

Annual Conference of  
**Society for the Advancement of Socio-Economics (SASE)**  
"Constituting Globalisation: Actors, Arenas and Outcomes"  
University of Trier, Germany, June 30 - July 2, 2006  
[www.sase.org](http://www.sase.org)

Special Session on  
**Accounting and Economics**  
The unexplored implications of "fair value" and  
International Financial Reporting Standards (IFRS)

*Organised by*  
Yuri Biondi (University of St. Etienne, France) & Tomo Suzuki (Oxford University, UK)

For many economists, the image of accountancy is "neutral" and simply "data" which often appears trivial. However, research shows that international accounting harmonization has hidden but significant power in globalizing firms and economies in peculiar ways. We aim to organise a special session which is devoted to the further examination of the spread of international accounting standards in relation to the globalization, its actors, arenas and outcomes.

In this session, accounting is considered as a form of social knowledge, rather than unproblematic data, that has to be shared and communicated to make financial statements and economic statistics reliable guides for business and social activities. Accounting plays a key role in framing and shaping business transactions and economic organizations which are managed and regulated by various socio-economic actors, norms, rules, institutions.

If such accounting is internationally standardized, in the form of IFRS (the International Financial Reporting Standards developed by the London based International Accounting Standards Board), what sort of impacts might it have on our socio-economy? This special session aims to examine some unexplored impacts, functions and roles of accounting in the globalization of economy and society. It purports to critically analyse the IFRS, to better understand the related process of international accounting harmonization, and finally to identify flaws and suitable changes both in the harmonising process and its outcomes. Related topics include: an alleged notion of "fair value", the complementary or alternative paths of norms-based and rules-based accounting standards, the role of financial markets in regulation and accounting representation, and action both of leading institutions like the International Accounting Standards Board (IASB) and of leading actors as audit firms, etc... and all the other related topics are welcome. The session wishes to invite various academic communities concerned to discuss this overall topic, which is grouped according to five main themes, that correspond to five successive panels:

- (i) *Accounting and Economics (I): Accounting Principles, Financial Markets and the Law*
- (ii) *Accounting and Economics (II): Convergence, Governance and the making of accounting regulation*
- (iii) *Accounting and Economics (III): Impacts of International Accounting on Economics, Public Economics, CSR and Fair Trade*
- (iv) *Accounting and Economics (IV): Impacts of International Accounting on BRICs Economies*
- (v) *Accounting and Economics (V): Theoretical and Historical Critique of Globalization of Accounting.*

Each theme is organised in a 1.5 hour panel.

**2104A Sat. 8:45 D002**

**Network: (D) Occupations and Professions**

***Accounting and Economics I: Accounting Principles, Financial Markets, and the Law***

**Organizers: Yuri Biondi/Tomo Suzuki**

**Moderator: A. Canziani**

Lawrence A. Cunningham (Boston College Law School, USA)

*One Thing Law Can Teach Accounting*

Shyam Sunder (Yale University, USA)

*The Accounting Regulation Between Norms and Rules, FASB and IASB*

Yuri Biondi (University of St. Etienne, France)

*The Pure Logic of Accounting: Issues and Implications of IFRS From a Dynamic Accounting Perspective*

Robert Boyer (CEPREMAP, France)

*Assessing the Impact of Fair Value Upon Financial Crises*

### ***About the first paper (Cunningham)***

ABSTRACT: A chief culprit in modern financial reporting scandals is the quality of financial reporting standards, in the United States GAAP as well as in International GAAP and the standards of some other countries as well. Especially in the US, during the past generation, they moved from a principles based approach to a rule-bound approach. Financial reporting standards that prescribe treatment of transactions in excruciating detail may obscure the forest for the trees. An overall presentation of financial health may be lost.

To correct for this effect, a more general standard could be super-imposed on the detailed rules to require departing from them when applying them would otherwise fail to present a fair overall financial report. When Enron and three other high-flying companies of the late 1990s turned out to be elaborate frauds (I call these US events, collectively, the Big Four Frauds), authorities debated these issues: whether financial reporting has too many rules compared to principles and whether a general super-imposed standard could be applied to overcome the imbalance.

This paper would contribute analysis of these debates and show how they missed the main points. Accounting is a mix of natural language and code, a blend of rules and standards. Neither extreme in either of these pairs should be privileged. General acceptance and official promulgations are both desirable in different contexts; some contexts are best handled by rules and others by standards. While accounting theory has yet to come to grips with these conclusions, they are well-recognized in legal theory. So law has at least one thing to teach accounting.

