

## Editorial

In a recent article published in *Harvard Business Review*, Robert C. Merton claims that most corporations have "more capital than they think" (Merton, R. 'You have more capital than you think', *HBR* November 2005: 85-94) By using modern financial instruments, organizations can free up capital and get it working to create value. As Merton argues, this potential of creating shareholder value through financial engineering is already huge today, but will increase even more, as new financial tools are likely to emerge in the future.

That corporations have more capital than what is listed on their balance sheets has been a topic of much recent accounting research, too.

Here, however, the focus is not only on financial capital. In accounting research, there is increasing discussion of so-called '**intellectual capital**' - capital that is not (always) listed on the balance sheet but that is supposed to be the source of much value creation within the corporation.

In this issue of the newsletter, **Christian**



**Nielsen** conveys his impressions about two recent workshops on that subject matter, which have taken place in Ferrara, Italy. His report provides insights into the questions that academics are currently discussing with respect to the management and measurement of intellectual capital.

The valuation of intellectual capital and thus of 'assets' like human knowledge or creativity raises issues that go beyond the question of calculatory 'correctness' of financial calculations. Here, political and ethical issues are at stake, too. **Norman B. Macintosh** discusses the treatment of such issues in his essay on the future of accounting research. He sketches possible avenues to a more philosophically informed theory of accounting which does not

stay away from difficult political and ethical questions.

Another feature in this issue is an interview with **Kari Lukka**, who has acted as editor of *European Accounting Review* for the past six years. I am sure that I can speak in the name of the EAA community when I thank Kari for his dedication to the journal and for his commitment to EAA in general. The interview with him contains some personal reflections on the editorial work.

I hope you will enjoy reading these highlights of the newsletter as well as the other information delivered in this issue. The next issue of the newspaper will appear in February 2006. As always, I look forward to any contributions and suggestions.

Finally, let me wish you a Merry Christmas and a good start into the new year.

Yours,

*Martin Messner*

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## Letter from the President, Olov Olson

Dear Colleagues,

I have to say that I am sorry for missing you all at the EAA Annual Congress in Göteborg due to my sudden heart attack. I have since learnt that life has many secrets. Anyway, it is nice to be in touch with you all again. I would like to take the opportunity to thank the former EAA President, Bohumil Kral, the President-Elect John Christensen and Nicole Coopman from the EAA secretariat for supporting me in my role as President of EAA during this period. I also want to thank all those in Göteborg whose hard work contributed to the smooth running of the congress. I especially wish to thank the Secretary General Gunnar Rimmel for his outstanding performance related to the congress.

Time passes all too quickly, and it will soon be time for the next EAA Annual Congress - the most important accounting event in Europe - which is to take place in Dublin. The preparatory meeting for this congress was held in Dublin on the 8th-9th of September. The hosts for the meeting (Aileen Pierce, Niamh Brennan, Tony Brabazon and others from the Dublin Organizing Committee) informed the visiting group, in no uncertain terms, of a very interesting master-plan, which differed appropriately from earlier ones. The visiting group represented various committees of the EAA, and included Ann Jorissen and Anne Loft from the Conference Committee, Willem Buijink from the Standing Scientific Committee, Nicole Coopman from the EAA Secretariat, Gunnar Rimmel, Jan Marton and myself from the Göteborg Organizing Committee and Carlos Baptista Da Costa and Francisco Carreira from the Lisbon Organizing Committee. Aileen Pierce, about a month later, did inform us that approximately 1.150 abstracts and papers had been submitted to the Dublin congress. This manifests that accounting scholars from many countries within and outside Europe have a growing interest

in participating at our congress, which is very promising for the future of the association.

The new governance structure will be in full strength this year. The most striking changes seem to be that the President of EAA and the Chairman of the Scientific Committee are each elected for a three years period, and that none of the positions are, as previously, coupled to the next congress. The first new type of President of EAA has been elected, and this was John Christensen. He is now President Elect, and he will be President of EAA for the two years after the Dublin congress. I believe that this change is very good, and that John Christensen will be a very good President during the coming years. He has certainly supported me during this year. The first new type of Chairman of the Scientific Committee has also been elected, and this was Willem Buijink. He has actually been Chairman of the Scientific Committee since the Göteborg congress.

I think that we can already notice that this change has effects. It seems that the process of selecting and handling papers is being taken care of more carefully than before. The process will also be further improved in the coming years, and the Management Committee is certainly interested in this process. One step of development is to base the selection of papers on full papers, instead of a mixture of abstracts and full papers. Another step is to implement a paper-handling system, which is used at all EAA congresses (and maybe at the congresses of our sister-associations as well as the EIASM conferences). We will probably see more changes of the paper handling process in the near future.

The model of organizing the annual congresses has also been discussed at the Management Committee. The traditional model of the EAA to organize annual congresses is to use a local Organizing Committee, which may decide about the venue (university building or hotel) for the congress activities. Separating the two positions of President of the EAA and Chairman

of the Scientific Committee from the annual congresses will reduce, to some extent, the incentives of taking over responsibility for the congresses. The Management Committee has, however, no intention to change the model of organization of future congresses. A local Organizing Committee will be responsible for arranging the congress with the exception of selecting the papers.

The Management Committee has also spent time on the issue of the annual congresses. The Management Committee requires that the papers that are to be presented at the annual congress should be of very high quality. One avenue to achieve higher quality is to decrease the number of papers. This is now certainly possible in financial terms due to the increase in the number of delegates. But, at the same time, the Management Committee recognizes that we must allow emerging scholars to participate and learn by presenting papers. This is of course a delicate problem and various ideas about how to handle the situation are discussed, and will be discussed, until we have found an appropriate structure.

I believe that the following years will be very important for the future of the EAA. We are a growing association with a sound financial base, and we have now structured the management processes of the associations in such a way that we can both discuss and control the activities in a structured and appropriate way.

Finally, I wish you all, on behalf of the European Accounting Association, a Merry Christmas and Happy New Year.

