

# LSE Accounting

Magazine of the Department of Accounting at LSE

Issue 6 – 2014/15



- Research excellence success
- Journal events: AOS, MAR, JAPP
- Public lectures: Muhammad Yunus, David Stark
- Research focus: credit ratings, target ratcheting



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of Accounting

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# Accounting Matters



As I was flipping through this edition of the Magazine, the term “sustainability” jumped at me quite a few times, not only on page 2 under the rubric of Accounting for Sustainability (A4S), but also elsewhere.

This should not be surprising as this mirrors developments in the field of accounting and commentaries in the press, where it shows up under such monikers as CSR (Corporate Social Responsibility), ESG (environmental, social, and corporate governance), the three Ps (people, planet and profits – in this or another order), TBL (triple bottom line), and as part of <IR> (integrated reporting), just to name some. Regardless of the terms used, the important thing is that this is something we are following closely, in our teaching and research.

We do this through our characteristic economic, institutional and organisational lenses, and I am pleased that our research has been recognized in the recent Research Excellence Framework (REF 2014) as, well, excellent, not only for articles and books (page 2), but also for Mike Power’s significant impact case study (page 8). It is interesting to note that much of this research’s impact has come about through involvements over the years with our departmental research unit, the Centre for the Analysis of Risk and Regulation (CARR), which under the leadership of Andrea Mennicken and Martin Lodge is brimming with new initiatives and has been successful in attracting funding (pages 6-7). This bodes well for future research impacts.

A new feature of this edition of the Magazine is what we called “research focus” where we highlight some of our research in blog-style. We have one feature on credit ratings by Ane Tamayo (page 4) and one by myself on target ratcheting (page 17). I hope you will find these research summaries indicative of the relevance of our research, an issue I also spoke about at the AAA’s *Journal of Management Accounting Research* panel (page 9).

We have had a busy year with various journal events. We held the *Accounting, Organizations and Society* (page 5) and *Management Accounting Research* (page 12) anniversary conferences, as well as the *Journal of Accounting and Public Policy* annual conference (page 15). Colleagues in the department are very well represented on these journal’s editorial and review boards, as well as on those of various other journals (pages 20-21). We also held the MASOP workshop (page 11), our unique annual mixed academic-practice MARG conference (page 13), and we were very well represented both with PhD students (three) as well as faculty (Peter Pope and myself) on the EAA Doctoral Colloquium at St Andrews (page 14). We also happened to have two journal editors give seminars in our vibrant and diverse seminar and workshop series (page 22).

We had two public lectures, one by Nobel Peace Prize winner Muhammad Yunus (page 3), and one by LSE Centennial Professor David Stark in CARR (page 7). Our very own Peter Miller was awarded an honorary doctorate from Paris Dauphine (page 3), his second honorary doctorate in as many years.

The department wouldn’t be what it is if it weren’t for its excellent students, from undergraduate to graduate to postgraduate. In this Magazine, we have a series of reflections from each about their lives and experiences at LSE (see pages 10, 14, 15, 16). We also have listed the former students who have donated to the department in recent years (pages 23-24), for which we are immensely grateful. It helps us do things that otherwise we would not be able to, benefiting our current students. Some also generously give prizes for outstanding student performance (page 23). But the gift that keeps on giving is seeing nearly 400 students graduate from the department each year, shaped not only by what we taught them, and apparently taught them well judged by the teaching prizes that our faculty have won (page 19), but also significantly by their entire LSE experience (page 18). As I write this, the arrival of the next class of eager, budding young minds is looming. We welcome them, as we do all visitors and friends of the department.

**Professor Wim A Van der Stede**  
Head of Department of Accounting

## Research Excellence Framework

### LSE ranked first in the UK for Business and Management Studies

The LSE Department of Accounting enjoys a strong international reputation for expertise in the economic, institutional and organisational aspects of accounting and financial management, with research focused on accounting, organisations and institutions; financial accounting and capital markets; and management accounting and performance measurement.

The strength of its cross-disciplinary and collaborative approach is evident in the results of the 2014 Research Excellence Framework assessment, to which the Department made a joint submission with the Department of Finance and Department of Management. 48 per cent of the work included in the submission was classed as “world-leading” (4 star), with a further 38 per cent rated “internationally excellent” (3 star), a result that saw LSE ranked first in the UK for Business and Management Studies.

Members of the Department use a variety of approaches to tackle a wide range of research questions, drawing on other areas of social science including economics, finance, history, law, management, organisation studies, and sociology.

In some instances, researchers work closely with faculty from other parts of LSE, including in the Centre for the Analysis of Risk & Regulation (CARR), which the Department houses but which involves faculty from the departments of Government, Law, and Sociology.

In part, the Department’s success derives from its status as a thriving forum for the exchange of ideas, not just among academics but with regulators, such as Ofgem and the Financial Reporting Council; accounting standard setters such as the International Accounting Standards Board; professional bodies, including the Chartered Institute of Management Accountants (CIMA) and the Institute of Chartered Accountants in England and Wales (ICAEW); and UK Government policy-makers. The Department is also committed to academic exchange and practitioner outreach through a combination of workshops, conferences and lectures, as well as contributions to executive education.

These links help ensure the relevance of the Department’s work well beyond academia. Widely-cited CARR research carried on “risk culture” has helped UK and international organisations (including the NHS) adopt more effective auditing and risk management processes. CARR has also supported the development of proposals for audit reform in the UK, Canada and the Netherlands in the wake of the financial and economic crisis.

The Department has recently invested heavily to expand its faculty to further reinforce its reputation for high-quality, relevant research. Current research initiatives, including the use of a capital markets perspective to explore financial reporting, offer exciting opportunities for greater engagement with the international financial sector.

## Finance for the Future: 21st Century Thinking for 21st Century Challenges

**Professor Peter Pope** attended an event on 27 May 2015 hosted by London Business School which was convened by The Prince’s Accounting for Sustainability Project (A4S) and The University of Cambridge Institute for Sustainability Leadership (CISL). The Prince’s Accounting for Sustainability Project (A4S) was established by HRH The Prince of Wales in 2004 to “help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision-making and reporting systems.” A4S convenes leaders in the finance and accounting communities to catalyse a fundamental shift towards resilient business models and a sustainable economy. The University of Cambridge Institute for Sustainability Leadership (CISL) brings together business, government and academia to find solutions to critical sustainability challenges.

HRH The Prince of Wales challenged business schools to do more to prepare students to be effective business leaders in a world facing significant environmental challenges. The event was attended by Deans and leading academics from business schools from around the world. The audience discussed the barriers to making changes, and what tools and methodologies would be needed to embed sustainability into mainstream accounting and finance research and teaching within business schools.

The Department of Accounting has included issues related to sustainability and integrated reporting into its teaching across various courses and is watching recent developments closely.



## LSE Public Lecture: Professor Alnoor Bhimani in conversation with Nobel Peace Prize winner Muhammad Yunus

The third of 14 children, Professor Muhammad Yunus was born in the village of Bathua, Chittagong, Bangladesh. He was educated at Dhaka University and was awarded a Fulbright scholarship to study economics at Vanderbilt University. He then served as Chairman of the Economics Department at Chittagong University before devoting his life to providing financial and social services to the poorest of the poor. He is the founder of Grameen Bank, serving as managing director until May 2011. Yunus is the author of the bestselling *Banker to the Poor*. In October 2006, Muhammad Yunus was awarded the Nobel Peace Prize, along with Grameen Bank, for their efforts to create economic and social development. Muhammad Yunus was awarded an Honorary Degree of Doctor of Science (Economics) by LSE in November 2011. In April 2013 he received the US Congressional Gold Medal.

At the LSE Public Lecture held on 21 November 2014, **Professor Alnoor Bhimani** in conversation with Professor Muhammad Yunus, explored the idea of and prospects for businesses which offer a “return of investment” but no “return on investment”. Professor Yunus explained that Grameen bank has established a number of social businesses including joint ventures with commercial firms such as Danone, Intel, Reebok and BASF. The intent is for these

entities to develop business models that benefit the poor while leveraging their core competencies. Unlike traditional business, Professor Yunus noted that a social business operates for the benefit of addressing social needs that enable societies to function more efficiently. Social business provides a framework for tackling social issues by combining business know-how with the desire to improve quality of life. This opens the doorway to a new dimension for capitalism: a business model that does not strive to maximise profits but instead to serve humanity’s most pressing needs. Within our traditional economic system, Professor Yunus stated that there are two key types of organisations: private sector companies and not-for-profit enterprises. Where both governments and the markets reach their limits, charities may fill the gap. But this system has failed to involve the poor into its economics. A primary feature of a social business is that when the investment is paid back, profits stay with the organisation for expansion and improvement. No dividend is provided beyond the investment outlay. The argument is that for instance, in relation to technology, those who control it seek to maximise profit generation as a principal objective and use technology as their means to achieve this. But technology can also be used to end poverty or combat disease as primary aims for instance. The problem is that the present theoretical framework under which capitalism operates does not allow this option – however the inclusion of social business creates this choice.

The video and audio recording is available on the LSE Public Lectures and Events website.



## Professor Peter Miller awarded Honorary Doctorate at University of Paris-Dauphine

**Professor Peter Miller** was awarded an Honorary Doctorate at the University of Paris-Dauphine on Thursday 4 June. In his presentation at the Ceremony, Professor Berland paid tribute to Professor Miller’s distinctive contribution to the institutional analysis of accounting and his many influential studies of the links among accounting, organising and economising in both the private and public sector. He also noted the impact his work has had on the French academic community. In his response, Professor Miller thanked the University of Paris-Dauphine for the personal honour, and also for the recognition it gives to the institutional and organisational analysis of accounting. He also noted the debt he owes to his colleague and friend Ted O’Leary, who passed away almost exactly one year ago.

# Have Rating Agencies Become More Conservative? Implications for Capital Structure and Debt Pricing

In the wake of the financial crisis, credit rating agencies have come under increasing scrutiny. They have been accused of peddling to the companies and institutions that issue the securities they rate, because the issuers pay their fees in most instances. According to some observers, this conflict of interests led the agencies to relax their standards, resulting in ratings that were too generous relative to the default risk of the securities. Given that many financial institutions made capital allocation decisions based on these ratings, and ultimately failed, rating agencies have, in fact, been accused of causing the crisis. In the light of these statements, we may ask:

## Have credit rating agencies really become more lenient over time?

For corporate credit ratings, the answer is “NO”, as shown in my study with Dr. Baghai (Stockholm School of Economics) and Professor Servaes (London Business School). Using a large panel of corporate bonds rated by S&P over 1985-2009, we find just the opposite: credit rating agencies have become more conservative in assigning corporate credit ratings. Holding firm characteristics constant, average corporate credit ratings dropped by three notches over the period 1985 to 2009; for example, a firm with a AAA rating in 1985 would only qualify for a AA-rating by 2009, while a firm with a BBB rating in 1985 would have lost its investment grade rating 20 years later.