**Lawrence A. Cunningham** is professor of Law & Business, Libby Scholar and Academic Dean, Boston College Law School. He is the author of the following relevant articles : *Private Standards in Public Law: Copyright, Lawmaking and the Case of Accounting*, 104 MICHIGAN LAW REVIEW 291-343 (2005); *Finance Theory and Accounting Fraud: Fantastic Futures versus Conservative Histories*, 53 BUFFALO LAW REVIEW 789-813 (2005); *Choosing Gatekeepers: The Financial Statement Insurance Alternative to Auditor Liability*, 52 UCLA

LAW REVIEW 413-475 (2004); *The Sarbanes-Oxley Yawn: Heavy Rhetoric, Light Reform (And It Might Just Work)*, 35 CONNECTICUT LAW REVIEW 915-988 (2003); *Semiotics, Hermeneutics and Cash: An Essay on the True and Fair View*, 28 NORTH CAROLINA JOURNAL OF INTERNATIONAL LAW AND COMMERCIAL REGULATION 893-933 (2003); *Behavioural Finance and Investor Governance*, 59 WASHINGTON & LEE LAW REVIEW 767-837 (2002); *Sharing Accounting's Burden: Business Lawyers in Enron's Dark Shadows*, 57 THE BUSINESS LAWYER 1421-1462 (2002); *Commonalities and Prescriptions in the Vertical Dimension of Global Corporate Governance*, 84 CORNELL LAW REVIEW 1133-1194 (1999).

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### ***About the second paper (Sunder)***

**ABSTRACT:** Recent failures in corporate governance of many major US corporations suggest that it may be useful to fundamentally rethink the structure of institutions of accounting, auditing, corporate governance and executive compensation. Over the recent decades, accounting practice and regulation has come to be dominated by written rules. The classic generally accepted accounting principles have been capitalised into a proper name (GAAP), which now describes rules and regulations issued by vested authorities, such as FASB or IASB, backed by state's power of legal enforcement. How and why did financial reporting replace norms of corporate and professional behaviour by written rules? What are the consequences of this transformation? The spate of recent accounting and auditing failures raises questions about the wisdom of this transition from norms to rules. Addressing these problems may require structural, not just procedural, changes. In particular, it is possible that the pendulum of rules-based standardization in accounting may have swung too far, and it may be time to allow for a greater role for social norms in the practice of corporate financial reporting. Replacing monopolies granted to vested authorities by a form of regulatory competition among them, allowing different authorities to co-exist in standards-setting and implementing within and across international boundaries, may allow a bottom-up evolution to a more efficient accounting regime.

**Shyam Sunder**, James L. Frank Professor of Accounting, Economics and Finance at Yale School of Management (Yale University) and President-Elect of the American Accounting Association, has discussed the current issues concerning accounting standards and regulation in many articles and conferences. More details in :

- <http://www.som.yale.edu/faculty/sunder> ;
- [http://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=160390](http://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=160390) ;
- <http://econpapers.hhs.se/RAS/psu39.htm> .

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### ***About the third paper (Biondi)***

**ABSTRACT:** International accounting “standards” (IFRS) provide intriguing and controversial issues for accounting theory. The article analyses some critical points of IFRS from a dynamic accounting viewpoint, based on the classic accounting “principles” of (i) the firm as an entity, (ii) matching and (iii) invested cost. This view renews the old-fashioned distinction between static (market-led, wealth-based) and dynamic (process-led, incomes-based) accounting, that is fair value or accruals. From this perspective, the IFRS are much less principles-led than they have been declared.

In particular, the impairment test on assets (IAS 36) is more closely related to accommodating the “lower of cost or market value” rule than to advancing such “fair value” revolution that questions the two latter principles. Nevertheless, two different basis for the definition of asset are proposed and discussed, either as (economic) actualisation of future cash inflows or (accrual) capitalisation of actual cash outflows. As consequence, accrual accounting has to be distinguished both from fair value and discounting. The IFRS here are leaving the pure logic of dynamic accounting to rely on either fair values led by prophetic expertises, or marked-to-models approach. But the entity question for accounting regulation (and representation) is not so much in single assets’ valuation, as in recognising the actual firm’s dynamic system (with its risks involved and implications) over and above the very thin legal corporate frontiers. The so-called *off-balance sheet* items that trouble corporate governance and disclosure are not *off* the flow of relationships constituting the firm as an entity and a going concern (first principle).