*Olov Olson*

President of European Accounting Association

Olov.Olson@handels.gu.se

## Interview with Prof. Kari Lukka, the Editor of *European Accounting Review* in 2000-2005

**MM: Kari, you have been editor of *EAR* for six years now. Is it difficult to let this job go after such a long time?**

KL: When saying this in late November 2005, I just feel happy to let somebody else take charge of the journal. This is since being an editor of a research journal with high ambitions like *EAR* causes a lot of work and continuous strain, and after six years of that experience, I feel more and more strongly that I want to get back the time to do other things of the academic life, too. In particular, my own research has suffered from this editorship, simply due to lack of time. Being an editor is a major time-killer indeed... But probably a counterpart to my current feeling will emerge next year, when I really will have stepped down. It may be I will then miss the feeling of 'driving this boat' and acting on a daily basis at the centre of a huge network of premier accounting scholars from all over the world. On the other hand, I trust many of the numerous contacts I have developed through my editorship of *EAR* will continue in one way or another in the future, too.

**MM: When you started with your work six years ago, what was your 'agenda' that you had in mind? What did you want to achieve?**

KL: Right at the start in 2000 I set the target of developing *EAR* further to be an even more serious and well-regarded option in the highly competitive market of accounting research publications. Prior to the year 2000, *EAR* had a kind of 'regional' image of being a publication outlet for studies on European accounting only. I wanted to transform that image – and also the true role of the journal – to be much broader. I wished to develop an image for *EAR* as a European-based but truly international journal. I also wanted to make it clear to accounting scholars all over the world that *EAR* is an accounting research journal with a broad scope both in terms of substantive issues and methods. I wished them to notice that *EAR* is a most seriously run journal, with sophisticated and reliable editorial routines.



**MM: Looking back and taking stock: how do you think the journal has developed under your editorship?**

KL: Trying to realise the pretty high ambitions I set in 2000 has meant several transformations and the mobilisation of new allies. The first thing to do was to develop an explicit policy statement for *EAR*. One of the first amendments I made also included the abandonment of the 'Accounting in Europe' section from the journal. A bit later, the editorial structure of the journal was revised structurally as well as in terms of the scholars in various posts. The journal was moved to function primarily in the electronic mode. In addition to the professional quality of the feedback offered to the contributing authors, a lot of attention has also been paid to the speed of providing that feedback as well as to the timely appearance of the issues of *EAR*. A number of special issues, special sections, and debate forums have been published in the journal in the recent years.

As a consequence, the number of submitted manuscripts has more or less doubled since 2000 – being now well over 120 – and, as a consequence, the acceptance rate of *EAR* has decreased significantly. The latest estimate of the acceptance rate of the articles submitted to *EAR* during my editorship (excluding the special projects) is 15%. I can only hope that the readers of *EAR* have noticed an improvement in the value and scholarly quality of those papers which have made it through the demanding

review process of the journal and have so become accepted for publication.

**MM: Who has helped you in running the journal?**

KL: Well, there are so many. I would like to warmly thank all those scholars, who have helped me in editing *EAR* – particularly the members of the editorial organisation of the journal as well as the *ad hoc* reviewers I have used. I am indebted to so many people that mentioning everyone would be impossible here. However, I would like to express my deepest gratitude to two scholars, in particular.

Prof. Anthony Hopwood has guided and supported me based on his incredible experience and tacit knowledge as the Chair of the Publications Committee of the EAA during all these years. Prof. Markus Granlund has teamed-up with me in the editorial office without counting the hours invested in running and developing the journal. I am greatly indebted to both Anthony and Markus.

**MM: What résumé do you draw of your time as editor?**

KL: The last six years have been the most inspiring years in my academic career. There can hardly be any other task for an academic which could give him/her a better position to observe what is going on in the academia than being a journal's editor. But as said above, it has also caused me a significant amount of work and strain. I sincerely feel I have done my best in this position, and feel happy to be able to leave the journal in the hands of the next Editor, my close colleague Prof. Salvador Carmona from Madrid, Spain. I wish him all the best in running *European Accounting Review* in the coming years. As the forthcoming Chair of the Publications Committee of the EAA, I will do my best to support him in his demanding and challenging task.

*(continued on next page)*

Interview with Prof. Kari Lukka  
(continued from page 3)

**MM: You mentioned that while being an editor, you had to scale down your own research output. What kind of research do you plan to conduct in the near future?**

KL: I plan to continue on the line of my current two-fold research profile, including, on the one hand, research on management accounting practices and their change and, on the other hand, research on the philosophical and methodological foundations of accounting research. I have currently several research projects in process, in various stages, on both of these broad areas. Some of them are joint projects with other scholars. In the next few months I will concentrate on working on these on-going projects. However, I will be on research leave the later part of 2006, visiting Saïd Business School of the University of Oxford. That visit will hopefully give me an opportunity to generate ideas for new research projects, too. Oxford should be an especially stimulating place for that.

**MM: Thank you for the interview.**



## News surrounding the *European Accounting Review*

### Editorial Announcement

Professor **Salvador Carmona** will start as the new Editor of *European Accounting Review* on 1 January 2006. As of that date, all new submissions should be sent to him, following the instructions for the authors given by the journal. The electronic version should be sent to the e-mail address

[ear@ie.edu](mailto:ear@ie.edu)

and simultaneously one paper hard copy of the manuscript to the address:

Professor Salvador Carmona  
Editor *European Accounting Review*  
Calle Maria de Molina, 12-4  
28006 Madrid  
Spain

All manuscripts submitted to EAR before 1 January 2006 will be continued to be processed by Professor Kari Lukka, the current Editor.

### Contents of EAR 14:4

*Valeri Nikolaev and Laurence van Lent*: The endogeneity bias in the relation between cost-of-debt capital and corporate disclosure policy

*John Burns and Gudrun Baldvinsdottir*: An institutional perspective of accountants' new roles – the interplay of contradictions and praxis

*Brendan O'Dwyer, Jeffrey Unerman, Elaine Hession*: User needs in sustainability reporting: Perspectives of stakeholders in Ireland

*Robert B. Durand and Ann Tarca*: The impact of US GAAP reconciliation requirements on choice of foreign stock exchange for firms from common law and code law countries

*Steffen Hinss, Alexis H. Kunz, Thomas Pfeiffer*: Information management with specific investments and cost-based transfer prices

*Peter Back*: Explaining financial difficulties based on previous payment behavior, management background variables and financial ratios

## Call for Papers - *Accounting in Europe*

The 2006 issue of *Accounting in Europe* is now in preparation.

The journal's editorial policy is: to occupy a position between the pure research journal and the practitioner journal. It is intended to provide descriptive and analytical material in a European context. It disseminates articles that reflect on practice and provide analysis and comment. Articles should make a useful contribution to academic knowledge and help to achieve a more sophisticated understanding of accounting in its context and be useful to researchers, educators and professionals.