The shift in the distribution of corporate bond ratings towards riskier categories is indeed remarkable; for example, the probability that an average firm would have been rated noninvestment grade (BB+ or lower) was 18.4 per cent in 1985 while the same firm would have had an 81.4 per cent probability of being rated noninvestment grade by 2009. Interestingly, this shift does not seem to be justified by changes in firm characteristics or fundamentals, since we control for such factors in our models. The shift does not seem to be justified by increases in default risk either: studying default rates across ratings categories (hence, holding the rating constant), we find a significant decline in defaults over our sample period, while recovery rates have remained flat. Given these findings, we conclude that the increased stringency in ratings over time (or rating conservatism) seems to be unwarranted.

## Impact of conservatism on capital structure

Did the corporations themselves view this increased stringency as unwarranted? It seems they did, judged by the changes in corporate behavior that we observe over the second period of our sample (1997-2009). In particular, those companies that suffered the most from increased conservatism (ie, those rated more conservatively given their firm characteristics and fundamentals) issued less debt and ended up with lower leverage over time. These companies were also less likely to access the public bond market. Furthermore, firms affected more by conservatism held more cash and experienced slower growth consequently.

## Impact of rating conservatism on debt prices

What did the capital market make of this increased in rating stringency? Interestingly, the market also took the increased stringency into account: firms more affected by conservatism had lower spreads than unaffected firms with the same rating. However, their spreads remained above those that would have prevailed without conservatism, suggesting that capital markets only partially offset the increased interest cost. Despite this partial adjustment, managers still shied away from issuing debt when their ratings seemed too conservative, which suggests that, in their view, the adjustment to interest costs was insufficient, perhaps because (i) some investors are not fully rational and take ratings at face value, and/or (ii) rational investors are learning about the time-variation in conservatism.

## Conclusion

Our study shows that rating agencies have become more conservative over time in their rating of corporate bonds, which has impacted firms' capital structure, cash holdings, growth, and debt spreads. Overall, our evidence is consistent with the view that this increased conservatism of rating agencies is not deemed to be fully warranted.

## Professor Ane Tamayo

Professor of Accounting

*This article is a condensed, modified version of: Baghai, Servaes and Tamayo, 2014, "Have Rating Agencies Become More Conservative: Implications for Capital Structure and Debt Pricing", Journal of Finance vol. 69(5), 1961-2005.*

## Accounting, Organizations and Society turns 40

On 1 and 2 May this year, the Department hosted a conference to mark the forthcoming 40th anniversary of the journal *Accounting, Organizations and Society* (AOS) in 2016. The journal started in 1976 and was founded by Anthony Hopwood who was Editor-in-Chief until his death in 2010. His first editorial opened with the following words on the social significance of accounting:

“Accounting has played a vital role in the development of modern society. To this day it remains the most important formal means of collecting, analysing and communicating information on the financial activities and performance of all forms of organisation. And the terminology and underlying calculus of ‘profits’, ‘costs’ and ‘assets’ continue to exert a profound impact on human consciousness and action.”

These words remain as relevant today as they were in 1976 and continue to inform the agenda of AOS. Over four decades, the journal supported and published a wide ranging and cumulative body of work from many methodological schools with a common focus, namely to understand the social and organisational roles and consequences of accounting. To mark the achievements of the journal, ten papers were commissioned which will be published in 2016. The idea was that each paper would both reflect on, and also develop, key themes from the field of AOS work. In this sense the event was part celebration and retrospection, and part agenda-building for the future.

Over 60 international participants enjoyed ten papers over the two days on audit judgement research; the evolution of management accounting; accounting space and gender; how new accounting systems incept and take hold; the role and contribution of laboratory studies of accounting practice; accounting for sustainability; regulation and earnings management; accounting and decision making;

the entrepreneurialisation of the self and management control; and the history of the roles of accounting in society.

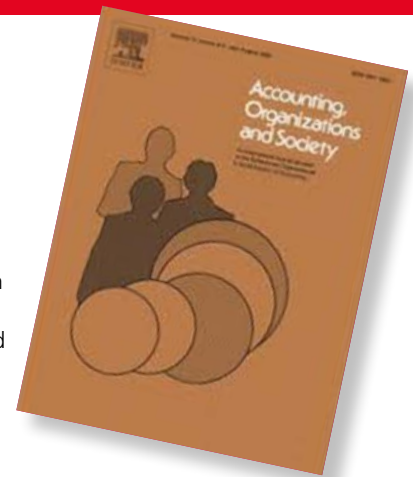
In his welcoming address, **Professor Mike Power**, standing in for **Professor Peter**

**Miller**, paid tribute to Anthony Hopwood’s enduring legacy, and to the great work done by his immediate successor, Chris Chapman, to maintain that legacy while also modernising the editorial process. In addition, he drew attention to the unseen and often unsung work of the many reviewers who support the journal and its standards. The meeting also marked the passing of Ted O’Leary in 2014, whose work with Peter Miller had helped to give AOS, perhaps uniquely among accounting journals, a significant footprint in the wider social sciences. Relatedly, Keith Robson, AOS Editor-in-Chief elect, in concluding the proceedings, drew attention to the key contribution of “accounting outsiders” like Jim March and John Meyer to the fortunes of AOS over the years, both directly in their publications and also by virtue of their more general support.

The Department of Accounting at LSE was strongly represented at the event. Amongst our faculty, we currently have an Editor and five members of the AOS editorial board – the largest representation from any single institution – and we look forward to supporting the journal in the coming decades.

**Professor Michael Power**

Professor of Accounting



## Professor Wim A Van der Stede participates in AAA President’s luncheon speech at the Annual Meeting in Chicago

The American Accounting Association’s President Bruce Behn invited **Professor Wim A Van der Stede**, together with Diana Falsetta (University of Miami) and Robert S Kaplan (Harvard Business School) to participate in the Wednesday luncheon session at the AAA Annual Meeting in Chicago. Bruce wanted “to do something different this year to start the 100th anniversary celebration of the AAA,” and changed

the format of his inaugural President’s luncheon slot to reflect with Diana, Bob and Wim on how the AAA has helped their professional career; to comment on what have been some important changes in the profession; and to ponder how the AAA will be able to help members in the next 100 years. The lunch was attended by about 800 AAA members.

# Centre for the Analysis of Risk and Regulation

## Regulation in Crisis?

Regulation has been at the forefront of much contemporary policy debate – whether it is because of the meltdown of financial markets, healthcare scandals, regular food-related scares, the risks posed by climate change, or concerns about the safety of large-scale industrial installations. In view of such crises, failures and global regulatory challenges, it is time to reconsider the regulatory agenda. One of CARR's central research interests lies in the study of organisational and system crises. To address highly pressing governance challenges of the early 21st century, CARR has launched a three-year seminar series on "Regulation in Crisis?", supported by the Economic and Social Research Council, the UK's social science funding body. With this series, CARR aims to establish itself as the leading international venue for the debate about the future shape of regulation across sectors and disciplines.

"Regulation in Crisis?" engages with three related concerns. One is a general interest in sectors that are in crisis. Whether it is the financial crisis or the horsemeat scandal in food, there is a perception that regulated sectors have undergone several moments of crisis in recent years. Different crisis trajectories, especially in the varied ways in which regulation has been employed, removed or frustrated across sectors and national and international experiences, are therefore of central interest to this seminar series.

A second central concern is whether regulation as a set of approaches and instruments is itself in crisis. Experiences of sectoral crisis have given rise to concerns about the viability of particular regulatory approaches. Regulatory approaches that may have received widespread support in earlier decades, such as light-touch regulation, have come under widespread public and political criticism. Elsewhere, the lure of risk-based regulation seems unchanged, regardless of its own contribution to diverse crises. This seminar series therefore seeks to develop a better understanding of the dynamics underpinning different regulatory interventions.

A third central interest is in questioning whether regulation as a field of study is in crisis. How has scholarship responded to the experiences of the financial (and other) crises and have the experiences of crisis challenged the way in which regulation has been studied across different disciplines? The aim of this seminar series therefore is to engage a network of scholars in developing the research agenda for the coming decades.

Finally, the title "Regulation in Crisis?" also raises a more fundamental question, namely whether the title should feature the "?" in the first place.

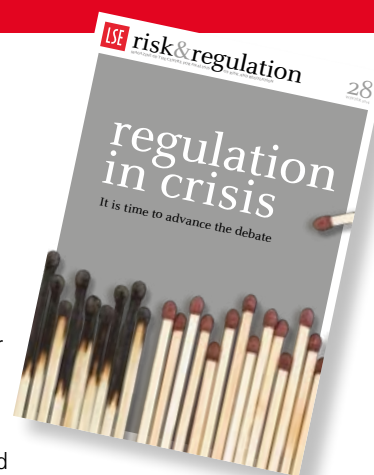
Over the past year, CARR has organised a number of events that brought together leading scholars, highly promising early career researchers and leading practitioners to consider the above outlined concerns and other key questions that will shape the ways societies will be governed in coming decades.

## So what have we learnt?

The launch session, in December 2014, featured panels that brought together international academics and practitioners to consider crisis across regulated sectors, regulated industries and regulatory scholarship. These initial discussions were deepened in a set of themed workshops. In terms of sectors in crisis, a one-day workshop on the regulation of higher education focused on the changes in the wider landscape of higher education, especially issues connected to changes in funding models. One particular question focused on whether risk-based regulation was a promising avenue for the future conduct of regulation of university teaching, standing side-by-side with the evolving (and usually separate) regimes governing research. This workshop, bringing together leading academics, opinion-shapers and practitioners, highlighted the challenges for regulation in a sector that is not just in a state of flux, but also witnessing diversification of provision and internationalisation of competition.

A sector "in crisis" was also at the heart of a second workshop which focused on the regulation of standards in public life. In a public roundtable, leading practitioners and academics considered not just whether the US was leading the way in the style of ethics regulation, but whether regulation was also having undesirable side-effects, such as deterring careers in the public service. There was evidence of cross-national similarities in which ethics regulation evolved in response to scandal, but there were some disagreements as to whether observed cross-national differences reflected distinct national patterns, or whether the UK experience was quickly catching up with the more rules-based approach characterising the US experience. This lively debate was held amongst Lord Bew (Parliamentary Commissioner for Standards), Walt Shaub (Director of Government Ethics in the White House), Richard Painter (former chief ethics lawyer to the US President), Gillian Peele (University of Oxford) and Denis Saint Martin (University of Montreal).