From this dynamic perspective, the accounting informational content shall be autonomous from and complementary to financial market evaluations and grounded in accruals basis. The shareholders’ claims may be represented (and enforced) by such an equity interest calculation based upon money actually conferred.

**Yuri Biondi** is associate professor of business economics, accounting and finance at University of St. Etienne. His PhD thesis (2003) concerns accounting and economics of the firm as an entity, applying an institutional approach with insights from accounting principles and theory. He co-authored the Centre Cournot Paper (Prisme n. 4, march 2004) on “*An economic analysis of fair value: the evolution of accounting principles in European Legislation*, with a commentary of R. Barker (Cambridge University, IASB Scientific Committee) and a rejoinder of the authors”, and wrote some articles on accounting theory and standards on leading French accounting reviews.

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### ***About the fourth paper (Boyer)***

**ABSTRACT:** Financial liberalisation and the invention and diffusion of new financial instruments have made more frequent, if not more severe, financial crises. Simultaneously the shift from a bank intermediated system to direct finance has given a major role to stock market valuation and significantly distorted the style for corporate governance in the direction of financial optimization of accounting principles. In a sense the adoption of International Financial Reporting Standards is likely to extend this managerial style to non quoted, non financial enterprises. The paper will try to show that will exacerbate the pro-cyclical pattern of risk taking, thus making financial fragility more frequent, unless quite drastic countervailing devices are invented and implemented.

**Robert Boyer**, senior researcher at CNRS (Paris Jourdan - Sciences Économiques), professor

at EHESS and CEPREMAP, he studies the transformation of contemporary capitalist economies, the regulation theory, and the likelihood of a finance-led regime. Author of “*The Regulation Theory: The State of the Art*” (Routledge 2001), “*Les crises financiers*” (Rapport CAE n. 50, Paris: La documentation Française 2003), and “From shareholder value to CEO's power: the paradox of the 90s”, *Economy and Society* (January 2005).

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**2204A Sat. 10:30 D003**

**Network: (D) Occupations and Professions**

***Accounting and Economics II: Convergence, Governance and the Making of Accounting Regulation***

**Organizers: Yuri Biondi/Tomo Suzuki**

**Moderator: Lawrence A. Cunningham**

Eve Chiapello (HEC Paris, France)

Karim Medjad (HEC School of Management, France)

*When the EU Relinquishes the Production of its Norms to Private Players: The Case of the Accounting Normalization*

Arnaldo Canziani (University of Brescia, Italy)

*Code Rules v. Standardized Uses in Global Accounting*

Carlos Ramirez (Groupe HEC, France)

*The Role of Consolidated Accounts for the Expansion of the Big Multinational Audit Firms in France (1985-2000): Towards a "Confrontational" Sociology of the Professions*

Renato Camodeca (University of Brescia, Italy)

*Civil Law Countries Transition from Civil Codes to IAS-IFRS: The Case of Italy*

### ***About the first paper (Chiapello and Medjad)***

**ABSTRACT:** Since the Rome treaty, the EU-member States have intended to harmonize their respective accounting rules in order to facilitate the comparison between European Enterprises.

For a long time, this process has taken the form of a series of Directives, until this process was brutally halted by a Regulation of July 2002, announcing that as of 2005, listed companies would be required to comply with the accounting standards enacted by the IASB (International Accounting Standards Board), a private body based in London which, until then, had no public mandate whatsoever.

After having tried to harmonize internally the respective standards of its members, the EU has simply decided to resort to subcontracting. What makes this decision even more puzzling is that the control means of the EU on IASB are limited, although it is by far the most important entity that has imposed the body of "international" norms to its enterprises.

Building on this striking episode of privatization of the regulatory process, we first examines the structure and the governance of the IASB, as well as the process leading to the transplantation of its norms into EU law. In a second part, we try to explain the reasons of such transfer of competences. We argue that beyond the IASB's undeniable qualities and lobbying capabilities, a tradeoff, including a legitimacy tradeoff, has taken place, and its terms must be clarified.