It is intended to provide an eclectic publication outlet which will encourage both young researchers and those from research traditions not well represented in English language journals. It will consist of both articles submitted by members of the research community, which will be subject to blind refereeing, and commissioned essays.

For the 2006 volume, material on any issue related to European accounting and the accounting infrastructure will be considered. Submissions for the journal should be sent to the editor, Professor **Peter Walton**, at [walton@essec.fr](mailto:walton@essec.fr).

The 2006 volume is scheduled to appear in October 2006, and submissions would normally need to be lodged by 28 February 2006 to be included in that issue.

The style conventions are the same as those of the *European Accounting Review*.

## News on Accounting in Europe

Regrettably, production delays have caused the 2005 volume to appear later than expected. However, do not despair! The 2005 issue will be with you very soon. In the meantime, you will find the contents list below - so that you can anticipate the pleasures to come...

Peter Walton

### Contents of *Accounting in Europe 2005*

Volume 2

#### Issues in European accounting

*Judy Day and Peter Taylor:* Accession to the European Union and the Process of Accounting and Audit Reform

*Lisa Evans (principal co-author), Guenther Gebhardt (chair), Martin Hoogendoorn, Jan Marton, Roberto Di Pietra (principal co-author), Araceli Mora, Frank Thinggård, Petri Vehmane, and Alfred Wagenhofer:*

Problems and Opportunities of an IFRS for Small and Medium-sized entities. The EAA FRSC's Comment on the IASB Discussion Paper

*Mary Tokar:* Convergence and the Implementation of a Single Set of Global Standards: The Real-life Challenge

*Jens Wuestermann and Sonia Kierzek:* Revenue Recognition under IFRS Revisited: Conceptual Models, Current proposals and Practical Consequences

#### Refereed articles

*Dao, Thi Hong Phu:* Monitoring Compliance with IFRS: Some Insights from the French Regulatory System

*Pascale Delvaille, Gabi Ebbers and Chiara Saccon:* International Financial reporting Convergence: Evidence from Three Continental European Countries

*T Colwyn Jones and Robert Luther:* Anticipating the Impact of IFRS on the Management of German Manufacturing Companies: Some Observations from a British perspective

*Ester Oliveras and Xavier Puig:* The Changing Relationship Between Tax and Financial Reporting in Spain

## Call for Papers: Global Accounting Convergence – Implication for Companies and Stakeholders

Call for Papers for:

	<b>Special Track at the IFSAM VIIIth World Congress 2006</b> &
<b>Special Issue of the Schmalenbach Business Review (sbr)</b>	

#### Chair Persons and Guest Editors:

Axel Haller (Regensburg) and Sid Gray (Sydney)

#### Background

From September 28 to 30, 2006 the German Association of University Professors of Management (Verband der Hochschullehrer für Betriebswirtschaft e.V.) will be hosting

the VIIIth World Congress of the International Federation of Scholarly Associations of Management (IFSAM) in Berlin. IFSAM is the umbrella organisation for academics and associations of management and business studies from all over the world. It aims at bringing together all scholars who are interested in business research and international exchange. The world congresses which take place every two years in different parts of the world are a major instrument to reach this aim.

Apart from plenary sessions and panels the upcoming conference in Berlin will have special tracks with presentations of research papers. While every track covers a particular area of business research they focus all on the challenges for companies caused by the tremendous internationalization of business. One of the tracks is devoted to the internationalization of accounting. For further information

about the conference please visit the website [www.ctw-congress.de/ifsam](http://www.ctw-congress.de/ifsam).

Triggered and fuelled by the internationalization of corporate activities and capital exchange, accounting - especially financial reporting - has been subject to considerable change on a global and national level during the last decade. With the International Financial Reporting Standards (IFRS) a global common basis of accounting standards has been created that provides the chance to overcome national differences in accounting regulation and practice and to reach a cross-border comparability of accounting information. This era of global convergence of accounting systems, concepts and standards causes enormous challenges for regulators, standard setters, companies and their stakeholders and opens up a vast field of research topics and issues.

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## Call for Papers: Global Accounting Convergence... (continued from page 5)

Accordingly, the track at the IFSAM conference will focus on the global convergence process that is going on at the moment and its resulting implications for regulators, companies and their stakeholders. Submissions of papers are invited that cover topics such as:

- the impact of IFRS on national regulations,
- transition of national accounting systems due to international convergence of accounting standards,
- application and extent of compliance with IFRS by companies,
- convergence of national accounting systems,
- problems faced by companies in implementing IFRS,
- costs and benefits of accounting convergence,
- differential reporting issues arising from the dominance of IFRS,
- technical issues concerning IFRS,
- enforcement of IFRS,
- the impact of IFRS on financial performance,
- the impact of IFRS on stakeholders,
- the impact of convergence on the accounting profession,
- the impact of companies' application of IFRS on management accounting,
- global accounting convergence and cost of capital, and
- analysts use of IFRS information.

All types of methodologies (such as normative, empirical, behavioral etc.) are very welcome. The papers may have a global or regional perspective. The presentation of papers at the conference gives the opportunity to bring current knowledge of international accounting research to a broad audience of academics in management and business sciences and provides an excellent platform for interdisciplinary discussions and contacts.

### Submission Process

Full Papers must be submitted before February 28, 2006. The papers should be

in English and submissions need to be electronic. Please follow the instructions on the congress website [www.ctw-congress.de/ifsam](http://www.ctw-congress.de/ifsam). Submissions by fax, mail or E-mail will not be accepted. Please make clear that you submit the paper to the conference track "internationalization of accounting". Papers submitted to the conference will also be considered for a Special Issue of *sbr* that will be published in 2007. Please indicate whether you also submit your paper for the Special Issue of *sbr* in the IFSAM electronic submission form. With your submission for the Special Issue of *sbr* you accept the *sbr* guidelines ([www.vhb.de/sbr/for\\_authors.html](http://www.vhb.de/sbr/for_authors.html)). All papers will go through a double-blind review process.

