical Greek Cypriot background I am kept busy with two children and four sisters (... and their families!) and food, laughter, music...

How long do you foresee yourself being at LSE and is there anything else you'd like to do whilst you are here?

I hope to stay at LSE until I am old and grey and I am always keen to explore new opportunities as they may arise.



Dr Andrea Mennicken Awarded an Esteemed Fellowship from Wissenschaftskolleg zu Berlin for 2013/14



The Wissenschaftskolleg zu Berlin (Institute for Advanced Study Berlin) is one of the academic institutions that see their model in an institution whose name became a generic term: the Institute for Advanced Study founded at Princeton in 1930. The goal is to offer approximately 40 internationally recognised researchers and promising younger scientists and scholars the opportunity to concentrate, free of constraints and duties, on work projects of their own choice for one academic year. The criteria guiding the selection of Fellows are the researcher's excellence and the attractiveness of their research plan.

Andrea will conduct research on a project entitled The Quantification of Decency. The project seeks to contribute to our understanding of the multifaceted relations formed between instruments of quantification, economy and morality, and the roles of rating, ranking and performance measurement in mediating between conflicting values and rationalities. The Prison Service of England and Wales has been chosen as the principal research site, as it is here that conflicts between different organisational values and rationalities are particularly pronounced. The project examines the Prison Service's "decency agenda", emerging from 1999 onwards, against the background of

processes of privatisation, actuarialisation and managerialisation. It unpacks the different values and risks at stake, and explores the interactions between different performance measures making up prison ratings, such as measures of decency and cost, operational effectiveness and security, prisoner safety, and "individual transformation". Cross-national comparisons will be drawn, and comparisons between the prison service and other public services, such as health and social care, in order to identify general patterns and overarching dynamics. In so doing, the project seeks to offer insights into the inner workings of accountability regimes, their changing nature, and the emergence of new regulatory spaces and practices. At a more general level, the project aims to add to our understanding of the relationship between economy and morality and the role of accounting instruments in its mediation.

Andrea Mennicken will be working in an interdisciplinary group of academics under the leadership of Professor Wendy Espeland (Northwestern University), and with Emmanuel Didier (CNRS, Paris), John Carson (University of Michigan), Bruce Carruthers (Northwestern University), Tong Lam (University of Toronto), Jahnvi Phalkey (King's College London), and Theodore Porter (UCLA).

Dr Andrea Mennicken
Senior Lecturer in Accounting

Alumnus Profile: James Bradley, MSc AOI, 2010



In 2009, as I walked through the LSE campus on the first day of the MSc Accounting Organisations and Institutions (AOI), I was brimming with questions about the world.

The last few years had been a baptism of fire for me. I had started in early 2007 at a company called Bear Stearns (later sold to JPMorgan Chase & Co) on the Equity Finance desk, fresh and ready to learn about banking, hedge funds and London. Two and half years later, my company had been the first casualty of the credit crunch, the product I traded had come under increased regulation (even banned for a short time) and the companies I traded and worked with had been in the news nearly every day.

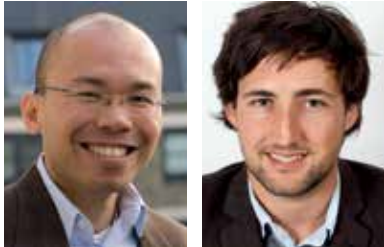
I was left with many questions regarding organisations and institutions and how they account for their actions. I had seen the impact of regulation and felt as though I needed to investigate this further.

LSE has inspired me to challenge the status quos by focusing on the right questions. The combination of

research and teaching from renowned academics, its focus on the big questions of the day and the open dialogue from students and professors, all converged to create an inspirational environment. The MSc AOI encouraged us all to investigate new ways of approaching challenges and then allowed us to mature these means of approach until they developed into strong solutions. During one tutorial, for example, I identified several key question areas in pharmaceutical regulation and the impact that new regulation could have on accounting in the sector. I was encouraged to develop the key areas further and after the tutorial I was introduced to a researcher in the Department of Health Economics. Shortly after this my solutions were peer reviewed and then published in the paper *Creative Compliance in Pharmaceutical Markets: the Case of Profit Controls*. This is one example of how LSE's unique environment allows new thought to flourish.

After graduating, I moved to Geneva. I continued to utilise and develop the tools learnt at LSE both in the finance department of Procter & Gamble and as the Chairman of the Geneva Charity Ball. My time at LSE was a privilege that has helped me to approach both life and business questions with rigour.

The Interdisciplinary Perspectives in Accounting 2012 Emerging Scholars Colloquium



In July 2012, a number of LSE Accounting PhD students participated in the Interdisciplinary Perspectives in Accounting's (IPA)

Emerging Scholars' Colloquium (ESC) at Cardiff Business School. The IPA is the pre-eminent gathering of social studies of accounting researchers in Europe and is held tri-annually.

The ESC, convened this year by Andrea Mennicken of LSE and Martin Messner of the University of Innsbruck, aims to provide a supportive and constructive environment for students and leading faculty to interact, share their work with each other, and develop new understanding of the

field. This year, it was clear that these challenging objectives were more than met.

The ESC consisted of a series of panel discussions and smaller break-out sessions in which groups of students and faculty engaged deeply with each other's work over a two-day period preceding the main IPA conference.

The panel discussions were led this year by Chris Chapman of Imperial College London, David Cooper of the University of Alberta, Peter Miller of LSE, Joni Young of the University of New Mexico, Brendan O'Dwyer of University of Amsterdam, and Mahmoud Ezzamel, Stephen Walker and Hugh Willmott from Cardiff Business School.