**Eve Chiapello** is an associate professor at the HEC School of Management, near Paris, France. She teaches Organization Theory and the behavioural and social aspects of management instruments. She is the author of several articles and books in economic and organisational sociology including in 1998 *Artistes versus Managers* (Paris: Métailié), a book about the conflict between management and artistic rationalities in the Art field, and in 1999



*Le Nouvel Esprit du Capitalisme* which she co-authored with the French sociologist Luc Boltanski (Published in English by Verso, *The New Spirit of Capitalism*, January 2005). She is now doing some work in the sociology of accounting, considering accounting categories as objects that perform the ‘economic reality’.

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### ***About the second paper (Canziani)***

ABSTRACT: Globalization means - inter alia – the widespread diffusion of legal economic information, as well as a generalized interest as far as their contents are regarded. This also means the junction of two basically different accounting traditions: (a) the formal code-regulation, (b) the regulation through accounting standards.

Due to this process, and spite of the global agreement about it, a whole set of problems emerges, among them the following ones: (1) The nature of the authorities issuing the international standards and, in parallel, the bases of their international acceptance; (2) The economic principles according to which the standards are issued, and modified along time; (3) The hierarchy of code rules v. codified standards in civil-law countries.

The solutions to these problems seems to be rarely debated, hardly synthesized, as at the end of the story they are rooted in the difference between civil v. common-law juridical systems.

**Arnaldo Canziani**, former Assistant Professor of Business Economics (Bocconi University of Milan, 1973 – 1977), Associate Professor of Business Economics (Venice University, 1978 – 1987), currently Professor at Brescia University (Accounting 1987 – 1990, Business Economics since 1990), has been technical consultant to FEE-UE in 1980 – 1995.

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### ***About the third paper (Ramirez)***

ABSTRACT: The production of consolidated accounts and their audit have been presented as an important step in the internationalisation of accounting. In countries such as the UK and the US, which have been at the centre of world finance, this type of accounts prevailed from an early stage in the case of listed companies. The turn towards more market-based regulative principles many economies have taken, have eventually resulted in the enforcement of consolidated accounts by Company laws and in the activity of the international accounting standard setter being principally oriented towards the consolidated statements that multinational companies produce. In the French case, although the use of consolidated accounts by some major businesses listed in the American or the British Stock exchange can be traced back to the end of the 1960s, the official establishment of these accounts came in 1985 with the inclusion in the French Law of the 7th European directive. Often this move has been associated to the wave of transformations that led during the 1980s and 1990s to a rolling-back of the French State from an economy it had so tightly controlled since the end of the Second World War.

The aim of this paper is to show what role consolidated accounts have played in another series of transformations that have resulted in the domination of Big multinational audit firms on the French accountancy profession. To this end, the paper presents the confrontation between a national model and a multinational model of producing accounting. The French model was centered around a weak profession and a powerful State and was relying on the primary use of accounts for fiscal and macroeconomic purposes. The multinational model, which is analysed here as the internationalisation of an Anglo-American model, is epitomised by the Big firms and their leading role in the production of “pure accounting knowledge” oriented towards the needs of financial investors. As showed by the paper, it was not directly the supposed intrinsic superiority of the market economy (to which they have often been associated) that gave these firms victory but their long experience of the international domain. This experience had nevertheless to be translated in national terms. The paper details how consolidated accounts became an important element in this process of translation and what strategies the Big audit firms deployed to lock themselves up in the position of the only producers of the expertise in this type of accounts in France. The consequences of the aforementioned strategies are presented as the integration in the French accounting landscape of a division between the “Big” and the “Small”, which underpins that between the “National” and the “Multinational”, and as the doom of a French national profession which would have been at the same time independent and powerful.

**C. Ramirez** holds an “agrégation de sciences sociales” and a Doctorate of sociology by the EHESS with a thesis entitled “Contribution a une theorie des modeles professionnels. Le cas des comptables libéraux en France et au Royaume-Uni” (A contribution to the theory of professional models. Accountancy practitioners in France and the United Kingdom). This work deals with the consequences of globalisation for the management of professional institutions in France and the United Kingdom. He has also been between 1998 and 2002 a research fellow at the London School of Economics and Political Science (Department of Accounting and Finance) under the Institute of Chartered Accountants in England and Wales’ Trustees fellowship scheme. He published “Du commissariat aux comptes à l’audit - Les Big 4 et la profession comptable depuis 1970” (*Actes de la Recherche en Sciences Sociales*, mars 2003, n° 146-147, pp. 62-79). His research is focussed on the history and sociology of the accountancy and audit profession with a particular attention to the role accounting, auditing and their actors play in the globalisation of economies. His work tries to bring together analysis relying on the explanation of agency as embedded in the social structure (and, notably, the Bourdieusian school of thought) along with approaches which are more centred on the study of the instruments necessary to maintain the social order and to ensure the stability of the representation of collective categories.