### Timeline

<i>Feb. 28, 2006</i>	Paper submitted electronically to IFSAM
<i>May 31, 2006</i>	Authors notified if paper selected for the IFSAM conference
<i>Sept. 28-30, 2006</i>	IFSAM conference to be held in Berlin
<i>Oct. 2006</i>	Authors notified if paper selected for Special Issue of <i>sbr</i>
<i>Nov. 2006</i>	Revised papers due (incorporating reviewer comments)

### Contact Information

Track Chairpersons and Guest Editors  
*sbr*:

Axel Haller (University of Regensburg)  
[axel.haller@wiwi.uni-regensburg.de](mailto:axel.haller@wiwi.uni-regensburg.de)

&

Sid Gray (University of Sydney)  
[s.gray@econ.usyd.edu.au](mailto:s.gray@econ.usyd.edu.au)

## Call for Papers: "Coordination and Cooperation..."

### International Conference on "Coordination and Cooperation Across Organisational Boundaries"

The Accounting and Finance Department of the **London School of Economics** - in association with the Catholic University of Milan - is organising an International Conference on "Coordination and Cooperation Across Organisational Boundaries" to be held on **April 20-21, 2006, in Milan**. The keynote speaker of the event will be Prof. Peter Miller (LSE).

The aim of this conference is to bring together contributions from a range of disciplines to address this complex and increasingly important issue of coordination and cooperation across organizational boundaries.

The deadline for the paper or detailed abstract submission is January 31, 2006. To make the submission and refereeing process faster and more efficient, we plan to do everything electronically. Thus we will only accept electronic submissions. Please send your paper to the following email address:

[elena.beccalli@unicatt.it](mailto:elena.beccalli@unicatt.it)

On the title page please include the names, full address, relevant phone and fax numbers and e-mail address for all authors. Submissions will undergo a blind review, and authors will be notified by March 15, 2006.

For those who submit an abstract, please note that the final acceptance will be contingent on receiving a full paper and your registration by March 31, 2006. Priority will be given to full paper submissions.

Please find more information at:

<http://www.unicatt.it/convegno/UC-LSE/>

## Call for Papers (Special issue of *Accounting History*) Perspectives and Reflections on Accounting's Past in Europe

The world of accounting has never been monolingual. Indeed, across mainland Europe, examinations of accounting's past within specific countries or regions have most frequently been published in languages other than English. Such contributions are often not recognised when Anglo-American accounting scholars prepare guides, which are intended to be useful and authoritative, on conducting and publishing accounting history research. Sometimes the impression can be unintentionally given that the history of accounting has taken place almost exclusively in English language countries or, perhaps even more unintentionally, that work undertaken and prepared in languages other than English is not of a suitable style or of sufficient quality for "international" recognition. Such circumstances are unlikely to alter in at least the near future as the English language continues to assume ascendancy as the dominant international language in this era of globalisation.

Today, within many European countries, accounting and other scholars, especially young scholars, are being

encouraged to publish in international refereed journals which are highly prone to be published wholly in the English language. Such incentives are often readily visible in national research assessment regimes which are being implemented in certain countries in mainland Europe. Accounting in Europe, of course, has a long tradition, whereas accounting history studies set in the United States, the United Kingdom, Canada, Australia and New Zealand have typically focussed on developments in the nineteenth and twentieth centuries. Accordingly, this **special issue of *Accounting History*** provides an opportunity for accounting scholars, who are interested in accounting's past in Europe, to broaden the English language literature with studies which meet the editorial policies of the journal. This special issue, scheduled to be published in 2008, seeks to augment the literature in various ways. Submissions of original papers for this special thematic issue may be concerned with enhancing historical knowledge through, for example, investigations on the following issues or topics:

- Traditions in accounting history research in Europe;
- European trends in accounting history research;
- Comparative international accounting history in Europe;
- Accounting institutions, accounting regulation and standard setting;
- Accounting in social institutions.

Intending contributors are encouraged to interpret this theme from diverse theoretical and methodological perspectives in studies either within or across specific countries or regions. Intending authors are strongly encouraged to contact the guest editor in advance to discuss their proposed topics. Submissions should be written in English and forwarded electronically, to the guest editor, by **31 August 2007**.

**Guest editors:** Angelo Riccaboni and Elena Giovannoni

Faculty of Economics, University of Siena, 53100 Siena, Italy

Email: riccaboni@unisi.it; giovannoniel@unisi.it

## Call for Papers: AFAANZ Accounting Education SIG Symposium, Wellington (NZ), 1st July 2006

AFAANZ Accounting Education SIG Symposium, **Wellington (NZ), 1st July 2006**.

This is the first call for research papers for the Accounting Education SIG one-day symposium to precede the 2006 Annual Conference of AFAANZ to be held in Wellington, New Zealand. Contributions are invited from both educators and professional bodies.

The **theme** for this year is "**The scholarship of teaching within accounting education: understanding student learning and teaching practice**". Commonly the scholarship of teaching is seen as embracing four forms of scholarship:

- The scholarship of discovery: research into the nature of learning and teaching

- The scholarship of integration: of knowledge from several disciplines to understand what is going on in the classroom
- The scholarship of application: using an evidence-based practice within the classroom
- And finally, the scholarship of teaching itself: the transformation and extension of knowledge through our teaching

We welcome papers under any of the above headings.

### Submission

An abstract of your paper should be submitted by **31st March, 2006**. Earlier submission is encouraged. Abstracts should not exceed 500 words and should include the following headings:

aims, objectives, method, outcomes and significance. Authors will be notified of acceptance by 30th April, 2006.

Abstracts should be sent electronically to both organisers of the Symposium:

**Dr Ursula Lucas**, Bristol Business School, University of the West of England, Email:

[Ursula.Lucas@uwe.ac.uk](mailto:Ursula.Lucas@uwe.ac.uk)

**Dr Rosina Mladenovic**, Discipline of Accounting, School of Business, Faculty of Economics and Business, The University of Sydney, Email:

[R.Mladenovic@econ.usyd.edu.au](mailto:R.Mladenovic@econ.usyd.edu.au)

**For details** on the 2006 AFFANZ

Conference see <http://www.aaanz.org/>

Why not join the Accounting Education Discussion List?

