Purpose
In the US, econometric analyses of capital-market, financial reports and other field data, and mathematical modelling of decisions and their control consequences have been at the forefront of research during the recent decades. In Europe, on the other hand, a wider variety of research topics and methodologies remains accepted. The European mode of research, of which Accounting, Organizations and Society and European Accounting Review provide a good sampling, includes social, anthropological, ethnographic, and other interdisciplinary studies of law, markets, critical history of accounting, and social construction. Some of these approaches are rarely seen in American scholarship.

This special session aims to build better communication between American and European scholars. The papers convened are neither broad surveys, nor comparative analyses of the respective patterns of research, nor theories trying to explain and justify the European mode of research. Instead, it is designed to represent actual work and examples of recent developments within the European accounting academia with a view to get a feel for what the European mode of research may be able to achieve. We would achieve our goal if the session contributes to better understanding, mutual appreciation, and perhaps even collaboration, between American and European accounting scholars.

We are delighted to have this opportunity to invite several speakers who have been addressing interesting research topics in the European mode. The topics and presenters selected are as follows.
Program

First topic – Europe meets America: The case of “European Accounting Review” (EAR)

Speaker: Kari Lukka (Turku School of Economics, Finland)
Discussant: Kenneth A. Merchant (University of Southern California, USA)

Focus: There are notable differences in the European and North American accounting research traditions regarding research paradigms, methodologies, methods, and theorising. The stereotypes are that the North American accounting research community is relatively narrowly focused around economics-based theorising, the application of quantitative or analytical research methods, and the functionalist research paradigm, while the European one allows more heterogeneity in terms of research paradigms, implicating the application of broader set of research methodologies, methods, and theorising. While there likely is a good deal of truth in these stereotypes and therefore these differences should not be underestimated, continuous juxtaposition of the two camps cannot be viewed as a fruitful condition for the global accounting research academia. This presentation deals with possibilities to co-operate across the pond, using the recent developments in “European Accounting Review” as an illustrative example. With its intention to transform from a small peripheral journal focused on European issues, data, authors, and readership to become a globally operating (yet Europe-based) journal, during this decade EAR has become an arena for both the European and North American research traditions to flourish in a relatively peaceful co-existence. The major difference between EAR in 2000 and 2006 is the fact that the journal was able to take on board North American scholars as authors and reviewers, yet following its European style editorial policy formulated in 2000. While this development at times caused tensions within the editorial team, overall EAR can be viewed as testifying that European and North American research traditions can co-exist and co-operate. Both of them can learn from each other, just if the academia allows it to happen.

Second topic – The epistemology of economic reality from an accounting point of view: How IAS/IFRS impacts upon management of socio-economy – Cases from China and Japan

Speaker: Tomo Suzuki (Oxford University, UK)
Discussant: Stephen Zeff (Rice University School of Management, USA)

Focus: The need for studying the relationship between types of accounting and their impact on socio-economic issues, rather than narrowly on share prices or the financial market. The paper explains theoretically and empirically how the development of IAS/IFRS impacts upon the socio-economic issues in China and Japan from a comparative historical perspective.

Third topic – Accounting and the dynamics of financial markets: An enterprise entity view

Speaker: Yuri Biondi (CNRS, France; formerly CNAM, Paris, France)
Discussant: Prof. C. Richard Baker (Adelphi University)

Focus: A dynamic “enterprise entity” view emerged during the 20th century, fostered by industrial and financial transformations and shared by European and American scholars. This view is still valuable in understanding the nature and role of accounting for the business firm in the economy and the society as a whole. The enterprise entity view will be applied here to the relationship between accounting information, accounting standards and the capital markets. Attention is paid to the process of price formation in the capital markets. In this process, accounting information is seen as a shared, disclosed, and an actual determination of the incomes to the firm, primarily generated in the past. This information plays a specific role as source of common knowledge available for subjective valuations and decision-making (Sunder 2002), i.e., as a particular type of information that complements and does not necessarily follow the information provided by the price system. A constructive critique of current models and insights for further developments derive from this dynamic enterprise entity perspective.