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### ***About the fourth paper (Camodeca)***

**ABSTRACT:** The transition to IAS-IFRS for Italian companies, in particular for small and medium ones, is very critical and quite complex. In fact, the whole set of IAS-IFRS comes from the Anglo-saxon culture and its technical basis is hardly connected to English literature and accounting practice. Therefore, some differences between the Italian and the Anglo-saxon context could be pointed out in the following way: (a) the Italian context is a civil-law system, while the Anglo-saxon context is a common-law system; (b) capital markets have a large diffusion in the Anglo-saxon context, contrary to the Italian context, which is less developed; (c) in the Anglo-saxon context fiscal rules don’t interact with accounting rules in



making the annual accounts, contrary to the Italian system, where fiscal rules often prevail over civil code rules.

According to these problems, the Italian transition to IAS-IFRS seems to be difficult especially for small and medium enterprises, normally not listed in capital markets; more, this transition seems to have some potential advantages, but also risks and problems: so, annual accounts will be certainly more comparables in the UE context; otherwise, due to double regulation in Italy – one IAS-based (for listed companies and for companies which can choose this approach), and the other, civil code-based (for companies which can't adopt IAS-IFRS in their own annual accounts) – we'll probably meet some difficulties in comprehension and comparison of annual accounts.

This situation will produce some consequences in practice. In fact, on the technical side, this transition will emphasize very important differences in calculating income and in evaluating assets and liabilities between IAS-IFRS and the Italian civil code rules. On this point, we can say - to synthesize - that the transition to IAS-IFRS for Italian companies generally means the transition from historical cost (and from <prudence>) to fair value, from <form over substance> to <substance over form> and - last but not least – from (prospective) stability to (prospective) volatility of annual net income. These issues, coupled with the actual legislation in Italy, mean indeed not only technical changes in accounting rules, but - in particular for small and medium enterprises - changes in cultural perspective, not only for companies and for the financial community, but also for the whole accounting profession.

**Renato Camodeca**, Associate Professor in Accounting (University of Brescia) since 2001, Italian Chartered Accountant since 1991. He wrote a book and some articles on the financial statements process and regulation.

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**2304 Sat. 2:45 D004**

**Network: (D) Occupations and Professions**

***Accounting and Economics III: Impacts of International Accounting on Economics, Public Economics, CSR, and Fair Trade***

**Organizers: Yuri Biondi/Tomo Suzuki**

**Moderator: Brendan McSweeney**

Tomo Suzuki (University of Oxford, United Kingdom)

*Accountics: How Standardized Accounting Changed the Macroeconomic Regime of a Nation - A Case from Japan*

Alan Robb (University of Canterbury, Australia)

Susan Newberry (University of Sydney, Australia)

*IFRS: Why are They Being Applied to the Public Sector ?*

Yvette Taminiau (Vrije Universiteit, The Netherlands)

Ragna ZEISS (Vrije Universiteit, The Netherlands)

*Conflicting Standards in CSR and the Struggle for Dominance in CSR Assurance*

Charles Elad (University of Aberdeen, United Kingdom)

*Market-to-Market Accounting and Fair Trade*

### ***About the first paper (Suzuki)***

**ABSTRACT:** This is a case study of the dissemination of internationally standardized accounting to a nation where standardized accounting was hitherto only loosely practiced under domestic conditions. Soon after World War II, a growing interest in socio-economic management, rather than microeconomic or corporate financing, accelerated the implementation of standardized accounting in Japan. In order to make unintelligible delineations of the economy and its constituent firms comprehensible, official and governable, both national and corporate accounting came to occupy an important position as a formal mode of economic data and management. The actors were the officials of the Allied Powers, economic statisticians and academic accountants; whose motives, political maneuvers and consequences are here reconstructed based on the primary archives of, and interviews with those who were directly involved in this revolution which directed the new courses of the Japanese economy and firms through the development of “statistical habits of thought”. The paper draws on this history to make useful comparisons with the recent development and implementation process of International Accounting Standards and International Financial Reporting Standards (IAS / IFRS). What are the unexplored impacts of IAS / IFRS on wider stakeholders in the globalised socio-economies?