<http://www.jiscmail.ac.uk/lists/ACCOUNTING-EDUCATION.html>

## Further upcoming conferences

### 4th European Academic Conference on "Internal Auditing and Corporate Governance", London, 5-7 April 2006.

Cass Business School with the support of the Institutes of Internal Auditors UK and Ireland, Netherlands and Italy as well as the European Confederation of Institutes of Internal Auditors (ECIIA) are delighted to announce the **Fourth European Academic Conference on "Internal Auditing and Corporate Governance"**, taking place at Cass Business School, **London, UK, from 5 - 7 April 2006.**

A seminar for PhD students to present work in progress to experienced academics and practitioners will be held on 5 April 2006. Three prizes, funded by each national institute, will be offered to the best papers presented. Successful PhD applicants to present on the PhD day are eligible to apply for both the cost of accommodation in the university's residence and the conference fees.

The main conference will be held on 6 and 7 April, 2006. Papers for both parts are invited from academics, researchers, PhD students and practitioners with an interest in internal auditing and corporate governance. The conference will provide a forum to present, debate and discuss current issues impacting this area. An abstract of approx. 2 pages - not more than 500 words - should be submitted to the conference chair via [aca\\_con\\_2006@eciia.org](mailto:aca_con_2006@eciia.org) as either a Microsoft Word \*.doc or a \*.rtf rich text file. Abstracts will be blind reviewed as they are received on a rolling basis, to assure a rapid decision for facilitating funding and travel arrangements. The deadline for receipt of submissions is the **15th December 2005**

#### Academic Conference Chair

Prof. Leen Paape, Program Director Internal/Operational Auditing, Erasmus University Rotterdam, Tel (00 31) (0) 20 568 4300 or (0031) (0) 6 53 644623, [paape@few.eur.nl](mailto:paape@few.eur.nl)

### 11th world congress of Accounting Historians, Nantes, July 19-22, 2006

Conference submissions can examine any aspect of the history of accounting, but the history of Nantes, the presence of the Stevelinck Collection, and the experience with the Journées d'Histoire de la Comptabilité et du Management motivates us to encourage papers dealing with the following themes:

- Accounting and Ocean Routes: maritime trade, major commercial companies, colonialisation...
- 1970-2006: 36 years of accounting-history research: thematics, authors, methodologies, prospective approaches...
- Accounting writers: biographies, works, influence... privileging new research approaches and new issues...
- Accounting in relation to other management disciplines: strategy, management, human resources management, marketing, finance...
- Interdisciplinary approaches to accounting history

Manuscripts must be submitted in English, and will be reviewed by the members of the Scientific Committee. Submissions by electronic mail are acceptable.

The deadline for proposed manuscripts is **January 15, 2006** and they should be sent to:

**Yannick Lemarchand**  
Congress Convenor  
[wcah@univ-nantes.fr](mailto:wcah@univ-nantes.fr)

**Fabienne Le Roy**  
Congress Administrator  
Maison des sciences de l'homme Ange-Guépin  
21 bd Gaston Doumergue BP 76235  
F - 44262 - Nantes cedex 2  
[wcah@univ-nantes.fr](mailto:wcah@univ-nantes.fr)

For details pls. see  
<http://palissy.humana.univ-nantes.fr/msh/wcah/info.html>

### 27th Conference of the The "Association Francophone de Comptabilité" (Francophone Accounting Association) , Tunis, 10-11-12 May 2006

"Accounting, Controle, Audit and Institutions"

3 types of contributions:

- Young Researcher.
- Research Papers.
- Accounting Teaching.

#### Key Dates:

Submission deadline: December 31, 2005

Authors notification: March 15, 2006

Full paper reception: April 15, 2006

For **additional information**, please visit the individual conference pages: [www.afc-tunisie2006.org](http://www.afc-tunisie2006.org)

### 1st International Conference on Accounting and Finance, Thessaloniki, Greece, August 31-September 1, 2006

Department of Accounting & Finance, University of Macedonia, Thessaloniki, Greece

Authors are invited to submit theoretical and empirical papers in all categories of finance and accounting. It is planned to hold a joint finance/accounting session in which doctoral students will present their work and receive feedback from faculty in their discipline.

The conference will also host a panel session on: "The Economic Consequences of IFRS" (Speakers: Pat O' Brien, Begopa Giner, Christos Hasapantoniou, Peter Pope)

Abstracts submitted for consideration should reach the Organising Committee by **5th January 2006**.

For **additional information**, please visit the individual conference pages: <http://eos.uom.gr/~icaf>

# Measuring and Managing Intellectual Capital

Impressions from two workshops, by Christian Nielsen<sup>1</sup>

In October 2005, I had the pleasure of attending two events hosted by the University of Ferrara, namely the 1<sup>st</sup> EIASM Workshop on “**Visualising, Measuring, and Managing Intangibles and Intellectual Capital**”, 18<sup>th</sup>-20<sup>th</sup> October, and the OECD International Policy Conference on “**Intellectual Assets and Innovation: Value Creation in the Knowledge Economy**”, 20<sup>th</sup>-22<sup>nd</sup> October.

As both events contained a large number of extremely interesting parallel sessions, at times making the choice of session quite difficult, this account is surely a limited one. The following are my observations from the sessions and discussions I had the opportunity to participate in during the five days these back-to-back IC gatherings lasted.

## The EIASM workshop

The first event, the EIASM workshop commenced with a plenary note by the invited key-note speaker, Professor Baruch Lev from Stern School of Business at New York University. In this session Lev described that there was a lack of interest in intangibles and intellectual capital in the US from regulators, academics, and the business community. One of the key points in his speech was the need for a change of focus from viewing the intangibles agenda strictly from an accounting perspective to viewing the agenda from a strategy oriented perspective. Lev argued the need for looking more into the concept of corporate resilience, which is merely a synonym for sustainability. He also stressed the importance of increasing the reporting of risks and corporate governance metrics. Despite lacking focus in the US all of which are areas that have already received immense focus from the European and Australasian academic communities in past few years.

In the opening session, Professor Stefano Zambon noted that five archetypes of IC research were represented at the workshop. Of these,

the dominating perspectives were clearly the empirical based contributions and the types of studies focusing on IC from an external perspective, i.e. either through reporting, or market reactions to corporate disclosures. While Zambon noted that there was clearly a lack of policy-related research, it is also worth noting that only few contributions focused on the internal perspectives of intellectual capital, i.e. the internal management and control and the internal effects of working actively with intellectual capital. Perhaps these are the next big hurdles for the IC research-community to address?