A further workshop focused on a central characteristic of contemporary regulation, namely the independent agency. In order to explore the ways in which the "template" of an independent regulator had been transformed, the workshop considered agencies in the context of political and economic transition countries (such as Spain, Turkey, the Western Balkans) and then how understandings of independence and expertise had changed over time. Finally, the workshop also considered how regulatory agencies dealt with other agencies, especially in the context of multi-level interactions. Taken together, this workshop highlighted the importance of informal understandings, changing contextual conditions and differentiated demands from the political world. As the focus has moved from the study of formal structures to actual behaviours, different theoretical interests have become more prevalent, such as those emphasising the importance of reputation.





The jury is still out as to whether it is Regulation in Crisis without a “?”. The lively discussions highlight that there is most certainly no crisis in debating the future of regulation. CARR will continue the seminar series in the coming academic year to further advance the interchange between academic and practitioner interests in regulation.

### **TransCrisis – transboundary crisis management capacity**

CARR is the co-ordinating lead partner in a recently launched consortium that brings together five international universities (Utrecht, IBEI, CEU, Stockholm and Catania), a think tank (ThinkTank Europa, Copenhagen) and a consultancy (Crisisplan, Netherlands). This project is financed under the Horizon2020 funding scheme by the European Commission.

The central aim of this project will be to explore the transboundary crisis management capacity within the EU’s multi-level governance system. To do so, different work packages will look at the crisis management capacities at different levels, across and within different organisations, as well as in the contexts of different types of crisis. The CARR-led research work package will focus on the

interaction between EU and national-level capacities to deal with crises in four distinct areas – financial crisis (banking supervision), social crisis (youth unemployment), environmental crisis (invasive species) and infrastructure crisis (energy networks). Other projects involve the computer-aided analysis of political leaders’ speeches and their impact on public opinion, the study of the resources of different EU-level institutions, or the concern with the propensity of member states to deviate from Treaty commitments, especially in the area of civil rights. Apart from producing academic work, the project will develop a crisis capacity index to inform public debate. Further information can be found on the TransCrisis website: [www.transcrisis.eu](http://www.transcrisis.eu)

### **Professor Martin Lodge and Dr Andrea Mennicken**

Director and Deputy Director of CARR



## **CARR Public Lecture LSE Centennial Professor David Stark**

In May 2015, CARR hosted in association with the Departments of Accounting and Sociology a public lecture with LSE Centennial Professor David Stark entitled “Challenging the smooth flow to calamity: how ethnic diversity deflates price bubbles”.

If there is one thing about which economists and sociologists agree, it is that friction is bad. Think of how often we hear of the importance of the “smooth flow of information.” The pop sociology version is “let’s all get together and iron out our differences.” But we know that friction is not always a bad thing. On a snowy, icy road no-one wants things to be smooth. Market bubbles are like that too smooth, icy road.

In this LSE public lecture David Stark, inter alia, drew on results from a study that he and his colleagues designed to test the role of ethnic diversity in deflating price bubbles. They created experimental markets where people versed in finance traded with other people for real money. The markets were identical except that some markets were ethnically homogenous and some were diverse. They found that ethnic homogeneity promotes conformity. Surrounded by people “like ourselves,” we can become overconfident in our judgements. We process information poorly. Ethnic diversity disrupts conformity. It leads to better information processing and less mispricing.

David Stark is Centennial Professor at the London School of Economics and Political Science (CARR) and the Arthur Lehman Professor of Sociology and International Affairs at Columbia University. He was named Guggenheim Fellow in 2002 and has been a visiting fellow at L’École des Hautes Études en Sciences Sociales in Paris; the Max Planck Institute for the Study of Societies in Cologne and many other centres for advanced study. He has published widely in sociology, including *The Sense of Dissonance: Accounts of Worth in Economic Life*, Princeton University Press 2009.

### **Dr Andrea Mennicken**

Deputy Director of CARR



## Impact Case Study

### Reforming Auditing and Risk Management to Improve Governance



LSE research on auditing and risk management has influenced organisations ranging from financial institutions to the United Nations

#### What was the problem?

Auditing plays a key role in ensuring that organisations are properly run and performing well by confirming their claims about their financial position and ensuring the integrity of the systems behind those claims.

In recent years there has been an explosion in the use of auditing as a form of governance and control – a significant expansion beyond auditing’s historical role as a neutral process of gathering, evaluating and presenting evidence on organisational performance and status.

#### What did we do?

LSE Professor of Accounting **Michael Power** was the first to identify this trend in his highly influential Demos paper, *The Audit Explosion*, and in his book, *The Audit Society: Rituals of Verification*.

In his research Power had found that this expansion in auditing was the result of a transformation in the nature of governance, away from the traditional forms of direct governance and towards indirect governance through regulatory bodies and self-control practices within organisations.

Auditing practices were, in effect, becoming a force for unintended change. Quantitative measures of performance were being instituted to make organisations “auditable” and “inspectable” and in the process were forging a deep link between performance culture and audit culture.

Power looked at the effects of this imperative to “make things auditable” on organisations and the individuals working in them. He showed that whereas Value-for-Money auditing was meant to produce a focus on outcomes and policy effectiveness, in reality it tended to focus organisational attention and effort on measurable outputs and cost efficiency.

This imperative also led to the explosion of risk management in the 1990s and to what many practitioners have referred to as a “box-ticking” culture. Power found that organisational control systems were being transformed into risk management systems, and that these were being made into more public and auditable objects through the imposition of regulatory regimes.

As a result, organisations were being turned “inside out” and becoming more vulnerable to reputational damage in external environments. This development was not a reflection of an actual increase in the risks being faced by organisations, but rather the rise of the “risk management of everything” and of accountability as a vehicle for assigning blame.

Power argued that the “risk management of everything” was not only not as functional as practitioners believed, but actually reckless and epistemologically flawed. It focused on easily auditable risks and ignored those that were difficult or complex. It also focused on organisations as entities and ignored the interconnection risks existing between organisations. The validity of Power’s observation became even more apparent during the financial crisis. Here is a quote:

“The Audit Society has been very influential in our thinking and in Treasury thinking. I was seconded to Lord Sharman’s Review of Audit and Accountability for central government and I know at that time and in the subsequent discussions that the National Audit Office had with Treasury, [that] several ideas from the book shaped the agenda.”

Jeremy Lonsdale, Director of Value-for-Money,  
National Audit Office

#### What happened?

##### Auditing

Power’s research influenced the policy debate and led to changes in the way that performance auditing is carried out both in the UK and in other jurisdictions.

Power gave evidence to the inquiry into the banking crisis conducted by the House of Commons Treasury Committee. He was explicitly named in the Committee’s recommendation that the Financial Reporting Council, the UK’s independent regulator responsible for promoting high quality corporate governance, should require auditors to use a graduated scale of concerns in their official audit reports.

He also gave evidence to the inquiry conducted by the House of Lords Committee on Economic Affairs into the auditing sector, which examined concerns about market concentration and about the scope, relevance, quality and regulation of traditional audits.

These activities led directly to participation in discussions about audit report reform at the Auditing Practices Board of the Financial Reporting Council, which resulted in a new policy focus on audit committee reporting. Power was also an advisor to the Department of Business Innovation and Skills (BIS), which drew on his work in their audit reform proposals.

Power's work has directly shaped the reform of internal audit practices in the Pan-American Health Organisation, a regional office of the World Health Organisation, and influenced public sector audit and evaluation reform processes in Canada.

#### Risk management

Power was a member of the advisory board of the UK Financial Reporting Council's Financial Reporting Lab, which was launched in 2011 to provide a forum for investors and companies to develop pragmatic solutions to reporting needs. He provided input into the reform of the Turnbull Guidance on risk management, part of the UK Governance Corporate Code, which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. Power is specifically cited in Minutes of Evidence to the House of Lords Select Committee in Economic Affairs.

In April 2013 Power gave evidence to the Salz Review, an independent review of Barclays' business practices. His thinking influenced the section on "complaints as a window on culture". The Chartered Institute of Management Accountants (CIMA) cited Power's research in a report looking at how to adapt risk management to align with organisational motives.

One of Power's publications is on the reading list for the Institute of Risk Management professional examinations, and another is discussed in CIMA study notes for professional examination in Management Accounting – Risk and Control Strategy.

#### Other impacts

Power's research has had wider impacts in fields such as childcare, higher education, medicine and psychiatry. LSE Professor Eileen Munro consulted Power while preparing her report on child protection for the Department of Education, and cited his research in her recommendations around restoring professional trust.

Power's work has also influenced an official investigation into education evaluation in Sweden. Power met the Swedish Education Minister in January 2013 and will be involved in the investigation through the Chair of the report, Leif Lewin, who has drawn on Power's ideas.

Power has also influenced the 2011 design of the UN Principles on Business and Human Rights. These principles address the issue of human rights with regard to the operations of transnational corporations and other business enterprises, including the obligations of business to use surveys and audits in tracking their impacts on groups of people.

In 2011, Power was invited to be an honorary fellow of the UK Institute of Risk Management in recognition of his "considerable contribution to risk management", which included influencing organisations as diverse as the Railway Safety Standards Board and the Equality and Human Rights Commission.

## Reflections on Management Accounting

During the *Journal of Management Accounting Research (JMAR)* 25th Anniversary Panel at the *AAA Management Accounting Midyear Conference* in Orlando in January 2014, **Professor Wim A Van der Stede** was asked as one of four panelists to reflect on the field of management accounting research, which led to an article in *JMAR* (2015, 27(1), 171-176). Wim particularly emphasised the importance of the "relevance" of the research and illustrated this with an example of the study of performance measurement systems that are still fraught with not providing proper direction towards value

creation or long-term sustainable performance, which is a crucial issue in organisations where managers could benefit from applicable and specific research insights. The session moderator, Professor Brian Mittendorf (Ohio State University) summarised by opining that the insights provided by the panelists have great potential to shift the field in a positive way, one that builds on the strength of past research success yet takes advantage of important changes in organisations which offer interesting "data" as well as myriad opportunities for cross-pollination among fields and methods (*JMAR* 2015, 27(1), 121-122).