**Dr. Tomo Suzuki** is a Senior Fellow and University Lecturer at the University of Oxford. He read Economics in Tokyo and later Philosophy of Economics and Accounting at LSE and Oxford. His recent publications include ‘The Accounting Figuration of Business Statistics as a Foundation for the Spread of Economic Ideas’, *Accounting Organizations and Society*, 2003a, Vol. 28, pp.65- 95 and ‘The Epistemology of Macroeconomic Reality: The Keynesian Revolution from an Accounting Point of View’, *Accounting Organizations and Society*, 2003b, Vol. 28, pp.471-517. His current research is on the rhetorical aspects of economics and statistics and their unintended and unexplored impacts on the socio-economy. Since 2003,

he has been developing a research agenda: the Unexplored Impacts of IAS / IFRS on Wider Stakeholders, which has already been taken up by the governmental bodies of China, Japan and ASEAN countries. <http://www.sbs.ox.ac.uk/research/accounting/UNIAS/IAS+IFRS.htm>

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<http://www.sbs.ox.ac.uk/faculty/Suzuki+Tomo/Suzuki+Tomo.htm>

### ***About the second paper (Robb & Newberry)***

ABSTRACT: Australia and New Zealand pioneered the application of business-style accounting practices to all government activities. Misleadingly termed sector-neutral, the argument seemed to be that it would allow comparative assessments of business and government activities. Later, through IFAC, key Australian and New Zealand advocates of sector "neutral" accounting led a World Bank-funded project to develop International Public Sector Accounting Standards (IPSAS). More recently, those IPSASs are stated to be consistent with IFRSs and efforts are being made to have the IASB declare its accounting standards sector neutral. Both Australia and New Zealand now require government bodies to comply with IFRS. Increasingly, public accountability obligations of government and government bodies are being reduced to the content of audited financial statements that comply with accounting standards. This paper comments on that development using examples of recent public debate in New Zealand about the content and meaning of whole of government financial reports, and the deceptive reporting of the sale and leaseback of a major strategic public asset. The purpose of this sale and leaseback was publicly stated to be for the purpose of enabling the US-based counter-party, the Wachovia Bank, to "manage" its tax liabilities, and the deceptive reporting of this massive tax-driven deal was facilitated by the fair value provisions of the accounting standard. The paper questions the appropriateness of business-style accounting practices to the public sector, and asserts that governments' public accountability obligations are not met by such practices.

**Alan Robb** (M.Com., C.A., C.M.A., A.F.N.Z.I.M.) is a Professor at the University of Canterbury. He is an author of Robb, A.J., (with Lewis, K.T.) OCFAID - A new tool for business historians, *Australian Economic History Review*, v42no1, 2002: 77-90; and Robb, A.J. & Clarke, B.J, *Accounting - Information for Action*. 2d ed., Pearson Education Ltd, Auckland, 2001, 818p. His research interests include: Co-operatives and mutual organizations, The financial performance of Universities. Professional ethics and education, and Financial accounting.

**Susan Newberry** is Associate Professor of Accounting, University of Sydney. Sue Newberry's research covers two main areas, financial accounting and standard-setting, and public sector financial management reforms. She believes that many accounting and financial management issues have public policy implications that should be understood by the wider public. In addition to academic articles, she makes direct submissions to professional and public bodies, has published articles in daily, weekly and specialist newspapers, and comments for the media on financial issues within her field of expertise. Sue has taught financial accounting and public sector financial management at both undergraduate and post-graduate levels, and previously taught at the University of Canterbury, in New Zealand. In addition to her editorial board roles for the *Australian Accounting Review*, *the International Public Management Journal* and *the International Public Management Review*, Sue has been an ad hoc reviewer for: *Accounting, Auditing & Accountability Journal*; *Abacus*; *Accounting Forum*; *Critical Perspectives on Accounting Journal*; *Financial Accountability and*

*Management Journal; International Journal of Public Policy; Pacific Accounting Review; and Public Management Review.*

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### **About the Third paper (Taminiau & Zeiss)**

**ABSTRACT:** The paper concentrates on exploring the relation between the accountability standards and the likely future technical ISO standards. ISO is a powerful organisation and accountants fear that both the 'problems' to which their standard is a solution and the standard itself will be phrased in a different discipline and a more technical language that may become dominant. Research has often found that standards, like technological artefacts, can become dominant for different reasons; it is not necessarily the best design that 'wins', the most well-known cases of which are the QWERTY market standard and the standard video cassette recorder (see for example Schmidt and Werle (1998) and Farrell and Saloner (1985)). The main questions to be answered in this paper are therefore: how do the different organisations develop standards and what are the strategies of the different organisations to sell their standards (Henning, 2000), even before it actually exist; how are problems and solutions formulated; and what happens with conflicting standards? Which standard, if any, will become dominant and why? Is it possible that the different standards (from two different worlds) will co-exist?