The EIASM workshop concluded with a plenary session where some of the more established researchers in the field were allowed 15 minutes to address the audience with thoughts and comments that they would like to share. Here are a few main points from the concluding session:

- Karl-Heinz Leitner and Paloma Sanchez argued the need for reducing the list of applied IC indicators, so that disclosed information is value-added, and measurable, ensuring that it links inputs and outputs and refers to actual management practices
- Jan Mouritsen took the stance that we seem to take such links for granted and that we like to put arrows between boxes. He argued that we should focus our effort on studying these arrows, where they work and more importantly where they do not work. Perhaps we should also ask ourselves where IC is a hindrance to value creation and pointing at situations, where stabilization and structure might not necessarily be a good thing
- Finally, Hanno Roberts and James Guthrie projected brief views of the status of IC research and pointed forwards to the next gathering after the upcoming “walkabout” of the IC

community, while Jan-Erik Gröjer took the opportunity to invite interested parties to spend their walkabout in collaborate with his Uppsala-based research project, the Use of Intellectual Capital on Capital Markets (MUSIC)

## The OECD proceedings

*Collaboration* seemed to comprise the keyword for the OECD proceedings that followed in the wake of the EIASM workshop. Firstly, collaboration constituted a focal point of the whole exercise, namely collaboration between policy-makers, academics and practitioners. The successful achievement of this became quite evident from studying the list of participants; especially the large attendance from Japan was positive.

Already in the opening speech of the first plenary session, Professor Hal Varian introduced us to the concept of *innovative collaboration*, using this term to explain the rise and fall of new and dominating business models. The term “business model” was a widely applied expression over the course of this conference, where it was immensely connected with innovation capabilities and linking value creation with intellectual capital reporting. However, no clear definition of what a business model really is seems to prevail. A possible definition of a business model could be as follows: “A company’s business model describes its collaborative portfolio of strategy choices put in place for the handling of the processes and relationships that drive value creation on operational, tactical and executive levels”. Thus, it is strongly linked with value creation, but as Pat Sullivan noted during the discussion following the opening session, value creation too in a sense seems undefined, and furthermore, the accounting definition of value creation seems only to be concerned with value realization.

*(continued on next page)*

<sup>1</sup> Christian Nielsen is Assistant Professor at Aarhus School of Business and participant in the former Danish Intellectual Capital Statement Guideline project.

Measuring and Managing Intellectual Capital (*continued from page 9*)

From this it may be deduced that the intellectual capital agenda is more concerned with value creation potential, value creation processes and value creation extraction, which all precede the value realization phase. This supports the points forwarded by Baruch Lev during the EIASM workshop.

Several sessions at the conference dealt with business reporting and the disclosure of non-financial performance measures. From my own perspective, it was nice to see examples of companies outside of Denmark that were disclosing Intellectual Capital Statements. And they were good at it

too! Along with the international attendance, this supports the notion that there does in fact exist what we could label an IC-movement and IC-community. In this light, we return to our key word, collaboration.

During the Ferrara gatherings, a *collaboration* of participants formed a workgroup with the intent of constructing a **web portal** to serve, inspire, and **energize the IC-movement** and its participants. This portal will enable the sharing of knowledge, best practices and problems between stakeholder groups, research groups and countries and its URL will be: [www.icportal.net](http://www.icportal.net). Comments,

thoughts and ideas on possible target groups and features of such a portal can be sent to [cni@asb.dk](mailto:cni@asb.dk). You can look forward to using this *collaborative* Internet site in the spring of 2006.

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Looking back at the

## Workshop on „Accounting in Europe beyond 2005“

Almost one hundred people from 13 countries from Europe and America came to the **University of Regensburg** from 29-30 September 2005 to attend the Workshop on “Accounting in Europe beyond 2005”, organized by Prof. Dr. **Axel Haller** and members of the chair of Financial Accounting and Auditing of the University of Regensburg. The objective of the workshop was to discuss current research on the impact of the European Commission’s regulatory policy concerning financial reporting – in which the International Financial Reporting Standards (IFRS) play a substantial role – on EU member states, their companies and national institutions. A special focus was on the implementation of the EU IAS-Regulation in national regulatory systems in Europe and on potential future developments of accounting convergence within the EU.

Out of 45 papers submitted to the scientific committee, 24 papers were presented and discussed in parallel sessions. In addition there were four plenary presentations by well known speakers. Prof. Chris Nobes (University of Reading, UK) gave his thoughts about the impact of the EU Regulation



on international accounting research. He pointed out that a lot of topics have already lost or will lose importance and justification, however that there will be new research opportunities, especially concerning the application, interpretation and enforcement of IFRS in different member states. David Cairns (Visiting Professor at London School of Economics and Political Sciences and former Secretary-General

of the IASB) spoke about the IASB’s agenda project on IFRS for small and medium sized entities (SMEs). As a member of the IASB’s advisory panel for this project he analysed the major challenges the IASB is facing, gave an insight into the discussions in progress in and around the IASB, and presented his views of potential solutions and steps forward to lead the project to a standard in an appropriate time and manner.

On the second day Dr. Christoph Hütten (Head of Corporate Financial Reporting of SAP AG) talked about the financial reporting challenges of a European company with worldwide operations in the global regulatory environment. Referring to SAP, he made very clear that companies which have securities traded on the American capital market suffer a high administrative and cost burden to fulfil all their reporting requirements. The acceptance of IFRS by the SEC would help to reduce the burden to a considerable extent, however Dr. Hütten was not very optimistic about when this would actually happen.

(*continued on next page*)

Workshop „Accounting in Europe“ (continued from page 10)

The last presentation was given by Jochen Pape (Member of the Board of



PricewaterhouseCoopers, Germany). His topic was the role of constituencies and national standard setters in the development of global IFRS. Mr. Pape pointed out the structural setting within and around the IASB and stressed important issues on which the IASB has expectations towards its constituents and vice versa. Based on major criticisms and shortcomings the IASB is facing, several proposals for improvement were put forward and discussed with the audience.

Taking its theme from the annual Oktoberfest in nearby Munich, the official part of the workshop ended with a “Bavarian Brotzeit” serving Bavarian sausage, cheese and beer from the barrel. This was also the beginning of the social part of the workshop which was continued the following day with a

guided walking tour through the historic part of Regensburg and a visit to the palace of the famous aristocratic family of Thurn and Taxis.

All participants were very positive about the workshop in Regensburg and this kind of forum where smaller groups of researchers can discuss current research issues on financial accounting in Europe. They expressed their expectations that such an event should be institutionalized and organized on a consistent basis. As a reaction to this encouraging feedback there will be another workshop on 7/8 September next year in the UK. A first Call for papers for this workshop has already been sent out, and a further call will be sent out at the beginning of 2006 (see below).