## An Interview with PhD student Rodney Brown

Rodney Brown is a second year PhD student and teaches undergraduate and postgraduate courses in the Department of Accounting

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

Before starting the PhD programme at LSE I spent 4 years teaching postgraduate courses at the University of Technology, Sydney (UTS) and was the Director of the prestigious Bachelor of Accounting Scholarship Programme. This is a specially-designed intensive degree programme operated as a joint venture between UTS and 25 of Australia's leading employers where students undertake this elite degree on full scholarship and complete two six-month internships. Prior to UTS, I enjoyed a variety of roles including tax and audit with two Big four accounting firms, and senior accounting positions with an advertising agency, a boutique investment bank, and an international management consulting firm. I have a Master of Financial Planning & Taxation degree from the University of New South Wales, an MBA from Deakin University, and a Bachelor of Commerce from the University of Newcastle. I am also a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia.

### Having had a successful career in industry why did you decide to do a PhD in Accounting at this stage?

I have always had an inquiring mind and a thirst for knowledge and as my career progressed I found myself asking more and more questions about how the world works. I felt a desire to give something back to the profession so research and teaching seemed a natural path. Unfortunately the timing never really worked out but that changed when I joined UTS and got a first-hand look at academia. At the same time I was completing my Master Degree which involved writing several research papers and I really enjoyed the research process. The stars aligned and I knew very quickly that I wanted to pursue an academic career.

### Why did you decide to come to the UK and LSE to pursue a PhD and not Australia?

I wanted to complete my PhD at one of the best universities in the world so LSE was right at the top of my list. I was particularly attracted by the presence of high profile faculty at LSE which makes it a vibrant and globally recognised research community. I was also enticed by the abundance of resources available at LSE especially the opportunity to attend world-class quality courses in econometric methods and quantitative/qualitative methodologies provided by the Economics Department and Methodology Institute. In addition, I have always wanted to live in London and explore the UK and Europe more so when my wife secured a transfer to London with her employer, LSE was the natural choice for me. She has a successful career with a US multinational managing their European business so London was our first preference for this exciting chapter of our lives.

### What do you get out of being part of the academic community compared to the professional workplace?

I really enjoyed my time in industry. However, I found the research process very appealing since I have more time to develop and pursue deep questions. I love being surrounded by people who are engaging in really interesting research and are committed to teaching excellence. I find academia to be a challenging environment. I relish the freedom to research the topics that interest me.

### What research area is your PhD in?

Broadly, my research investigates issues at the intersection of financial accounting and corporate taxation with my specific interest being in corporate tax avoidance. In recent years this area has attracted widespread interest from politicians, regulators, and public interest groups due to concerns that some multinationals are not paying their "fair share" of tax to governments. My first paper analyses the effect of corporate tax avoidance within dividend imputation systems whilst my second and third papers will investigate how additional public disclosure requirements affect the level of tax avoidance undertaken by firms.

### Do you feel that you get more out of completing a PhD after having worked for many years rather than as a fresh graduate?

Yes I do but each person's journey is different and there is no correct answer to this question. But for me, I find that my working experience in accounting, finance and management has helped me to better frame my thinking. I believe that having some institutional knowledge helps to connect what is learned in the classroom to what actually happens in practice. I also think this makes identifying potential research questions a little easier.



**How much teaching do you do?**

We only teach in selected years of our programme. During the past two years, I taught on AC490 Management Accounting, Decisions and Control and AC100 Elements of Accounting and Finance. I am also an Academic Advisor to 25 postgraduate students at LSE.

**What do you enjoy about teaching?**

I am really passionate about teaching and enjoy having a positive impact on people's lives. I also love accounting so delight in educating people about this important discipline. I particularly like sharing real world examples with students to make the learning process more enjoyable for them and to enable accounting concepts to be grasped more easily. I enjoy integrating research into the classes such as discussing recent developments in corporate disclosure or transfer pricing practices.

**You currently attend the AC501 Empirical Financial Accounting and Capital Markets course, can you explain a little about this and your involvement in it?**

This is a weekly research seminar for accounting PhD students in the financial accounting and capital markets area whose research typically involves the use of

quantitative research methods. Each week we study a selection of significant and emerging research themes in the financial accounting research literature. We consider the historical origins, theoretical basis and research methods of key papers drawn from the literature. The PhD students lead these discussions by presenting academic research to the group. Whilst we mainly focus on classical papers, we have the opportunity to select papers that are in the same area as our own research interests.

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

Attend the PhD information session that we hold. This provides students with detailed information about the programme and provides the opportunity for them to ask questions of faculty and current PhD students. The PhD programme is a very challenging multi-year commitment so students considering this path should ask lots of question up front so as to enable them to make an informed decision.

## 8th MASOP Workshop at LSE



The 8th Management Accounting as Social and Organisational Practice (MASOP) workshop was held on 20-21 April 2015 at LSE. The workshop rotates annually between LSE, ESCP Europe, Copenhagen Business School and University of Innsbruck, with this the third time it has been held at LSE.

Since its inception in 2008 the workshop has brought together scholars in the field of management accounting who share an interest in understanding the social and organisational antecedents and effects of management accounting practice. The workshop seeks to help participants to develop their research through critical discussion and to provide a forum for debate of emerging ideas and developments in practice and research. Importantly, the workshop provides a supportive setting for emerging scholars, often PhD students, to present their work and obtain valuable feedback.

This year the workshop welcomed over 40 scholars from across Europe, North America and Asia, reflecting the diverse origins of management accounting research around the world. Twelve papers were presented, with scholars providing insights on a wide variety of topics, including risk management, performance measurement, innovation, integrated vs. local accounting systems, carbon and sustainability accounting, bank incentives, gender budgeting and measuring and reporting on quality. As in past years, each presentation was followed by challenging questions from the audience, which prompted lively discussions that often spilled over into coffee and lunchtime breaks and into the evening at the workshop dinner held in a local restaurant in Covent Garden.

MASOP continues to provide an important forum for scholars to debate developments in management accounting practice, particularly in relation to its organisational and social context. With planning already underway, we look forward to welcoming participants to the 9th MASOP workshop in Innsbruck in 2016.

**Dr Matthew Hall (and co-organisers Dr Claire Dambrin (ESCP Europe), Dr Allan Hansen (Copenhagen Business School) and Dr Martin Messner (University of Innsbruck)**

## 25th Anniversary Conference *Management Accounting Research*

To celebrate the 25th Anniversary of the Journal, the founding Editors of *Management Accounting Research* (MAR), Bob Scapens (Manchester Business School) and Michael Bromwich (LSE), organised a conference together with myself as the incoming Editor-in-Chief, at the London School of Economics and Political Science on Friday 17 April 2015. The conference was fittingly celebratory and characteristically vibrant and diverse due to the representation of a wide variety of interest areas, epistemological views, methodological approaches, career experiences, and geography as embodied by the 85 participants consisting of editorial board members, reviewers, authors and supporters of the Journal throughout its first quarter of a century, and counting.

The format of the conference consisted of plenary sessions and a panel discussion. Each of the plenary speakers reviewed developments in a specific area of research in management accounting, and assessed the particular contributions of MAR, followed by lively discussions with the audience. Characteristic of the nature and vision of MAR, the program was diverse, with presentations on Behavioral and Experimental Studies in Management Accounting (Joan Luft, Michigan State University); Organisational and Inter-Organisational Field and Survey Research in Management Accounting (Henri Dekker, Vrije University Amsterdam); Social and Critical Studies in Management Accounting (Trevor Hopper, University of Sussex); Organisationally-oriented Contingency Research in Management Accounting (David Otley, Lancaster University); Psychologically-oriented Contingency Research in Management Accounting (Matt Hall, London School of Economics and Political Science); and Constructionist and Managerialist Studies in Management Accounting (Teemu Malmi, Aalto School of Economics). All presentations and discussions reviewed accomplishments as well as challenges, and made critical evaluations of contributions and proffered opportunities for further research.

The panel discussion, which I chaired, offered a blank canvas for the three panelists to look ahead and assess the opportunities for research and the field. The panel members did not disappoint when using their canvas: Martin Messner (Universität Innsbruck) offered ideas to exploit “industry” in management accounting research; Alfred Wagenhofer (Universität Graz) gave several ideas to try and leverage “regulatory shocks” in our research; and Paolo Quattrone (University of Edinburgh) reflected on the “knowledge/ action” aspect of accounting illustrated by the advent of Big Data. I then tried to synthesise and guide and address many interesting, and sometimes provocative, questions from the floor. The room also wanted to hear my views on the future direction of MAR, to which I emphatically replied that MAR will continue to be committed to diversity across all relevant dimensions of topics, settings, methods, and disciplinary lenses that one can envisage to rigorously examine all manner of relevant management accounting issues broadly conceived.

It is our intention to publish all the speakers’ papers and the four panellists’ comments in a forthcoming issue of MAR.

The conference concluded with a dinner in the Senior Dining Room at LSE, where immense thanks were expressed to Bob and Michael for their good stewardship and contributions to the field with the Journal during its first 25 years.

The 25th Anniversary Conference was generously sponsored by CIMA, Elsevier, and the home Departments of the Founding Editors at LSE and MBS, for which many thanks.

### **Professor Wim A Van der Stede**

Editor-in-Chief, *Management Accounting Research*  
CIMA Professor of Accounting and Financial Management



## Shanghai National Accounting Institute Keynote Address

On 29 November 2014, **Professor Wim A Van der Stede** gave a keynote at the Shanghai National Accounting Institute on the theme of *Management Accounting: Global Experiences and Chinese Practices*, particularly addressing management accountants’

roles and responsibilities in sustainable value creation. During his visit, Professor Wim A Van der Stede also gave further talks, such as at Xiamen University’s Management Accounting conference.

## MARG 2015

# The State and Future of Management Accounting

The first theme of the 36th annual MARG conference held on 16 April 2015 was The State and Future of Management Accounting. The first speaker, Professor Mark Wouters (pictured below right), spoke on whether knowledge about management accounting resides to a great degree outside management accounting practice and research. He provided evidence, both practice based and from academic research, that this is arguably the case.

The next speaker, Adrian Ryan, discussed changes in the finance function. He provided illustrations of IT's growing impact on finance and raised the question of whether finance professionals need to extend their skills including considering raising their systems expertise and investing in understanding social media and big data to a greater extent. He regards finance as not contributing leadership in this area at present. He also indicated that there are gaps in Finance's understanding of the potential of shared services and business partnering.

Stephen Ibbotson, Rick Payne and Phillip Smith discussed business performance management. They reviewed the business literature pointing to past and ongoing tensions relating to organisational settings and information provision. They discussed in depth two case studies both pointing to the need to heighten the focus of existing performance measurement systems. They offered extensive insight on the need for organisations to assess the propriety of their performance measurement variables on an ongoing basis.