This impressive mix of scholars shared their opinions and observations on the topics of The Challenge of Doing Interesting Research, The Publication Process, Careers in Academe, and The Future of Interdisciplinary Research. While the diversity of views reflected the refreshing interdisciplinarity

The William T Baxter Travel Scholarship

2012 Recipient – Robert Charnock



The quote of the trip came from the man from Mars. Kevin Rabinovitch, Global Director of Sustainability for Mars, Inc., wants every business graduate to understand one vital message: "Sustainability is profitable. Bringing environmental measurement systems into business highlights wastage that was previously hidden.

Sustainability is therefore best seen as the next wave of efficiency gains."

Kevin was one of many individuals I interviewed during the three weeks I spent in the USA as a recipient of the William T Baxter Travel Scholarship. The scholarship enabled me to travel to the USA to interview numerous pioneers of practice and leading academics in greenhouse gas (GHG) accounting. Conversations ranged from Kevin's explanation of how to make homemade Starburst (they will always be Opal Fruits to me), to changes being made to global GHG accounting standards with researchers at the World Resources Institute (WRI) in Washington DC.

Taking the trip as a whole, I suppose what I really gained was a view of the landscape and atmosphere of GHG accounting in the USA. Although many interviewees readily admitted that Europe was ten years ahead, the insights I received were fascinating. One that stands out in particular was my conversation with the team behind the Chicago Climate

Exchange (CCX). As well as a detailed discussion on emissions trading, the role of assurance and standardisation were at the core of this insight.

CCX formed just one component of the GHG accounting landscape I was exposed to during my three weeks in the USA. While staying in Boston, conversations at Harvard and MIT helped me further my understanding of GHG accounting as an academic field and the range of research avenues being pursued. I also spent a long afternoon in Cambridge learning about certification programs for GHG management practitioners at the Greenhouse Gas Management Institute (GHGMI).

The GHG Protocol (a GHG accounting standard developed by the WRI and WBCSD) dragged me away from Boston's charm to the USA's political core, Washington DC. Spending one afternoon with the GHG Protocol team, one with the man from Mars, and attending the American Accounting Association's Annual Meeting made for a magnificent final leg of my trip.

These weeks provided me with an excellent foundation for my research. I am therefore incredibly grateful to the Baxter family for creating this scholarship and to everyone who administers and contributes to it. It is a magnificent opportunity for any new researcher in the Department.

Robert Charnock
PhD in Accounting Student

of the group, it became clear by the end that the emerging scholars and the senior faculty shared an exciting and challenging research agenda and environment.

In the break-out sessions students presented their research to their colleagues and faculty, and in the rigorous process of learning from and critiquing each other's work came to better understand not just ways that they could improve their research and presentations but also many fundamental challenges and opportunities of doing social scientific research on accounting. It was this focusing of minds on broad and cross-cutting issues in the area of accounting that carried the conversations well into dinner and drinks later in the night.

Throughout the Colloquium, the faculty highlighted the benefits of developing close and engaging academic relationships with peers. There is no doubt that the exhilarating and challenging experiences throughout the two days presented the perfect opportunity to do just this.

Miguel Lim

Guest Teacher

Dane Pflueger

PhD in Accounting Student
LSE Fellow



Alumnus Profile: Alistair Summers, MSc International Accounting and Finance, 1988



I was a reluctant accountant. I joined LSE studying for a BSc (Econ) in the Autumn 1984 as a budding politician in the Government and History Department. I loved politics and by the time I had joined I was already working part-time as a researcher at the House of Commons.

My father is an accountant and when I was growing up I had been surrounded by ledgers. Holidays were "ticking and bashing" and so to prove to myself that accountancy was not for me I took a second year basic accounting elective and, to my greatest surprise, got a First. It was then that I was noticed by Professor Anthony Hopwood and persuaded to do a third year management accounting course and then an MSc in International Accounting and Finance.

It was not a journey I had anticipated but I suppose quite logical. As much as it was the process of decision making that interested me in politics, it was this behavioural science that Anthony was pursuing.

It was the implications of accounting information on decision making and organisational change that really excited me. I got through deriving the Capital Asset Pricing Model and Black-Scholes Option Pricing with a great deal of help from the informal study group of my

friends Sarah Mavrincac, Morten Hansen and Roberta Simons. Little did I know that the first two would end up as Professors at INSEAD and Berkeley which explained why they knew it and I didn't.

I left in 1988 to go to PwC on a fast track graduate scheme where you could qualify as an accountant without ever doing accountancy – perfect. So consultancy and transfer pricing were for me. Then in 1992, in the midst of that recession, I left and joined my father and became the practising accountant I had wanted to avoid.

21 years on, it doesn't quite look as it did back in 1984. I have a small and specialist US/UK personal tax planning practice whilst I invest, advise and sometimes run businesses using what I learnt at LSE on a daily basis. I have explored the effect of accounting information on engineering businesses, coffee roasters, men's clothing manufacturers and now an international merchant bank and I am a School Governor and a Trustee of the National Youth Theatre.

So even though I was reluctant, I am very grateful. Rarely a day goes by without Anthony Hopwood's mantra of decision making through "Future, Incremental Cashflows" appearing somewhere on my mind maps.

Copenhagen Business School Workshop



On 18-19 June 2013, Tommaso Palermo, Julia Morley and Dane Pflueger of the Department participated in a workshop on Theoretical and Methodological Challenges in Accounting Research at Copenhagen Business School (CBS). The workshop was generously hosted by the Department of Operations Management, carefully arranged by Linn Gevoll (of CBS), and led by Professors Jan Mouritsen (of CBS) and Chris Chapman (of CBS and Imperial College London).

The workshop included presentations and lively discussions on the themes of Accounting as Situated (Niklas Wällstedt and Sabina Du Rietz of Stockholm University), The Role of Research Methods in Producing Knowledge (Mikkel Godt Gregersen and Alex Yu Lichen of CBS), and Performativity

(Andreas Sundström of Stockholm University, Jacob Brogaard-Kay and Linn Gevoll of CBS), among others. Chris Chapman led a provocative discussion on the topic of Causality. The LSE participants presented different angles on the theme of Looking for the Boundaries of Accounting.