*Axel Haller*

Call for Papers

## Workshop on „Accounting in Europe post 2005“

WORKSHOP ON  
ACCOUNTING IN EUROPE POST  
2005

7th – 8th SEPTEMBER 2006

Milton Keynes, UK

### Background

Following on from the successful workshop “Accounting in Europe Beyond 2005” held at the University of Regensburg, Germany on September 29th–October 1st 2005, the European Financial Reporting Research Group (EuFin) and the British Accounting Association International Accounting and Finance Special Interest Group (IAFSIG) are pleased to announce a workshop on “Accounting in Europe Post 2005” to be hosted by the Accounting and Finance Research Unit of The Open University Business

School in Milton Keynes, UK. There will be plenary sessions with distinguished speakers from the accounting profession and academia, as well as research papers.

The EU Regulation on the application of International Accounting Standards (IAS Regulation) had fundamental consequences for the companies concerned and also for the accounting infrastructure in individual member states. The workshop will provide a forum to evaluate the effect of the IAS Regulation on accounting convergence in the EU and to exchange current research results and evidence related to this topic. As the regulatory position stabilises for listed companies, the workshop also provides an opportunity to assess the progress of convergence of financial reporting in unlisted entities.

### Chairpersons

Sally Aisbitt (Open University, UK)

Axel Haller (University of Regensburg, Germany)

Peter Walton (Open University, UK and ESSEC Business School, France)

### Target Audience

The workshop is likely to be of interest to those who are interested in international accounting in general, the process of change in accounting regulation, the regulation of financial accounting as well as the internationalisation of accounting in Europe.

### Topics

The workshop will address all and any aspects of the fundamental change which financial reporting in Europe has already gone through and will undergo within the next few years.

*(continue on next page)*

## Call for Papers „Accounting in Europe post 2005“ (continued from page 11)

Papers would be specifically welcome to the following topics:

- the transfer of IFRS into European regulations
- the impact of European politics on international accounting standard setting
- the impact of the EU IAS-Regulation on the accounting rules of the member states
- the impact of IFRS on the regulatory machinery in individual countries
- the impact of IFRS on the accounting rules in individual countries
- future of accounting for small and medium-sized entities in Europe
- differential reporting issues arising from the EU accounting strategy
- the problems faced by companies in implementing IFRS
- the impact of IFRS on market regulators and compliance
- the impact of convergence on the accounting profession

**Review Process**

Submitted papers will be subject to a blind review process. In parallel to submission for the workshop, papers may also be submitted for consideration for publication in the Journal

“Accounting in Europe”. The two selection procedures are, however, quite separate, and acceptance for the one does not imply automatic acceptance for the other.

**Venue and Location**

The workshop will take place at The Open University Business School, Walton Hall, Milton Keynes, UK.

**Instructions for interested parties**

The first call for papers for the workshop and the preliminary programme will be available in January 2006. To receive further information by email, please register your interest by emailing [oubs-eufin@open.ac.uk](mailto:oubs-eufin@open.ac.uk).

## EIASM events and job vacancies

**Upcoming EIASM events**

Here is a list of selected events organized by EIASM:

- EDEN Doctoral Seminar on Empirical Financial Accounting Research, Brussels, 18-21 April 2006
- EURAM 2006 conference, Oslo, 17-20 May 2006
- 7th Workshop on Accounting and Economics, Bergen, 22-23 June 2006
- 4th International Conference on Accounting, Auditing and Management in Public Sector Reforms, Siena, 7-9 September 2006
- EDEN Doctoral Seminar on Analytical Accounting Research, Brussels, 17-21 October 2006

For details and for more events, pls. visit: [www.eiasm.org](http://www.eiasm.org).

**Job Vacancies**

- Visiting Professor in Financial Accounting. Institution: Aarhus School of Business, Department of Accounting, Finance and Logistics, Denmark. Deadline for applications: 2 January 2006
- Assistant Professor of Accounting (Tenure Track). Institution: Rollins College, Department of International Business, Florida, U.S.A.
- Occasional Visiting Position for Associate/Full Professor. Institution: FH Nordakademie gAG, Germany. Deadline for applications: 1 January 2006 or until filled
- Faculty Positions in Accounting. Institution: Nanyang Business School at Nanyang Technological University, Singapore.
- Assistant/Associate Professors in Financial Accounting and

Management Control. Institution: ESSEC Business School, France. Deadline for applications: 1 January 2006

For details pls. visit: <http://www.eaa-online.org/associations/eaa/index.asp>



Norman B. Macintosh on

## Some Prospects for Future Accounting Research

This essay<sup>1</sup> speculates about future prospects for social, political and philosophical accounting research.

The social refers to the relationships of individuals to their communities and to society at large. So sociologists and political scientists attempt to understand how social systems such as organizations, institutions, professions, families function and change, particularly why and how individuals accept [or resist] social controls and their power effects. The interest for us, then, is in understanding the role of accounting as one of the many important bonding agents that hold social systems together but also how it can act as the catalyst for conflict and resistance to social controls and their power effects.

Anthony Hopwood said it well in his inaugural editorial to the first edition of *Accounting, Organizations and Society* [Vol.1, No. 1, 1976]. "Accounting has played a vital role in the development of modern society. To this day it remains the most important formal means of analyzing and communicating information on the financial activities and performance of all forms of organization ... but there is a need to consider and study the relationships that have existed between accounting and organizational power" (pp. 1-2). At the time he predicted presciently that there would be increasing attention paid to the wider accountability of organizations to social and societal concerns.

I also suspect that Lukka and Mouritsen's (2002) call for heterogeneity in accounting research will prevail, at least for a while. Such eclecticism is the hallmark today of many disciplines as witnessed recently in the field of organizational analysis and behavior where a wide variety of theoretical genres and research methodologies have become "acceptable" scholarly endeavors under the umbrella of "institutional theory"

and "discourse analysis." So it will be no great surprise if we see a variety of research genres being brought into play, perhaps with greater emphasis on combining the empirical and the theoretical into single studies.