The second theme of the conference was Management Accounting Principles. Naomi Smith discussed CIMA's Global Management Accounting principles focused on influence, relevance, trust and value to help organisations extract value from the rising volume of information. She offered pointers to the value of the principles in practice.

Professor Teemu Malmi then gave an academic view on management accounting principles. He noted the need to focus not just on decision making but also on control. He noted that the four principles should be, but may not be, self-evident to management accounting practitioners.

The conference continued with participants discussing management accounting principles in break out groups. The groups discussed opportunities and challenges presented by the principles. There was support for the principles especially among practitioners attending the conference. Professor Michael Bromwich ended the conference by thanking CIMA and ICAEW who have both kindly supported the conference for many years and then added his reflections on management accounting change prior to a well-attended buffet dinner for participants.

### **Professor Alnoor Bhimani**

Professor of Management Accounting



## European Accounting Association Doctoral Colloquium



Every year, the European Accounting Association (EAA) provides an invaluable and multifaceted opportunity to PhD students through its annual Doctoral Colloquium. Participants present their work-in-progress to a distinguished panel of international academics in their field as well as their peers, receiving valuable feedback and constructive suggestions for improvements and extensions to different aspects of their research. However, the colloquium is not solely a platform for offering participants with detailed critiques of their work, it creates a space and setting in which doctoral researchers from different backgrounds enrich



their understanding of the academic field, envisage what life as an academic can offer, and meet and interact, perhaps for the first time, with peers who will likely become their life-long colleagues. The 31st EAA Doctoral Colloquium was held at the University of St Andrews in April 2015, and three doctoral candidates from the Department attended, **Hami Amiraslani**, **Robert Charnock** and **Dorothy Toh**.

This year's participants represented 27 academic institutions from 12 countries. Consistent with previous colloquia, the candidates were organised into four streams, each comprised of nine research papers, where they engaged in lively discussions stimulated by presentations from their fellow participants.

Joachim Gassen (Humboldt University) together with LSE's **Peter Pope** and Catherine Shakespeare (University of Michigan) supervised the presentations within the Financial Accounting Research stream, which covered a variety of topical issues including the opportunistic management of fair value estimates, trade-offs between tax incentives and financial reporting quality, and the association between institutional ownership and firms' discretionary disclosure decisions.

The Financial Analysis Research sessions were chaired by Beatriz Garcia Osma (University of Autonoma de Madrid), Christian Leuz (University of Chicago) and William Rees (University of Edinburgh), who moderated and contributed to discussions around such topics as the contracting and economic benefits of accounting conservatism in the corporate bond market and the role of firms' regulatory filings and financial statements on sell-side debt analyst research.

Meanwhile, Mike Shields (Michigan State University), Sally Widener (Clemson University) and LSE's **Wim Van der Stede** chaired the Management Accounting Research stream, probing into, among other topics, the role of managerial discretion in subjective performance evaluation, the assumptions underlying short-termism, and the economic justification for deliberate cost stickiness.

David Cooper (University of Alberta), Jan Mouritsen (Copenhagen Business School) and Keith Robson (HEC Paris) oversaw presentations and discussions within the Organisational and Social Accounting Research stream, which covered an array of studies, ranging from the Fukushima Disaster's impact on UK and German nuclear industries to the paradoxical role of accounting constraints in stimulating innovation.

The parallel sessions were capped off with plenary presentations by the faculty on a host of topics. In the first presentation, Michael Shields discussed his views on the current state and future directions of management accounting research. Christian Leuz led the second presentation on the economics of disclosure and financial reporting regulation, which motivated a lively debate on the importance of quantifying regulatory costs and benefits, measuring disclosure and reporting outcomes, and drawing causal inferences from regulatory studies. A key takeaway emerging from the session was that while empirical research on disclosure regulation has grown in recent years, there are numerous unexplored avenues that call for further research by accounting academics.

In the third and final plenary, Beatriz Garcia Osma, Christian Leuz, Keith Robson and **Wim Van der Stede** along with other faculty members collectively shared their professional insights with participating students on how best to transition from the PhD phase into academic life as faculty members. An important segment of this session entailed a discussion of the new job market structure for PhD candidates in accounting that is emerging within Europe through the newly established EAA Talent Workshop. Because the panel members also represented journal editors and vast editing and reviewing experiences, students benefited from first-hand insights about publishing research.

Reflecting on the experience, immersing oneself in the depth of critical insight and beholding the vast expanse of the discipline equips any participant of the EAA Doctoral Colloquium with a firm belief: writing a PhD is training for a much longer journey of intellectual stimulation and discovery. Receiving formal feedback from eminent academics is no doubt a privilege, however it is the surrounding conversations and observations that offer an invaluable glimpse into the world and life of an academic.

**Hami Amiraslani** and **Robert Charnock**  
PhD in Accounting Students



## Conference

# *Journal of Accounting and Public Policy*

The Journal of Accounting and Public Policy (JAPP) held its fourth annual conference on 29 May 2015 at LSE. The conference rotates yearly between LSE, the IE Business School in Spain and the University of Maryland's Smith School of Business. The theme of the conference this year was Accounting Regulation and Politics. 45 participants registered for the conference with four speakers presenting submitted papers and three invited speakers giving addresses. The paper topics included aspects of the politics of internal control regulation; the determinants of derivative usage in US Municipalities; price-regulation and accounting choice; and the social psychology of standard setting. Sir John Bourn, the past UK Comptroller and Auditor General and Head of the UK National Audit Office, gave the distinguished luncheon speech on the historical role of the comptroller and auditor general function and reflected on how the accountancy profession

can enhance its contribution as a public good.

Professor Shyam Sunder of Yale University discussed "Better financial reporting: meanings and means" articulating quite specific judgments on differentiating between macro and micro conceptions of the accounting domain. David Cairns (past Secretary-General of the International Accounting Standards Committee) was the Distinguished JAPP Conference Speaker and gave a talk reflecting on accounting regulation and politics in the context of standard setting practices.

A special issue of JAPP will be published based on the papers and related discussions presented at the conference. The 2016 conference will be held on 3 June in Madrid on the theme of



## Alumnus Profile: Sophie Tao,

# MSc Accounting and Finance 2011



Walking down memory lane to the day I submitted my application to LSE, I was alone in my college dormitory room. Keen yet a bit uncertain, I anxiously pressed the sent button, not knowing that this would not only bring me to the campus of my dreams, but eventually lead me to a fulfilling career at a venerable firm.

I have always liked accounting and finance. Strange to some as it may sound, I enjoyed delving into the numbers, and from time to time taking a step back to make sense of what the numbers are telling me about a company. This passion has long been with me but LSE has turned it into a whole set of technical skills and analytical frameworks which I can leverage to tackle the problems now facing me every day at work.

One of the great things about LSE is people. The MSc Accounting and Finance students come from diverse backgrounds and possess different strengths. I cannot stress enough how much I have learned from the classmates I studied with. My way of thinking, habits and attitude towards life were tremendously shaped and influenced by my experience both in and outside of LSE classrooms and the interactions I had with everyone at the School. Also, the ability to work with people

from different cultures helped me to quickly settle in at my first job, talking and working with people from all over the world every day.

My current job is with the M&A and Commercial Finance team at Shell. Our team is responsible for providing Mergers, Acquisitions and Divestment capability and Finance expertise into all Shell asset deals and corporate transactions. In a recent project, I was involved in building an economic model for a gas-to-liquids ("GTL") complex in Qatar, which is the largest of its kind globally and one of the key assets of our company. The model was used to project future gas production and how that will be shared with the Qatar Government, amongst others. In another project, I participated in the management of a \$500m freight trading project, which required intensive engagement with various departments and teams including the most senior leaders of the organisation.

With what I am equipped from LSE, I managed to approach these challenges with an added sense of confidence and completed all the tasks which would otherwise have been a lot more daunting to me. I believe more challenges are still to come in my career but LSE has provided me a solid grounding to make the most of them and progress onwards.

## Alumnus Profile: Pepa Kraft, BSc Accounting and Finance 1999, MSc, CFA, PhD



My first week at LSE was exhilarating. I had actually signed up for an introductory English course before the "real" academic year began. At that time I was blissfully unaware that my acceptance of the offer for the Bachelor in Accounting and Finance had been lost. I also did not know that the study of accounting is a social science. Maybe my mathematician parents would not have let me choose this course?

During my time at LSE I made life-long friends. We were four women in my English class and these friendships still support me to this day. And none of us are on Facebook. After the lost documents were found in the middle of the first Michaelmas term, I was even granted library privileges. This was the gritty old library before its recent renovation, where we spent a lot of time studying for the annual examinations in tiny dark cubicles. Professors gave us a lot of original research papers to read and focused on the big conceptual issues during their lectures, which helped train us to become independent scholars. In hindsight, this was the best preparation for a PhD programme one could hope for.

However, my years spent at LSE go way beyond forming my academic roots. For one, I became more cosmopolitan. Students in my classes came from a variety of backgrounds. And I could not understand why everyone missed their mom's cooking, while I tasted my first rare steak somewhere on Swallow Street, and some friends cooked venison, and I had sushi at a place where Die Ärzte (they used to be very famous) were also eating. And of course the Shaw library concerts were always a highlight. Second, my time at LSE put down the groundwork for my first

professional job. LSE's name, education and network events opened a lot of doors. After two internships in auditing in Germany during my first summer I discovered the thrill of investment banks. For my second summer I managed to snap up an internship in investment banking in London. That was when I ironed a blouse for the first and last time. A long detour through equities research, M&A and corporate derivatives followed. On the way I picked up a master degree in Lausanne, Switzerland.

After four years at JPMorgan and Deutsche Bank, one of my LSE friends was accepted into the Stanford PhD programme. That triggered a very happy memory about an LSE roundtable of faculty I had attended as an undergrad that gave me the impression that the academic track is full of witty banter and philosophising. So I finally returned to my academic roots: in 2005 I joined a doctoral programme in accounting at the University of Chicago. A lot of the readings seemed familiar: especially Coase (1937)'s article on the nature of the firm, articles by Fama and others on market efficiency, not to mention the standard texts on corporate finance and asset pricing. In fact, a number of friends I made at LSE have also earned doctorate degrees in accounting, finance and economics.

For my first academic job I joined another urban university, NYU, as an Assistant Professor in Accounting. NYU has a similar vibe to LSE, it is colorful, energetic, vibrant, always busy, and international with lots of students and faculty from Asia, Europe and US, it is surrounded by "real people" in the middle of the city and it shares the same shabby chic.

Although I now live in New York, LSE will always be in my heart.