The workshop provided an excellent opportunity to intensively engage with many of the core questions facing all researchers in the area. Even while the participants had diverse research interests, the opportunity to share experiences and build on each other's reflections on these core questions ensured that everyone finished the day with new ideas and questions related to their own research.

Dane Pflueger
PhD in Accounting Student
LSE Fellow



Case Study Support at Harvard Business School

Performance Measurement in the Third Sector



For the month of May 2013, I had the opportunity to work with Professor Alnoor Ebrahim, a specialist in third sector governance and reporting at Harvard Business School (HBS). Alnoor is a member of the Social Enterprise Initiative and teaches in the HBS Executive Education and MBA programmes.

For their programmes, HBS actively applies the case study method and, as such, Alnoor has developed cases on, for example, the Robin Hood Foundation, Acumen Fund and ActionAid International, among others. Alnoor, through cases, tackles themes of organisation sustainability, governance, accountability, and performance measurement in the third sector.

While I was at HBS, Alnoor and I created a technical note on the Logical Framework (LF) to supplement such themes. The LF is a project or programme measurement and management tool. It is widely used in the third sector among non-profit and non-governmental organisations (NGOs), foundations and governmental agencies.

The technical note aimed to situate the LF into the broader context of measuring, managing and reporting on performance for third sector organisations. It spoke to a wide audience, which included academics and practitioners, and tried to cultivate informed, rather than textbook, users of performance measurement tools. For our collaboration, I was able to draw upon my recent fieldwork on the LF at Sarvodaya, the oldest and largest NGO in Sri Lanka.

To better understand the needs on the practitioner side, I attended Performance Measurement for Effective Management of Non-profit Organisations (PMNO) co-hosted by HBS and the Harvard Kennedy School of Government (HKS). At PMNO, non-profit leaders explored, through case studies, issues of organisation and sector effectiveness. Here, I had a chance to witness the case study method in action, and was inspired by the level of participant engagement and use of case studies by workshop hosts. Cases, it seemed, provided a concrete example with which participants could compare and contrast their own experiences. For developing the technical note, the PMNO was invaluable, it gave me a better idea of how to engage with and discuss practitioner challenges around third sector performance measurement.

Overall, it was wonderful to work with Alnoor, an established academic and a personable mentor. Special thanks to HBS for being gracious hosts and to the Department of Accounting at LSE for sponsoring the project. Also, many thanks to Allen Grossman (HBS) and Julie Boatright Wilson (HKS), directors of PMNO.

The final version of the technical note is due to be published through Harvard Business Publishing.

Renuka Fernando
PhD in Accounting Student



Taught Programmes: BSc Accounting and Finance



The BSc Accounting and Finance is the largest taught course in the Department, with in excess of 400 students currently registered for the degree. The planned intake is approximately 120 students each year but we often overshoot our target with very well qualified applicants; in 2012, 1,721 students applied for the course which has an entry requirement

of three A grades at A Level or the equivalent in the International Baccalaureate and other qualifications. Although most of our applicants have mathematics as one of their A Level papers, we encourage students who are studying more qualitative subjects to apply. Like the School as a whole, the degree has students from many different countries; in the current year almost 46 per cent are from Asia and almost 38 per cent from the UK, with lesser percentages coming from the rest of Europe, Africa, North America, and elsewhere.

The BSc Accounting and Finance replaced the old BSc (Econ) special subject Accounting and Finance. It continues to be a broadly based degree like the old BSc (Econ) in that students have to take at least two courses in economics and courses in mathematics and statistics, with the opportunity of taking up to three optional courses from those offered in other departments. Moreover, all first and second year undergraduates at the School also have to take the LSE 100 Course: Understanding the Causes of Things, which introduces them to the fundamental elements of thinking as a social scientist by analysing real questions of current public concern and intellectual debate from the perspectives of different disciplines. Some readers might remember how until the late 1970s accounting was not taught until the second year of the BSc (Econ) degree, and there were just three papers in accounting and finance in years 2 and 3. Things have changed a lot since then. Students now have to take a minimum of six papers in accounting or finance and could take up to eight if they choose to forgo two outside options. As well as the compulsory papers Elements of Accounting and

Finance in year 1, Managerial Accounting and Principles of Finance in year 2 and Financial Accounting, Analysis and Valuation in year 3, students must also take at least one further accounting paper, chosen from Management Accounting, Financial Management and Organisational Control and Auditing, Governance and Risk Management, and at least one further finance paper, chosen from Corporate Finance, Investments and Financial Markets and Quantitative Finance.



What has not changed is the approach we take to the teaching of accounting and finance. Although we expect students to master some practical techniques, including, for example, how to apply some of the international accounting standards, we do not offer a course geared towards obtaining exemptions from professional examinations (though some exemptions are available). We try to develop in students an understanding that as a discipline accounting and finance is not only concerned with computational skills but, more importantly, is central to the ways in which management internally, and various stakeholders externally, perceive, understand, and seek to change and control the nature of organisations and the ways in which resources are allocated to and by them. Students are expected to develop an analytical and critical approach; an approach that we hope will stand them in good stead in their future careers.

Students follow a number of different paths on graduating. Many go on to postgraduate study in accounting and finance, or related disciplines, at LSE and at other universities. Others take employment in many different fields, including investment banking, consultancy, professional accountancy and assurance and government and non-government organisations.

Mr Christopher Noke

Senior Lecturer in Accounting
Department Tutor



Have You Considered Finding a Mentor?

LSE's Alumni Professional Mentoring Network can help you connect with alumni in your chosen industry. Perhaps you wonder what a day in a particular job may look like? Would you like to compare notes on companies you might want to work for? These are good questions to ask a mentor!