The next conjecture is that we will see a lot more research investigating

*"So it will be no great surprise if we see a variety of research genres being brought into play"*

accounting as an important cultural discourse. Culture, as the term has been used traditionally, signals to "a whole way of life" of a particular people or peoples living in a particular place where the habitants have a cultural identify. In this sense culture is what people live *in*, what they live *for*, and what they live *by*. Culture goes all the way down. In today's rapidly shrinking world, however, culture as the bedrock of various distinctive communities of like-minded peoples seems to be giving way to a universal mass culture, energized by the commercialization of goods, services, and images, which today flood the world, bringing with it the universalization of a narrow set of Western core values.

Accounting today is a vital strand in the whole cloth of this mass culture that commodifies facets of life, previously governed by local social mores, into the embrace of the impersonal market place. So how accounting comes to be enculturated, what it means to people around the globe, and how it gets mobilized, as a vital discourse in the inevitable struggles over power and wealth would seem to be pressing issues. Such investigations would not simply identify how managers, in say Taiwan, respond differently to

accounting information and official accounting principles than do managers in Scotland or California. Rather, some researchers will focus on the way accounting brings with it a set of core values and discourses which it articulates as not only inherently true, but also necessary.

This globalizing phenomenon raises issues related to the next prediction. In less than a half a century, transnational capitalism has been transformed from Keynesian combined market and social welfare economies focusing on mass production and consumption inside individual nation states, into what David Harvey in his seminal book, *The Condition of Postmodernity* (1989), calls post-Fordism and flexible capital accumulation featuring giant global multinational firms that operate pretty much beyond the control of individual nation states as capitalism expands its reach into the most remote regions of the planet. This is a unique moment in the history of humankind. Accounting's role in this has recently emerged as a new topic and research along these lines will very likely increase and become part and parcel of the current debates regarding globalization.

In this regard, some see the globalization of market and financial capitalism as a panacea for the world's troubles, which they admit are vast, but nonetheless who produce sanguine eulogies about free trade and the forces of capitalism. Others, in contrast, see globalization as a nostrum promulgated by the have nations to continue their colonization of three quarters of the world. Moreover, riots and protests against the actions and policies of the undemocratic institutions of globalization are the order of the day. And many renowned intellects in a variety of disciplines have voiced mounting concerns.

*(continued on next page)*

<sup>1</sup> This essay is adapted from Macintosh, N. and T. Hopper (eds.) (2005). *Accounting, the social and the political: classics, contemporary and beyond*. Amsterdam: Elsevier, pp. 399-402.

## Some Prospects for Future Accounting Research (continued from page 13)

Research into the role of accounting in this debate will surely increase, not least as the effects of global environmental degradation continues to mount alarmingly.

A closely related and astounding development at the centre of the globalization phenomenon has been the appearance of what has been labeled “entrepreneurial paper capitalism.” It exists, not only on paper any more, but more so in computerized data form which makes possible the integration of global capital markets, stock exchanges, merchant banks, offshore tax havens, to say nothing of the harmonization of accounting standards globally under the auspices of the International Accounting Standards Board. The result has been the complete reorganization of the global financial system and the vastly enhanced power of financial maneuvers and manipulation. Armed with digital capital of immense sums, transnational corporations can “take-over” and colonize large areas of the world by means of financially based electronic communication and paper documents without physically setting foot on these territories. The role of accounting in all of this will likely motivate much scholarly research. After all, most of the data and discourse comes in accounting language.

Now for a “wild card” hunch. More accounting research will take “the linguistic turn” adopted by most of the social sciences and humanities in recent decades. This means adopting ontological, epistemological, and philosophical positions that differ in crucial ways from those of either the conventional capital markets and informational perspective or critical theories used in the past. It means treating accounting reports as texts or narratives with qualitative meanings that can be studied relying on methodologies from semiology, linguistics, and literary theory. This approach would be underwritten by the “late” Wittgenstein’s insight that language is not merely a neutral window on reality, but rather plays an active role in the realms of meaning and knowledge.

In his late work, the *Philosophical Investigations*, Wittgenstein repudiated his earlier picture theory of language and now came to believe that while

words could be used to name things, they could also be used, like tools in a toolbox, in a variety of ways. So they mean different things in different contexts which he called “language games.” Investigating the various accounting language games played today by participants in organizations and society, in both the private and the public sectors, seems a promising new direction for researching accounting, the social and the political. Language, however, is closely tied to philosophy and this brings us to our last speculation.

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*“More accounting research  
will take ‘the linguistic  
turn’ (...) treating accounting  
reports as texts or narratives”*

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It also seems likely that a lot more research will get under way investigating the philosophical and related ethical side of accounting. This research, importantly, will involve ethics, but not in the mold of, say, those studies asking undergraduate students in business or employees in professional accounting firms whether or not they would follow accounting principles and rules in various scenarios involving pressure from higher ups or clients. Instead, they will be concerned with ethics in the philosophical sense.

Ethics and morality, however, should not be confused even though they are related. The term ethics should be reserved “for the aim of an accomplished life and the term ‘morality’ for the articulation of this aim in norms characterized at once by the claim to universality and by an effect of constraint” (Ricoeur, 1992, p.170). Ethics, then, gets place of privilege over morality where the latter is the obligation to respect and honour the socially constructed mores [norms] of one’s community. Moral obligations come from outside oneself while ethics is internal and concerns the intention of aiming for what many traditional philosophers refer to as a “good life” with and for others in just and democratic institutions. So, crucially, it is not enough to intellectually understand and theorize that one should

aim for an accomplished life, rather one seeks it in Praxis. On the moral plane we follow the customs and norms of the community. But on the ethical plane, as Emmanuel Lévinas proclaims, it is our obligations not to do violence to the other person that makes us human.

As a case in point, the professionally certified accountant has a moral obligation to accept and to follow the generally accepted accounting principles [GAAPs] of her particular professional body when “doing” accounting. But the teleological aim of achieving an accomplished life takes precedent over this rule following social obligation. We expect some serious research will ensue sorting out this relationship. Professional accountants surely need to understand the difference between morals and ethics. It should surely be near the top of the list for future research into accounting and the social. This is perhaps the most vital long run issue facing accounting today

On a final note, the traditional way of thinking about accounting, the social and the political – as a neutral and objective window on reality – must surely be treated as fatuously naïve. Until we sort out its social, political, and philosophical role in society, the general public, and no doubt our students as well, will remain, as in Plato’s cave, only able to see dim shadows on the wall about accounting’s actual role in the order of things.

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