### ICAS grant

Dr Omiros Georgiou with others on an international team have been awarded a £10,000 ICAS grant for a research project to review and evaluate the literature on the role of the "true and fair view" in accounting and assurance. The project aims to identify opportunities for future research and inform policy makers and debates, such as those on the conceptual framework by the International Accounting Standards Board.

### Best Young Researcher Award

Dr Vasiliki Athanasakou has won the Best Young Researcher Award for her paper "The Relative Concentration of Bad versus Good News Flows" co-authored with Norman Strong and Martin Walker at the recent Multinational Finance Society conference in Halkidiki, Greece, July 2015.

## Target Ratcheting

Here is one diehard maxim of business: don't overshoot your budget target because next thing you know your target for next year will be tougher yet. Target ratcheting at work; that is, when you do better than target, your next target is even higher, but when you do worse, your target won't be reduced. So why shoot yourself in the foot? Add to this the common belief in budgeting settings that either you spend it or lose it, and thus arises the motivation to not only "not overshoot" but "spend more" to boot. A double whammy: leave money unearned and spend more than is necessary.

Clearly, such budgeting practices like target ratcheting create counterproductive incentives because they motivate managers to withhold effort to avoid difficult targets in the future. This may be a truism, but it is only half true at best, literally, as suggested by our research<sup>1</sup> because there is an implicit inter-temporal dimension to budgeting consisting of credible manager performance and firm commitment.

Specifically, we find that firms do not lightly increase targets and, against what the maxim above would suggest, actually commonly reduce earnings targets when their managers fail to meet prior-year targets – *but that is for their well-performing managers only*. Conversely, however, we find that, *for the not-so-well-performing managers*, the standard ratcheting axiom appears to apply (which makes it half true); that is, firms increase earnings targets when these managers meet or exceed prior-year targets but rarely decrease their targets.

This suggests that good managers are not punished for either their one-off misses or overshoots. Managers with less credit, however, face less forgiveness: target overshoots are seen as overdue whereas shortfalls suggest that pressure needs to be kept on.

Thus we find no evidence that good performance in one period renders future targets more difficult to achieve. To the contrary, we show that earnings targets for managers in high-profitability entities are relatively easy-to-achieve and more likely to be revised downwards than earnings targets for managers in low-profitability entities. This shows, importantly, that the target-revision process is not invariant to managerial type. Instead, well-performing managers appear to receive informational rents that persist through time while their counterpart managers do not.

Are these rents potentially problematic? If firms can reasonably credibly distinguish their managerial types, then either type's incentives are improved: the well-performing ones are not prompted to leave money on the table while the others are kept focused on meeting tough targets. Hence, there is a degree of serial correlation of target difficulty over time, which suggests that firms at least implicitly consider longer-term performance in budgeting (which, by the way, debunks another myth).

### The study in brief<sup>1</sup>

An important element of firms' management control systems is the practice of establishing targets for future performance. Such practices serve to organize and coordinate firms' decisions and form the basis for performance evaluation and compensation. We provide novel empirical evidence about firms' target-setting practices based on a survey of compensation practices at 666 entities. We examine the extent to which firms use past performance as a basis for setting earnings targets in their annual bonus plans and assess the implications of such targets for managerial incentives. Perhaps the key finding is about "target ratcheting" where prior studies find that firms revise performance targets upwards when their managers exceed prior-year targets, yet do not revise targets (or revise targets less) downwards when managers fail to meet prior-year targets. These target ratcheting practices are interpreted as evidence of counterproductive incentives because they presumably motivate managers to withhold effort in order to avoid difficult targets in the future. We argue that this interpretation is incomplete and makes inconsistent assumptions about how information about prior-year performance is used when setting future targets.

Of course, I suspect this can't go on for too long for either type of manager (although our research could not explicitly answer this question). In the poor-performing businesses where targets are tough to achieve, avoiding missing target is essential, not only for the firm to improve profitability, but also for the manager, well, to keep the job. Not only is there typically no bonus in years where target is being missed, anecdotal evidence suggests that managers only "enjoy" a few chances to not meet target. And how about the managers who have been meeting or exceeding target and enjoy some rents? This, too, will only last so long, as their targets are merely comparatively easier, not necessarily plain easy. Businesses change, and so even if there is less internal pressure for a while, there is no basis for any manager to rest on their laurels lest they will find themselves amongst the not-so-well-performing sort in no time.

#### Professor Wim A Van der Stede

CIMA Professor of Accounting and Financial Management

<sup>1</sup>Indjejikian, Raffi J, Matějka, Michal, Merchant, Kenneth A, and Van der Stede, Wim A (2014), Earnings targets and annual bonus incentives, *The Accounting Review*, 89(4), 1227-1258 (ISSN 0001-4826).

## The LSESU Accounting, Organisations and Institutions Society

"Time flies when you're having fun", they say and surely enough, here I am reflecting on the past academic year's activities, wondering where the time went. It feels like only yesterday when the Accounting, Organisations and Institutions (AOI) Society had its first meeting and brainstormed grand ideas for events that we could organise.

It all started with the very well organised department trip to Cambridge that brought us closer together as a programme and left us wanting to spend more quality time with each other. The AOI Society committee took inspiration from that trip and endeavoured to present our Society members (composed of everyone enrolled on the AOI programme) with opportunities to connect. The committee members (Josephine Clark, Taylor Lew, Samantha Mok, Lucas Negenman, Gerald Nelson, Alex Novikov, Theresa Spandel and Ivan Wong) have been a pleasure to serve with. We organised multiple formal and informal dinners and drinks, the most well attended occasion being the Christmas dinner pictured. It was not all play and no work though – we also organised Long Essay workshops to better prepare us for the essay we had to write and also to facilitate the sharing of ideas and best practices.



Getting to know most members of the AOI programme and also interacting with the department has been a true privilege.

### Dip Patel

President 2014/15  
LSESU AOI Society

## The LSESU Accounting Society

The LSESU Accounting Society has been nothing short of busy for the 2014/15 academic year. We have held various events for our members throughout the year. Amongst them was the "Big Four Panel Event" where we invited recent graduates to share their experiences of working in an accounting firm and handy tips to how best prepare and hone their skills. Besides accounting, we hosted commercial awareness talks by Credit Suisse London during which representatives from the bank opened and provided windows of opportunities available on how to manage a career in Finance. We also invited the representatives from accounting bodies such as ACCA and CIMA to share with us post-graduate examinations.



Besides the career aspect of the Society, we strive to foster a close community for the Accounting and Finance students and provide help and support to our members through our AC100 Help Sessions. We pride ourselves on our collaboration with the Accounting department on this peer tutor program which ran weekly throughout Michealmas and Lent term. Our Academic directors, Clarissa Ching and Zeeshan Zaffar have been working closely with Chris Constantinou, the Teaching and Learning Support Manager of AC100 and the lecturers of the AC100 module to come up with a systematic structure on how to better run the help sessions. This is to give peer support to students just entering their first year of university in resolving problems relating either to the content of the AC100 syllabus or the style of teaching that they may not be familiar with.

The Department of Accounting has been our main pillar of strength shouldering our continuous success in events and initiatives run by the society. It is through their inclusiveness and unwavering support for the Society which I believe strengthened the bond between students and the department.

### Rushan Kee

President 2014/15  
LSESU Accounting Society



## LSE Student Union Teaching Awards

**Robert Charnock**, PhD student and Graduate Teaching Assistant, was selected as a Winner in the category of LSESU Award for Professional Mentoring and Personal Development. Here are some of the comments from the students:

“Outside of class he has been more than a teacher but also a mentor and friend – giving personal advice from his experiences and going out of his way to help me discover my true passions in life and where to take my skills to explore career paths.”

“He helped me devise a plan to network with people in an industry I am interested in working in and he often checked on how I was doing. He goes above and beyond.”

**Dr Matthew Hall** was also selected as Highly Commended in the category of Award for Innovative Teaching in the LSE Student Union Teaching Awards. He was awarded this for his innovative approach to lectures called “lecture flipping”, where the course is taught using a two-hour learning session each week for the five weeks of the module (replacing the typical two-hour lecture and one-hour class each week). Students are assigned to one of four class groups, with each group consisting of approximately 25 students.



*Robert Charnock pictured with Paul Kelly*



*Matthew Hall pictured with Tom Maksymiw*

Face-to-face lectures have been replaced by a series of short “mini-lectures” that are watched on-line before each learning session.

Students really enjoyed the new learning sessions and here are some of the comments from the students:

“Having two-hour class discussions is very helpful – it allows unpacking of issues and answering of questions – there should be more classes like this – very helpful”.

“The entire structure of the module (lectures online and extended classes) is the most useful way of learning I have had this year”.

The awards are run by the Students’ Union, supported by the Teaching and Learning Centre and sponsored by the Annual Fund. Both Robert and Matthew received their awards at the TLC Teaching Symposium held on 5 May 2015.



## Graduate Teaching Assistants Award

This year **Rodney Brown** and **Nadine De Gannes** have both been awarded the Department of Accounting Graduate Teaching Assistant Award for their very high standard of teaching on AC100, based on student feedback. They received their awards at the TLC Teaching Symposium held on 5 May 2015.