The LSE Alumni Professional Mentoring Network can be accessed via Houghton Street Online, the alumni portal. If you are interested in contacting a mentor with career development or industry related queries, please get in touch with the Alumni Relations Office to request access to the mentoring online database, which you will be able to query to find a suitable mentor. To request access to the database, drop an email to alumni@lse.ac.uk

Law and Accounting Café – a novel approach to peer-led MSc dissertation development



Corporate Accountability (LL440) is a master's level course delivered collaboratively by the LSE's Department of Law and Department of Accounting.

When faced with the challenge of how to help students with the long essays they write over the summer, the course convener, Dr Yasmine Chahed (pictured), decided to try something new in 2011.

"The plan was not to offer the typical essay workshop, but to create a forum in which students had to give each other feedback on their long essay plans... to address relevant questions in connection with the essays that they were actually writing," says Dr Chahed.

The Law and Accounting Café (L&A Café) was set up following the advice of LSE's Educational Development team and operates according to the principles of the World Café method for facilitating large group dialogue.¹ Students are asked to arrive having prepared their long essay topic and a draft outline of their essay. They then divide into groups and take part in progressive rounds of conversation in which students develop responses to three key learning points, developed by the teachers and printed on A3 sheets left in the middle of each table.

In the first round, they are asked as a group to identify interesting points for each individual's topic. The second round requires students to locate the specific topics within conceptual debates in law and accounting. The third round involves working as a team to identify challenges that could be faced by the researcher of each topic. Several members of the teaching team are on hand to migrate and interact among the groups, facilitating insights and conversation. Refreshments are provided to foster a relaxed and casual setting for discussion.



The A3 sheet template is structured as follows:

- Long Essay Title:** A horizontal box at the top for writing the title.
- Learning point 1: "What"**: A section containing three numbered boxes (1, 2, 3) for discussion.
- Learning point 2: "Why"**: A section containing two boxes labeled "Law" and "Accounting" for discussion.
- Learning point 3: "How"**: A section containing three numbered boxes (1, 2, 3) for discussion.
- Reflect and share**: A horizontal box at the bottom for reflection and sharing.

The progressive structure of the L&A Café format has four key aims. First, to raise student awareness of the components of a good academic argument (Why is the topic interesting from an LL440 point of view and how does it contribute to existing debate?); second, to ensure a higher level of quality in draft plans before the students meet with their dissertation supervisors; third, to indicate to students the benefits of a proactive approach to sustained pieces of work like the long essay; and finally, to show that valuable feedback can come not only from supervisors but also from peers.

Responses from participating students have been very positive. According to one, "the workshop highlighted the importance of delineating the thesis as clearly as possible." Another remarked that the experience was "absolutely brilliant! It was very interactive and allowed us to engage with all the different topics." Tellingly, another student observed that the L&A Café was "deliberately minimalist – a case of less is more." As for Dr Chahed, who has just run the Café for a third time, she sees multiple benefits: "For the students, it highlights alternative ways of thinking about a topic, gaps in the current argument, and specific approaches for improvement... And it's lots of fun, too!"

This article is based on the LSE Teaching Blog Post by Jane Pritchard and material prepared by Jane Hindle and Pon Souvannaseng.

¹ theworldcafe.com/method.html

Student Prizes



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 **H C Edey Prize** was awarded to Daniel Danev (pictured below with Professor Alnoor Bhimani and Mr Christopher Noke) for excellent performance in the BSc Accounting and Finance degree overall.



The **W T Baxter Prize** was awarded to Huong Giang Vu (pictured below with Professor Alnoor Bhimani and Mr Christopher Noke) for excellent performance in the BSc Accounting and Finance degree overall.



The **Mazars AC340 Prize** for excellent performance in AC340 was awarded to Tania Mangalage (pictured below with Shirish Mistry from Mazars LLP).



MSc Accounting and Finance

The **Emeritus Professors' Prize** for outstanding examination performance in the MSc Accounting and Finance was awarded to Matthias Breuer (pictured below left) and Harris Zaman (pictured below right).



MSc Accounting, Organisations and Institutions

The **Anthony G Hopwood Prize** for outstanding examination performance in the MSc Accounting, Organisations and Institutions was awarded to Timotius Kasim and Juliane Schoeningh (pictured below).



Graduate Teaching Assistants Award

This year's Department of Accounting Graduate Teaching Assistants (GTA) award for teaching based on student feedback has been awarded to Imran Malik and Jonathan Ashong-Lampthey (pictured below), who are both guest teachers on the AC100 course. The prizes are awarded annually by the LSE Teaching and Learning Centre.



Imran Malik



Jonathan Ashong-Lampthey

LSE Student Union Teaching Awards

Two faculty members in the Department, Andrea Mennicken and Wim Van der Stede, were nominated for the LSE Student Union Teaching Awards. The LSESU Teaching Awards are the only awards within the School where the nominations come entirely and directly from the students. To receive this nomination is an expression of the students' gratitude for Andrea and Wim's inspiring teaching, and recognises them as among the outstanding teachers within the School.



Andrea Mennicken



Wim Van der Stede

The MSc Accounting, Organisations and Institutions Society



I very much enjoyed being President of the MSc Accounting, Organisations and Institutions (AOI) Society for the 2012/13 academic year. It really offers a unique opportunity to participate in and arrange events, both academic and social, that enhance the AOI student experience. During this past year we were fortunate enough to have two fantastic guest

speakers, Alison Thomas, the Global Head of Research for PricewaterhouseCoopers, and Peter Holgate who is a Visiting Professor in the Department of Accounting, and a Senior Accounting Technical Partner of PricewaterhouseCoopers. These two speakers gave us the opportunity to relate all the theory we learned in the classroom to the "real" business world, and see how some of the themes and topics we were discussing in class really play an important role in the accounting field in practice. It was also a wonderful experience to be able to ask questions and discuss various topics with people with such a vast amount of knowledge in their respective areas of expertise. It also allowed us to take a look into the future of accounting, and get a peek at the current "hot topics" as well as what will be of importance in the future.

In addition to the academically stimulating events we were also able to enhance our social experience at LSE with various gatherings exclusively for society members. These included a



pub meet up at George V on campus, as well as two dinners in the Lent and Summer terms. The social aspect of the Society is something I hope the next cohort will develop even further, as I feel it is a great way to get to know your classmates outside of an academic setting.

In short, the AOI Society is definitely something that adds to the AOI experience, both from an academic and social standpoint, and I very much hope it will be continued next year.

Sarah Ann Slater

MSc Accounting, Organisations and Institutions Society
President 2012/13

Academic Highlights

Dr Vasiliki Athanaskou

Presentations:

Earnings Quality and Corporate Governance, Cardiff University, University of Edinburgh, Bristol University and King's College London

Visits:

Fuqua School of Business at Duke University (April 2013)

Dr Gerben Bakker

Presentations:

Lecture at the Summer School of the European Historical Economics Association, Madrid

Speaker and panellist at *The Role and Significance of Brands in a Market Economy*, an industry event at the Institute of Directors (London) organised by the Institute of Economic Affairs

Soft Power: The Media and Creative Industries in Britain since 1870, Business History Conference, Ohio (March 2013)

Publications:

How Motion Pictures Industrialized Entertainment, *Journal of Economic History* (2012) 72(4): 1036-1063

The Quality Race: Feature Films and Market Dominance in the United States and Europe in the 1910's, in S Neal (ed.), *The Classical Hollywood Reader*, Routledge (2012)

Soft Power: The Media and Creative Industries in Britain since 1870, *The Cambridge Economic History of Modern Britain*, Cambridge University Press, 4th edition (forthcoming)

Professor Alnoor Bhimani

Publications:

The Role of Financial Accounting, Macroeconomic and Non-Financial Information in Bank Loan Default Timing Prediction (with M Gulamhussen and S Lopes), *European Accounting Review* (forthcoming)

Cost Management in the Digital Age, in F Mitchell, H Norreklit and M Jakobsen (eds.), *The Routledge Companion to Cost Management*, Oxford: Routledge (2013)

Strategic Finance, London: Strategy Press (2013)

Presentations:

Globalisation and Technological Change: Implications for Accounting, Keynote, UK-China Business Finance Forum at House of Lords, London (October 2012)

Issues in Global Management Accounting and Control Research, 9th International Accounting Research Symposium, Madrid (June 2013)

Professor Michael Bromwich, Emeritus

New appointments:

Elected Honorary Treasurer of Disability Rights UK (January 2013)

Presentations:

Management Accounting: the Optimization of Management Control Systems, Plenary, 8th Asia-Pacific Management Accounting Association Conference, Xiamen University, China (November 2012)

Visits:

University of Sydney Business School (August 2012)

Dr Stefano Cascino

Publications:

The Use of Information by Capital Providers, ICAS-EFRAG Research Report (with M Clatworthy, B García-Osma, J Gassen, S Imam, and T Jeanjean) (2013)

Presentations:

The Use of Information by Capital Providers (with M Clatworthy, B García-Osma, J Gassen, S Imam, and T Jeanjean), European Financial Reporting Advisory Group, Brussels (2012) and Financial Reporting Council Academic Panel, London (2013)

Global Earnings Management in Multinational Corporations (with C Beuselink, M Deloof and A Vanstraelen), AAA FARS Midyear Meeting, San Diego (2013), and the European Accounting Association Annual Congress, Paris (2013)

What Drives the Comparability Effect of Mandatory IFRS Adoption? (with J Gassen), Maastricht University (2013)

Dr Yasmine Chahed

Publications:

Reporting Executive Pay: Why so Complex? (with L Goh), *Risk & Regulation* 24 (2012)

Presentations:

Translations in Regulatory Space, Indiana Journal of Global Legal Studies (IJGLS) Conference, Istanbul (May 2013)

Actors and Processes in Corporate Disclosure: Evidence from Remuneration Reporting (with L Goh), King's College London (June 2013)

Dr Lei Chen

Presentations:

Local institutions, Audit Quality, and Financial Fraud of US-listed Foreign Firms, Annual Journal of Contemporary Accounting & Economics Symposium, Hong Kong Polytechnic University (January 2013)

Dr Omiros Georgiou

Presentations:

Competing Rationalities in UK Investors' and Analysts Perspectives on Fair Value Accounting, European Accounting Association Annual Congress, Paris (May 2013)

Dr Martin Giraudeau

Presentations:

Organizing the Future: Business Planning Guidebooks in the United States (1940-2010), Rosnano workshop, European University in Saint Petersburg (October 2012) and Centre for Business History, Copenhagen Business School (February 2013)

Discussion of Mary Poovey on *The Turn to the Future in Economics*, Futurepol seminar, Sciences Po, Paris (January 2013)

Entrepreneurial Formula: Business Plans and the Formation of New Ventures (with L Doganova), Centre de Sociologie de l'Innovation, Mines ParisTech (January 2013)

Inclined Plan(e)s, Bruno Latour's AIME workshop on Organisation, Sciences Po, Paris (April 2013)

Dr Lisa Goh

Publications:

Directors in Financial Institutions (with A Gupta) in S Boubaker, BD Nguyen, DK Nguyen (eds.), *Corporate Governance: Recent Developments and New Trends*, London: Springer (2012) (2): 181-202

Dr Matthew Hall

Publications:

Evaluation Logics in the Third Sector, *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, London: Springer (forthcoming)