# Academic Highlights 2014/15

## Dr Ahmed Abdalla

### Presentations:

XI International Accounting Research Symposium, Fundacion Ramon Areces and Universidad Autnoma, Madrid  
EAA Annual Congress, Glasgow; King's College, London

## Dr Dimos Andronoudis

### Presentations:

American Accounting Association (AAA) conference, Chicago

## Dr Vasiliki Athanasakou

### Presentations:

Canadian Academic Accounting Association Conference, Toronto; Multinational Finance Society 22nd Annual Conference, Halkidiki

## Professor Alnoor Bhimani

### Publications:

*Exploring Big Data's Strategic Consequences*, Journal of Information Technology (forthcoming)

*Managing Risk in Mergers and Acquisitions Activity: Beyond 'Good' and 'Bad' Management*, Managerial Auditing Journal (2015) 30(2): 160-175

*Exploring Big Data's Strategic Consequences*, Journal of Information Technology (2015) 30 (10): 66-69

*International Comparative Management Accounting*, Wiley Encyclopedia of Management (2015) 1: 1-6

*Management Accounting*, International Encyclopedia of the Social & Behavioral Sciences, (2015) 14: 466-470

## Dr Jose Carabias

### Presentations:

EAA Annual Congress, Glasgow; Tilburg University; Surrey University

## Dr Stefano Cascino

### New Appointments:

*Accounting and Business Research*, Editorial Board

*European Accounting Association*, Scientific Committee

### Publications:

*What Drives the Comparability Effect of Mandatory IFRS Adoption?* (with J Gassen), Review of Accounting Studies (2015) 20(1): 242-282

*Who Uses Financial Reports and for What Purpose? Evidence from Capital Providers* (with M Clatworthy, B Garcia Osmá, J Gassen, S Imam, and T Jeanjean), Accounting in Europe (2014) 11(2): 185-209

### Presentations:

Nova Business School 2015 Lisbon Accounting Conference; IESE Business School; ESSEC Business School; AAA Annual Meeting, Atlanta

## Dr Yasmine Chahed

### Presentations:

Vrije Universiteit Amsterdam ARCA Workshop on the Politics of Accounting Standard Setting and Regulation

Annual Meeting of the Society for the Advancement of Socio-Economics

*Capital Markets in Transition: Europe & Beyond* (panel discussion), German Symposium 2015

## Dr Praj Desai

### Presentations:

Financial Management Association Conference

## Dr Omiros Georgiou

### New Appointments:

British Accounting and Finance Association Financial Accounting and Reporting Special Interest Group, Committee Member

### Publications:

Book review of *The Nature of Accounting Regulation*, The Accounting Review (2014) 89(6): 2331-2334

### Presentations:

Alternative Accounts Conference, Manchester Business School; Laval University

## Dr Martin Giraudeau

### Awards:

Faculty Fellowship, Harvard University's Charles Warren Center (2015-2016)

## Dr Matthew Hall

### New appointments:

*Qualitative Research in Accounting and Management*, Associate Editor

### Awards:

Teaching Excellence Award for Innovative Teaching

### Presentations:

Management Accounting Research 25<sup>th</sup> Anniversary Conference

GMARS 2015, Copenhagen; Challenges of Managing the Third Sector Workshop, Edinburgh; IPA 2015, Stockholm; Copenhagen Business School; University of Groningen

### Publications:

*The Expressive Role of Performance Measurement Systems: A Field Study of a Mental Health Development Project* (with R Chenhall and D Smith), Accounting, Organizations and Society (forthcoming)

*How do Risk Managers Become Influential? A Field Study of Toolmaking in Two Financial Institutions* (with A Mikes and Y Millo), Management Accounting Research (2015) 26: 3-22

### Conference organisation:

Management Accounting As Social and Organisational Practice, LSE

## Professor Bjorn Jorgensen

### Awards:

2014 FARS Best Dissertation Supervision Award

2014 MAS and IMA Outstanding Doctoral Dissertation Supervision Award

### Publications:

*Earnings Quality: Evidence from Canadian Firms' Choice between IFRS and US GAAP* (with BM Burnett, EA Gordon, and CL Linthicum) Accounting Perspectives (forthcoming)

*Discretionary Disclosures to Risk-Averse Traders: A Research Note* (with MT Kirschenheiter), Contemporary Accounting Research (forthcoming)

*Legal Environment and the Differential Performance of Publicly Traded and Privately Held Firms* (with Y Konchitchki, NB Ozel, and G Sadka), *The International Journal of Finance* (2014) 24(4): 7461-7501

### Presentations:

University of Bristol; Bocconi University; Cass Business School; 2015 EAA Annual Congress, Glasgow; HEC Paris; IASB; Portuguese Catholic University; Stockholm School of Economics

## Professor Richard Macve, Emeritus

### Publications:

*'Old Hens Make the Best Soup': Accounting for the Earning Process and the IASB/FASB Attempts to Reform Revenue Recognition Accounting Standards*, Accounting in Europe (with Y Biondi, J Glover, N Jenkins, B Jorgensen, E Tsujiyama, J Lacey (2014), 11(1-2): 13-33

*'Trading Places': A UK (and IFRS) Comment*, Accounting, Economics and Law – A Convivium (AEL) (2014) 4(1): 27-40

*What should be the Nature and Role of a Revised Conceptual Framework for International Accounting Standards?*, China Journal of Accounting Studies (2014) 2: 77-95

*Fair Value vs Conservatism? Aspects of the History of Accounting, Auditing, Business and Finance from Ancient Mesopotamia to Modern China.* The British Accounting Review (2015) 47 (2): 124-141

**Dr Andrea Mennicken**

**Publications:**

*Accounting and the Plasticity of Valuation* (with M Power), Moments of Valuation: Exploring Sites of Dissonance, (2015): 208-228

*Michel Foucault and the Administering of Lives* (with P Miller), The Oxford Handbook of Sociology, Social Theory, and Organization Studies: Contemporary Currents (2014): 11-38

*Valuation Studies and the Critique of Valuation* (with L Doganova, M Giraudeau, CF Helgesson, H Kjellberg, F Lee, A Mallard, F Muniesa, E Sjögren, T Zuiderent-Jerak), Valuation Studies (2014) 2(2): 87-96

**Presentations:**

The Financialisation of Financial and Real Estate Markets' conference, JW Goethe University

Colloquium "Aux frontières du marchand et du non-marchand" of the Association Internationale de Management Stratégique, ESCP Paris

**Conference organisation:**

*Power through Numbers? Quantification and Democracy* (with R Salais), the Nantes Institute for Advanced Study

*The Emerging Scholars' Colloquium* (with M Messner), Stockholm

**Professor Peter Miller**

**Publications:**

*Michel Foucault and the Administering of Lives* (with A Mennicken), The Oxford Handbook of Sociology, Social Theory, and Organization Studies: Contemporary Currents (2014): 11-38

**Dr Julia Morley**

**New appointments:**

Commissioner of the Alternative Commission on Social Investment

**Presentations:**

Heriot Watt University; Keele University; BAFA; EAA Annual Congress, Glasgow; The Society for the Advancement of Socio-Economics, LSE; IPA 2015, Stockholm; AAA Annual Meeting, Atlanta

**Dr Tommaso Palermo**

**Publications:**

*A Brave New World? Making Sense of Practitioner and Regulator Perspectives on Risk Culture* (with S Ashby, M Power, and T Palermo), The Journal of Financial

Perspectives (2014) 2(3): 65-76

*Risk Culture: Definitions, Change Practices and Challenges for Chief Risk Officers* (with S Ashby and M Power), Risk Culture and Effective Risk Governance, Risk Books (2014) 25-46

**Presentations:**

MASOP workshop, LSE; 2015 AAA Management Accounting Conference; Conference on New Directions in Management Accounting, Brussels; Copenhagen Business School

**Professor Peter Pope**

**Publications:**

*Forecasting Risk in Earnings* (with T Konstantimidi), *Contemporary Accounting Research* (forthcoming)

**Professor Mike Power**

**Publications:**

*A Brave New World? Making Sense of Practitioner and Regulator Perspectives on Risk Culture* (with S Ashby and T Palermo), The Journal of Financial Perspectives 2(3):65-76

*Accounting and the Plasticity of Valuation* (with A Mennicken), Moments of Valuation: Exploring Sites of Dissonance (2015) 208-228

*Risk Culture: Definitions, Change Practices and Challenges for Chief Risk Officers* (with S Ashby and T Palermo), Risk Culture and Effective Risk Governance, Risk Books (2014) 25-46

*Risk, Social Theories and Organisations*, The Oxford Handbook of Sociology, Social Theory and Organization Studies: Contemporary Currents (2014) 370-92

*Qualitative Research in Auditing: A Methodological Roadmap* (with Y Gendron), Auditing: A Journal of Practice and Theory (2015) 34(2): 147-165

**Presentations:**

Queen's University Belfast; University of Amsterdam; Constructing Financial Risk Conference, CASS Business School; AOS 40<sup>th</sup> Anniversary Conference, University College Dublin

Ernst and Young; Institute of Internal Auditors; recorded interview for Risk TV and Board Intelligence plc

**Conference organisation:**

Co-organiser EGOS Stream on Risk Management, Athens

**Other activities:**

Public Audit Consultation, Ministerial Advisory Board for Welsh Minister for Economy Science and Transport, Edwina Hart MP

**Dr Ana Simpson**

**Appointments:**

Editorial Board, *Accounting and Business Research*

**Professor Ane Tamayo**

**Publications:**

*Have Credit Rating Agencies Become More Conservative? Implications for Capital Structure and Debt Pricing* (with R Baghi and H Servaes), Journal of Finance (2014) 69(5): 1961-2005

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

**Presentations:**

HEC Paris; King's College London; University of Bristol; University of Leicester; University of Melbourne; First Symposium on Financial Accounting and Corporate Finance, University of Cambridge; XI International Accounting Research Symposium, Fundación Ramon Areces and Universidad Autonoma, Madrid

**Professor Wim A Van der Stede**

**New appointments:**

Editor-in-Chief, *Management Accounting Research*

Selection Panel, Research Foundation Flanders

Vice-Chairman, CIMA R&D Panel

**Publications:**

*Points to Consider When Self-Assessing Your Empirical Accounting Research* (with H Evans, M Feng, V Hoffman and D Moser), Contemporary Accounting Research (2015) 32 (forthcoming)

*Management Accounting: Where From, Where Now, Where To?*, Journal of Management Accounting Research (2015) 27(1) 171-176

*A Manipulationist View of Causality in Cross-sectional Survey Research*, Accounting, Organizations & Society (2014) 39 (7): 567-574

*Budgeting and Management Control*, Wiley Encyclopedia of Accounting (2014) 3(1) 109-115

**Presentations:**

Ludwig Maximilians Universität München; Warwick Business School

Management Accounting Research 25th Anniversary Conference, London

EAA PhD Forum, Glasgow; EAA Doctoral Colloquium, Glasgow

ENROAC Conference, Galway

## Department Seminars 2014/15

### Accounting Research Forums

29 October 2014

**Yves Gendron**

Université Laval

*The Construction of Risk Management Credibility within Corporate Boardrooms*

10 December 2014

**V.G. Narayanan**

Harvard Business School

*The Impact of Forward-Looking Metrics on Employee Decision-Making: The Case of Customer Lifetime Value*

4 February 2015

**Mark DeFond**

University of Southern California

*Do Client Characteristics Really Drive the Big N Audit Quality Effect?*

1 July 2015

**Shyam Sunder**

Yale School of Management

*Investment Horizons and Price Indeterminacy in Financial Markets*

### Financial Accounting Seminars

1 October 2014

**Emmanuel De George**

London Business School

*Accounting Harmonization and Equity Market Contagion*

20 October 2014

**Rebecca Hann**

University of Maryland

*Information Frictions and Productivity Dispersion*

26 November 2014

**Pepa Kraft**

NYU Stern

*Qualitative Corporate Disclosure and Credit Rating Analysts' Soft Adjustments*

15 December 2014

**Hui Chen**

University of Zurich

*Auditor-Provided Lobbying Service and Audit Quality*

17 December

**Atif Ellahie**

London Business School

*Firm Fundamentals and Sensitivity to Aggregate Earnings Growth*

21 January 2015

**Victoria Dickinson**

University of Mississippi

*Leaders vs. Laggards: Conditional Firm Life Cycle and its Effect on Operating and Market Performance*