How Experts Gain Influence (with A Mikes and Y Millo), *Harvard Business Review* (July-August 2013) 91 (7-8): 70-74

Presentations:

How do Risk Managers become Influential? A Field Study of Toolmaking and Expertise in Two Financial Institutions (with A Mikes and Y Millo), Contemporary Accounting Research Conference, Ottawa (October 2012)

Taking Appropriate Measures: The Emergence and Reconfiguration of the Social Return on Investment Valuation Methodology (with E Barman and Y Millo), Monash University (March 2013)

How do Accounting Methods get taken up by Government? Social Return on Investment in UK Public Policy (with Y Millo), CSEAR Congress on Social and Environmental Accounting Research, Montpellier (May 2013)

Managing Conflicts in Organizational Identity: A Case Study of a Welfare NGO, EIASM Challenges of Managing the Third Sector Workshop, Lund (June 2013)

Conference organisation:

Accounting, Organizations and Society workshop on *Accounting, Non-Governmental Organizations and Civil Society* (with D Lewis and B O'Dwyer), LSE (December 2012)

Management Accounting as Social and Organisational Practice (with A Hansen and M Messner), Copenhagen (April 2013)

Academic Highlights

Professor Bjorn Jorgensen

New appointments:

AAA FARS Financial Reporting Policy Committee

Publications:

Interactive Discretionary Disclosures (with MT Kirschenheiter), *Contemporary Accounting Research* (2012) 29(2): 382-397

Earnings Dispersion and Aggregate Stock Returns (with J Li and G Sadka), *Journal of Accounting and Economics* (2012) 53(1-2): 1-20

Fat Tails, VaR and Subadditivity (with J Danielsson, G Samorodnitsky, M Sarma, and CG de Vries), *Journal of Econometrics* (2013) 172(2): 283-291

Implications of the Integral Approach and Earnings Management for Alternate Annual Reporting Periods (with KA Gunny and J Jacob), *Review of Accounting Studies* (forthcoming)

The Shapes of Scaled Earnings Histograms are Not Due to Scaling and Sample Selection: Evidence from Distributions of Reported EPS (with YG Lee and SK Rock), *Contemporary Accounting Research* (forthcoming)

Presentations:

Early Evidence from Canadian Firms' Choice Between IFRS and US GAAP (with B Burnett, E Gordon and C Linthicum), Emory University (September 2012) and 7th Tel Aviv International Conference in Accounting (June 2013)

Flexibility In Cash Flow Reporting Classification Choices under IFRS (with E Gordon, E Henry, and C Linthicum), Boston College (October 2012)

Public Equity and Audit Pricing in the U.S. (with B Badertscher, S Katz and W Kinney, Jr.), University of Texas and University of Melbourne (April 2013)

The Economic Consequences of Losing or Gaining Foreign Private Issuer Status (with B Burnett and T Pollard), The Hong Kong Polytechnic University (April 2013)

Dr Liisa Kurunmäki

Publications:

Calculating Failure: The Making of a Calculative Infrastructure for Forgiving and Forecasting Failure (with P Miller), *Business History* (forthcoming)

Professor Richard Macve, Emeritus

Publications:

Contesting the Indigenous Development of "Chinese Double-entry Bookkeeping" and its Significance in China's Economic Institutions and Business Organization before c.1850 (with K Hoskin), *LSE Economic History Working Papers* (2012) 160(12)

"Trading Places": A UK (and IFRS) Comment, *Accounting, Economics and Law – A Convivium* (forthcoming)

Presentations:

Accounting and Auditing from Ancient Mesopotamia to Modern China – A "Reduced" History, Keynote, British Accounting and Finance Association South West Regional Conference, Aberystwyth University (September 2012)

Some Powerful Myths about Double-Entry Bookkeeping (with BS Yamey), "Working it Out": A Day of Numbers in Early Modern Writing, Birkbeck University of London (May 2013)

The Development of Chinese Accounting and Bookkeeping: Insights from the Tong Tai Sheng Business Account Books (1798-1850) (with WP Yuan and D Ma), AAA Annual Meeting, Anaheim (August 2013)

Dr Andrea Mennicken

New appointments:

European Accounting Review, Associate Editor

Accounting, Organizations and Society, Editorial Board

Accounting, Auditing and Accountability Journal: Valuation Studies, Advisory Board
European Accounting Association Annual Congress, Paris (May 2013), Scientific Committee

Publications:

Too Big to Fail and Too Big to Succeed: Accounting and Privatisation in the Prison Service of England and Wales. *Financial Accountability & Management* (2013) 29(2): 206-226

Auditing and Corporate Governance (with M Power), in M Wright, DS Siegel, K Keasey and I Filatotchev (eds.), *The Oxford Handbook of Corporate Governance*, Oxford University Press (2013) (14): 308-327

Presentations:

Too Big to Fail and Too Big to Succeed: Accounting and Privatisation in the Prison Service of England and Wales, University of Bielefeld, ESSEC, and Stockholm University

Conference organisation:

Emerging Scholars Colloquium of the Interdisciplinary Perspectives on Accounting Conference (with M Messner), Cardiff (July 2012)

Joint workshop for LSE and Innsbruck PhD students in Accounting (with S Jordan), Innsbruck University (March 2013)

Professor Peter Miller

Publications:

Accounting, Organizations and Economizing: Connecting Accounting Research and Organization Theory (with M Power), *Academy of Management Annals* (2013) 7(1): 557-605

Calculating Failure: The Making of a Calculative Infrastructure for Forgiving and Forecasting Failure (with L Kurunmäki), *Business History* (forthcoming)

Dr Julia Morley

Presentations:

Sequences of Change: The Influence of Financial Economics on Financial Reporting, Henley Business School (January 2013)

Standardising the Social, Accounting, Organisations and Institutions Research Seminar, LSE (February 2013)

Social Enterprise – Where Could You Be?, Deloitte (April 2013)

The Influence of Financial Economics on Accounting Valuation, Bath University (February 2013) and European Accounting Association Annual Congress, Paris (May 2013)

Looking for the Boundaries of Accounting, Copenhagen Business School (June 2013)

Dr Tommaso Palermo

Publications:

Risk Culture in Financial Organisations – An Interim Report (with M Power and S Ashby) (2012)

The L'Aquila Earthquake Case is Not "Science on Trial" (with J Etienne), LSE EUROPP blog post (2012)

Presentations:

Risk Culture in Financial Organisations – Preliminary Results (with M Power and S Ashby), European Risk Research Network Conference, Luxembourg (September 2012)

Risk Culture in Financial Organisations – An Interim Report (with M Power and S Ashby), Chartered Insurance Institute, London (November 2012)

The Interdependencies between Management Control and External Accountability – A Case Study, Conference on New Directions in Management Accounting, Brussels (December 2012)

Mr Dane Pfleuger

Presentations:

Quality Improvement and the Making of a New Professionalism in Healthcare, Copenhagen Business School (October 2012)

Visits:

Copenhagen Business School (October 2012)

Professor Peter Pope

Publications:

Mandatory IFRS Adoption and Institutional Investment Decisions (with A Florou), *The Accounting Review* (2012) 87(6): 1993-2025

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

Academic Highlights

Professor Michael Power

New appointments:

ESRC Enterprise Research Centre, Advisory Board

Member of the Risk, Trust and Relationships Programme Advisory Group for the Joseph Rowntree Foundation

Publications:

Accounting, Organizations and Economizing: Connecting Accounting Research and Organization Theory (with P Miller), *Academy of Management Annals* (2013) 7(1): 557-605

Presentations:

Risk Culture in Financial Organisations (with S Ashby and T Palermo), Institute of Actuaries Conference on Enterprise Risk Management (February 2013)

Searching for Risk Culture in Financial Organizations, Management Accounting Research Group Conference, LSE (April 2013)

Awards:

Honorary Doctorate in Social Science, University of Uppsala (January 2013)

Dr Rita Samiolo

Presentations:

Reconstructing the State as a Rational Actor: Venice, World Models and Governmentality, Strategy, Organizations and Society (SOS) Research Group, Newcastle University Business School (January 2013)

Fixing Nature and the Economy: The Controversy over the Flood Protection Scheme for Venice, Fluid Uncertainty workshop, LSE Cities (April 2013)

Dr Ana Simpson

Publications:

Does Investor Sentiment Affect Earnings Management?, *Journal of Business Finance & Accounting* (forthcoming)

Presentations:

Market Reaction to Analyst Rounding, European Accounting Association Annual Congress, Paris (May 2013), University of Queensland Business School, University of Melbourne and University of New South Wales (July 2013)

Dr Ane Tamayo

New appointments:

Journal of Business Finance & Accounting, Associate Editor

European Accounting Review, Editorial Board

European Accounting Association Doctoral Colloquium, Paris (May 2013), Faculty

Publications:

Equity Analysts and the Market's Assessment of Risk (with D Lui and S Markov), *Journal of Accounting Research* (2012) 50(5): 1287-1317

The Impact of Corporate Social Responsibility on the Value of the Firm Revisited (with H Servaes), *Management Science* (2013) 59(5): 1045-1061

Presentations:

University of Cambridge, University of Cyprus

Professor Wim A Van der Stede

New appointments:

Oxford Scholarly Research Reviews, Editorial Board
AAA President's *Seeds of Innovation* Task Force (2012/13), Member
AAA President's *Global Engagement* Task Force (2013/14), Member

Publications:

Management Control Systems: Performance Measurement, Evaluation and Incentives (with K Merchant), London, UK: Financial Times, 3rd edition (2012)

Governance Culture in the Boardroom, *Management Control & Accounting* (February 2013) (1):10-13

Review of *Discretion in Managerial Bonus Pools*, *Accounting Review* (2013) 88: 351-354

Discussion of *The Role of Performance Measures in the Inter-temporal Decisions of Business Unit Managers*, *Contemporary Accounting Research* (forthcoming)

Earnings Targets and Annual Bonus Incentives (with R Indjejikian, M Matejka and K Merchant), *Accounting Review* (forthcoming)

Presentations:

HEC Paris, ESCP Paris, Münster University, University of Toronto, Tinbergen Institute

Plenaries at Erasmus Accounting & Assurance Symposium, Rotterdam (September 2012); European Accounting Association Doctoral Colloquium, Paris (May 2013); Global Management Accounting Research Symposium (GMARS), Michigan (June 2013)

Departmental Activities 2012/13

Accounting Research Forums

10 October 2012

Steven Young

Lancaster University

Valuation Accuracy and Crossborder Accounting Comparability: The Impact of Mandatory Adoption of International Financial Reporting Standards

14 November 2012

Illia Dichev

Emory University

Earnings Quality: Evidence from the Field

5 December 2012

Paul Coram

University of Melbourne

Earnings Management Decisions: The Role of Economics and Ethics

20 February 2013

Christian Leuz

University of Chicago

Mandatory IFRS Reporting and Changes in Enforcement

20 March 2013

Gilles Hilary

INSEAD

Does Accounting Conservatism Impede Corporate Innovation?