4 March 2015

**Scott Liao**

Rotman School of Management

*Financial Market Developments and Management Compensation*

9 March 2015

**Wayne Landsman**

University of North Carolina

*The Effects of CDS Trading Initiation on the Loan Syndication Market*

11 March 2015

**Jo Horton**

University of Exeter

*Audit Partner Performance: A Network Perspective*

25 March 2015

**Luzi Hail**

The Wharton School

*A Tale of Two Regulators: Risk Disclosures, Liquidity, and Enforcement in the Banking Sector*

23 April 2015

**Patricia O'Brien**

University of Waterloo

*The Standard-setters' Toolkit: Can Principles Prevail over Bright Lines?*

13 May 2015

**Jenny Chu**

University of Cambridge

*The Valuation Premium for a String of Positive Earnings Surprises: The Role of Earnings Manipulation*

20 May 2015

**Yonca Ertimur**

University of Colorado

*Understanding Uncontested Director Elections: Determinants and Consequences*

3 June 2015

**Miles Gietzmann**

Università Bocconi

*Goodwill Impairments Certified by Independent Valuation Experts*

10 June 2015

**Sharon Katz**

Columbia Business School

*Private Ownership and the Cost of Debt: Evidence from the Bond Market*

17 June 2015

**Terrence Blackburne**

University of Washington

*Regulatory Oversight and Reporting Incentives: Evidence from SEC Budget Allocations*

24 June 2015

**Alan Jagolinzer**

University of Colorado Boulder

*Strategic Choice of Fair Value Estimates*

26 June 2015

**Stephen Penman**

Columbia Business School

*A Matter of Principle: Accounting Reports Convey Both Cash-Flow News and Discount-Rate News*

### Accounting, Organisations and Institutions Seminars

19 November 2014

**Brendan O'Dwyer**

University of Amsterdam

*Regulating the Accounting Profession: Identity Formation in the Regulatory Oversight of Accountants*

3 December 2014

**Mediating and Connecting: Reflecting on Ted O'Leary's Work**

28 January 2015

**Sylvain Durocher**

University of Ottawa

*Managing Legitimacy to Attract Millennial Employees*

6 May 2015

**David Stark**

Columbia University

*Top 10 Valuation Devices*

### Academic Visitors

**Henri Dekker**

November – December 2014

VU University Amsterdam

**Prabhu Sivabalan**

November – December 2014

University of Technology, Sydney

**David Bond**

January – February 2015

University of Technology, Sydney

**Ann Vanstraelen**

January – March 2015

University of Maastricht





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

#### **BSc Accounting and Finance prizes**

The **HC Edey Prize** was awarded to Darius Beresford-Wylie for excellent performance in the BSc Accounting and Finance degree overall.

The **Mazars Prize** for excellent performance in AC340 was awarded to Hannah Baker.

The **WT Baxter Prize** was awarded to Nikhil Vora (pictured) for excellent performance in the BSc Accounting and Finance degree overall.



#### **MSc Accounting and Finance**

The **Emeritus Professors' Prize** for outstanding examination performance in the MSc Accounting and Finance was awarded to Philipp Dinkell, Weizhen Jiang and Muhammed Vali.

#### **MSc Accounting, Organisations and Institutions**

The **Anthony G Hopwood Prize** for outstanding examination performance in the MSc Accounting, Organisations and Institutions was awarded to Yuqing Liang.

## Department Donors

**We would like to extend thanks to the following alumni who have donated to the Department of Accounting in the last five years:**

Name	Degree Year	Name	Degree Year
Mr Emmanuel Carter	1950	Mr Stephen P Collins	1978
Mr John F Dixon	1951	Mr Duncan Paterson	1978
Professor Susan Dev OBE	1968	Mr William D Swackhamer	1980
Mr Homi R Khusrokhan	1968	Mr Robert J Dicker	1981
Mr David J Alderman	1969	Mrs Elizabeth E Cleaver	1982
Mr Frank N C Lochan	1969	Mrs Brooks M Goodyear	1983
Mr Richard W Lewis	1971	Ms Guia G Villavicencio	1983
Professor Peter L Watson	1971	Mr Alfonso Kratter	1984
Mr Paul A Dare	1972	Mr David A N Lever	1984
Mr Robin J Duckitt	1972	Mr Leonidas Thomas	1984
Mr Ralph A King	1972	Mr Theodore E Hoffman Jr	1985
Mr Howard J L Brabrook	1975	Ms Marguerite M McMahon	1985
Mr Patrick H P O'Sullivan	1975	Mr Mohammed G Alkali	1986
Mr Daniel F Akerson	1978	Ms Kathy Epps	1986

## Department Donors (continued)

Name	Degree Year	Name	Degree Year
Mr Richard W Nesbitt	1986	Mr Artem Kozhokin	2007
Mr Michael J Brooks	1987	Dr Xuewen Liu	2007
Mr William G Cisneros	1987	Mr Tim M Reinsch	2007
Mrs Maria C Clerides	1987	Mr Ara Yeromian	2007
Ms Louise H Jones-Geddes	1987	Mr Fahad Abdulla	2008
Mr Najy N Nasser	1988	Mr Mohammad A Bahrami	2008
Mr Emmanuel Schatz	1988	Miss Anastasia Biliri	2008
Miss Christine I Revoy	1989	Mr Marc Karam	2008
Mr Erik Ulvestad	1989	Miss Yiing T Low	2008
Miss Laura K Chan	2003	Mr Bhavish Mahtani	2008
Mr Fabian A Heller	2004	Mr Elliot T Rauba	2008
Mr Anders S Hoifodt	2004	Mr Thomas H Stevenson	2008
Mr Jay M Manek	2004	Mr Malik H Ali	2009
Mr Nimesh Mistry	2004	Miss Kaja Anker-Rasch	2009
Ms Mariza Sella	2004	Mr Lodovico Brioschi	2009
Mr Richard Tonthat	2004	Ms Angela H Huang	2009
Mr Honghui Wu	2004	Miss Azra W Merali	2009
Mr Cristian Ioan Comsa	2005	Mr Yuvan Deena	2010
Mr Charles M Joiner	2005	Mr Osman Ghani	2010
Mr Michel Jreissati	2005	Mr Munther Ismail	2010
Mr Jerzy S Kot	2005	Mr Thomas Philipose	2010
Mr Tomas E O'Donoghue	2005	Mr Donal E Taylor	2010
Mr Satya Patel	2005	Mr Lap H Tong	2010
Mr Matthias M Sainz	2005	Ms Ann-Hunter Van Kirk	2010
Mr Christopher Schell	2005	Mr Nauroze Brohi	2011
Miss Anggrani N Suhali	2005	Mr Pierre Grandjean	2011
Mr Zehuei Tan	2005	Mr Bhavdeep S Grewal	2011
Mr Raymond O Wicklander	2005	Mr Jiaren Liang	2011
Mr Julien Yerly	2005	Miss Hui Z Toh	2011
Mr Meng-Jao D Chen	2006	Miss Carol Y Wen	2011
Mr Blaz Jakic	2006	Mr Daniel S Galli	2012
Mr Constantinos Kourouyiannis	2006	Mr Vishal Gudhka	2012
Mr Diego Lopez Dominguez	2006	Mr Hunain Khan	2012
Mr Sergio Masciantonio	2006	Mr Mustafa Okur	2012
Mr Ioannis Mitakidis	2006	Mr Wenzhen Yang	2012
Mr Frank P Siu	2006	Miss Athina Germanou	2013
Mr Luc O Springinsfeld	2006	Miss Dieu Linh Tran	2013
Mr Yiran Tao	2006	Miss Tianning Yu	2013
Mr Christopher Toy	2006	Miss Chloe Cafritz	2014
Mr Dharana K Aubeelack	2007	Mr Daryl C Toh	2014
Mr Wenbin Cai	2007		
Miss Sigridur Gudmundsdottir	2007		
Mr Spyridon Katsaros	2007		

## Faculty

**Ahmed Abdalla** *LSE Fellow*

**Dimos Andronoudis** *LSE Fellow*

**Vasiliki Athanasakou** *Assistant Professor of Accounting*

**Alnoor Bhimani** *Professor of Management Accounting*

**Jose Carabias Palmeiro** *Assistant Professor of Accounting*

**Stefano Cascino** *Lecturer in Accounting*

**Yasmine Chahed** *Lecturer in Accounting*

**Prajakta Desai** *LSE Fellow*

**Pascal Frantz** *Lecturer in Accounting and Finance*

**Martin Giraudeau** *Lecturer in Accounting*

**Matthew Hall** *Associate Professor of Accounting*

**Bjorn Jorgensen** *Professor of Accounting and Financial Management*

**Liisa Kurunmäki** *Associate Professor of Accounting*

**Richard Macve** *Professor of Accounting, Emeritus*

**Andrea Mennicken** *Associate Professor of Accounting*

**Peter Miller** *Professor of Management Accounting*

**Julia Morley** *Lecturer in Accounting*

**Christopher Noke** *Associate Professor of Accounting, Departmental Tutor*

**Tommaso Palermo** *Lecturer in Accounting*

**Peter Pope** *Professor of Accounting*

**Michael Power** *Professor of Accounting*

**Ana Simpson** *Assistant Professor of Accounting*

**Ane Tamayo** *Professor of Accounting*

**David Twardowski** *LSE Fellow*

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

## Visiting Fellows and Professors

**Elena Beccalli** *Visiting Professor of Accounting*

**Peter Holgate** *Visiting Professor in Practice*

**Wayne Landsman** *Visiting Professor of Accounting*

**Martin Walker** *Visiting Professor of Accounting*

**Joni Young** *Visiting Professor of Accounting*

## Administrative Team

**Justin Adams** *Administrator*

**Rebecca Baker** *PhD Accounting Programme Manager*

**Muheet Busari** *BSc Accounting and Finance Programme Manager*

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

**Yvonne Guthrie** *Department Manager*

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

**Elizabeth Venning** *Student Information Centre Assistant*

Farewell, and best wishes to **Renuka Fernando**, **Omiros Georgiou** and **Rita Samiolo** who are leaving, as well as **Professor Michael Bromwich** who has retired.

As this magazine goes to print, we are welcoming three new LSE Fellows: **Lukas Loehlein**, **Nadia Matringe** and **Marcus Witzky**.



# LSE Accounting

Magazine of the Department of Accounting at LSE

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