1 May 2013

Don Moser

University of Pittsburgh

Information Policies, Collusion and Honour Among Thieves

Brown Bag Seminars

26 September 2012

David Veenman

Erasmus School of Economics

Forecast Uncertainty, Earnings Management, and Zero or Small Positive Earnings Surprises

16 October 2012

Andrea Ballesterio

Rice University

Prices as Political Devices: Water, Human Rights and Calculation in Costa

24 October 2012

Karthik Ramanna

Harvard Business School

The Auditing Oligopoly and Lobbying on Accounting Standards

22 November 2012
Amir Amel-Zadeh
 University of Cambridge
Great Expectations: Managerial Earnings Forecasts in Mergers and Acquisitions

30 January 2013
Richard Macve, Mike Power, Zsuzsanna Vargha
 LSE
Insurance Accounting Workshop

5 February 2013
Benjamin Lemoine
 Centre for the Sociology of Organisations, Sciences Po, Paris
The Naturalisation of the French Sovereign Bond Market Money and Treasury Devices Shaping the Public Debt Problem

6 February 2013
Anna Young
 University of Sydney
The Multiple Forms of ESG Integration in Investment

20 March 2013
Terhi Chakhovich
 Turku School of Economics
Breaking the Myth of Long-Term Compensation

29 April 2013
Woody Powell
 Stanford University
The Emergence of Organizations and Markets

14 May 2013
Luminita Enache
 Victoria University of Wellington
Corporate Governance, Product-Related Voluntary Disclosure and Analyst Earnings Forecasts

21 May 2013
Sebastian Botzem
 Social Science Research Center Berlin
Transnational Standard Setting in Accounting: Organising Expertise-Based Self-Regulation in Times of Crises

Department of Accounting Visitors

Paul Coram
 September – December 2012
 University of Melbourne

David Smith
 November – December 2012
 April – May 2013
 Monash University

Prabhu Sivabalan
 January – February 2013
 University of Technology, Sydney

Anna Young
 February 2013
 University of Sydney

Josep Bisbe
 February – June 2013
 ESADE

AC100 Peer Tutors Dinner

The AC100 peer tutor scheme is where second and third year undergraduates from the Students' Union Accounting Society (former AC100 students) are trained and certified to teach and help students navigate through the course in informal and fun weekly help sessions. On top of study support, the scheme offers peer tutors practice in leadership and soft skills and adds to their CV. This approach is now considered a role model for other courses at LSE.



The peer tutor scheme integrated the existing AC100 homework sessions that were organised independently by the LSE-SU Accounting Society to the course support structures, thereby formally recognising and encouraging the valuable voluntary work of the Accounting Society members. In order to thank and recognise the hard work of the peer tutors that volunteer in this role, the Department of Accounting paid for a dinner for them at SUDA Thai Restaurant in November 2012.

Faculty

Dr Vasiliki Athanasakou *Lecturer in Accounting*

Dr Gerben Bakker *Senior Lecturer in Economic History and Accounting (joint with Economic History)*

Professor Alnoor Bhimani *Professor of Management Accounting*

Professor Michael Bromwich *CIMA Professor of Accounting and Financial Management, Emeritus*

Dr Stefano Cascino *Lecturer in Accounting*

Dr Yasmine Chahed *Lecturer in Accounting*

Dr Lei Chen *LSE Fellow*

Dr Pascal Frantz *Lecturer in Accounting and Finance*

Dr Omiros Georgiou *LSE Fellow*

Dr Martin Giraudeau *Lecturer in Accounting*

Dr Lisa Goh *Lecturer in Accounting*

Dr Matthew Hall *Reader in Accounting*

Professor Bjorn Jorgensen *Professor of Accounting and Financial Management*

Dr Liisa Kurunmäki *Reader in Accounting*

Professor Richard Macve *Professor of Accounting, Emeritus*

Dr Andrea Mennicken *Senior Lecturer in Accounting*

Professor Peter Miller *Professor of Management Accounting*

Dr Julia Morley *Lecturer in Accounting*

Mr Christopher Noke *Senior Lecturer in Accounting, Departmental Tutor*

Dr Tommaso Palermo *Lecturer in Accounting*

Mr Dane Pfluger *LSE Fellow*

Professor Peter Pope *Professor of Accounting*

Professor Michael Power *Professor of Accounting*

Dr Rita Samiolo *Lecturer in Accounting*

Dr Ana Simpson *Lecturer in Accounting*

Dr Ane Tamayo *Reader in Accounting*

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

Visiting Fellows and Professors

Dr Elena Beccalli *Visiting Senior Fellow in Accounting*

Professor Jennifer Francis *Visiting Professor in Accounting*

Professor Joanne Horton *Visiting Senior Fellow in Accounting*

Peter Holgate *Visiting Professor in Accounting*

Professor Wayne Landsman *Visiting Professor in Accounting*

Professor John O'Hanlon *Visiting Professor in Accounting*

Professor Martin Walker *Visiting Professor in Accounting*

Professor Joni Young *Visiting Professor in Accounting*

Administrative Team

Yvonne Guthrie *Department Manager*

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

Justin Adams *BSc Accounting and Finance and PhD in Accounting Programme Manager*

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

Sonelle Goddard *Administrator*

Elizabeth Venning *Student Information Centre Assistant*

Leavers, Starters and Promotions

Miguel Lim (Class Teacher) has taken up a new position at Copenhagen Business School

Dr Kazbi Soonawalla (Lecturer in Accounting) has taken up a new position at Said Business School, University of Oxford

Dr Zsuzsanna Vargha (LSE Fellow) has taken up a new position at the University of Leicester

Dr Lei Chen (Maastricht University), **Dr Omiros Georgiou** (University of Essex) and **Mr Dane Pflueger** (fourth year PhD Student in the Department) join us as LSE Fellows

Dr Julia Morley and **Dr Tommaso Palermo** (previously LSE Fellows in the Department), join us as Lecturers in Accounting

Dr Matthew Hall and **Dr Ane Tamayo** were promoted to Reader in Accounting

Professor Bjorn Jorgensen joins us from the University of Colorado

Professor Peter Pope joins us from Cass Business School

LSE Accounting

Magazine of the Department of Accounting at LSE

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