**Yvette TAMINIAU** is a University Lecturer at the Department of Public Administration and Organization, Faculty of Social Sciences, Vrije Universiteit. Her research interests include: Strategizing for opportunities, initiatives, networks and community building. Her recent publications include: (2006 in press) Beyond known uncertainties, interventions at the fuel-engine interface, *Research Policy*; Koolen, S., Taminiau, Y., Faber, C. (2005), Monti and Market Dynamics, the Strategy of a National Car Importer, *European Management Journal* 23 (5); Taminiau, Y. (2001), *Room for manoeuvre*, 25 years of European emission regulations culminating in the Auto-Oil Programme analyzed from a technology and policy perspective (Menno van de Koppel, Amsterdam).

**Ragna ZEISS** is a Post-Doctoral researcher at the Department of Public Administration and Organization, Faculty of Social Sciences, Vrije Universiteit. Her main research interest centres around the topic 'standardising materiality': standards/standardisation, and materiality/physicality are core concepts in my work. Water, on which I focused during my PhD, will remain an important topic since it is an interesting and highly (societal) relevant issue that has received very little attention from Science and Technology Studies (STS). The above-mentioned topics will always be positioned within the realms of and relations between science and policy. They will be investigated based on a specific problems rather than on *a priori* defined theoretical perspectives. Over the next two years I also hope to contribute to creating links between STS and Organisation Studies, mainly by focusing on the role(s) of objects/materiality in and between organisations (for example in relation to the creation of routines, changes, (learning) opportunities, trust, and institutions/rules/norms/standards). STS has not extensively and explicitly focused on organisations, while Organisation Studies has rarely concentrated on the role(s) of objects and materiality. The two fields seem to have developed relatively isolated from each other, yet they have a lot in common. Creating links between the two may prove very fruitful for both fields.

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### ***About the Fourth paper (Elad)***

ABSTRACT: In a recent issue of *Critical Perspectives on Accounting*, Barlev and Haddad (2003) identified the following desirable features of mark-to-market accounting vis-à-vis historic cost accounting: (i) it contributes to the stewardship function by providing relevant information to stakeholders, thus alleviating social conflict; (ii) it enhances managerial efficiency and performance evaluation; and (iii) it provides a “complete full disclosure”. It is contended here that these merits of fair value accounting are based on the “decision usefulness” approach that underpins the mainstream accounting literature, and, as such, do not fully take cognizance of the extant critical accounting literature. Drawing upon Marx’s notion of commodity fetishism, this paper analyses the ideological role of IAS 41 in social conflict in the context of fair trade coffee and forest exploitation companies that were compelled by domestic legislation to adopt a full-fledged fair value accounting model.

**Charles Elad** is a Lecturer in Accountancy, at the University of Aberdeen. His research interests include: Comparative International Accounting, Accounting in Francophone Countries, Social and Environmental Accounting. He has held research grants on these topics from the ESRC, the Chartered Institute of Management Accountants, and the Institute of Chartered Accountants of Scotland. His recent publications include: (i) Integrated accounting “à la Française”, in *S. Aisbitt and L Evans (eds) Developments in Country Studies in International Accounting - Europe*, 2004; (ii) Fair Value Accounting in the Agricultural Sector: Some Implications for International Accounting Harmonization, *European Accounting Review*, 2004.

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**3104 Sun. 8:45 D005**

**Network: (D) Occupations and Professions**

***Accounting and Economics IV: Impacts of International Accounting on BRICs Economies***

**Organizer: Yuri Biondi/Suzuki**

**Moderator: Tomo Suzuki**

Zhang Xiangzhi (International Accounting Standards Board, United Kingdom)  
*Chinese Ministry of Finance and IASB*

Zhang Qiusheng (Beijing Jiaotong University, China)  
*Impacts of IFRS on Chinese Companies M&A*

Paulo Schmidt and al. (Rio Grande do Sul Federal University, Brazil)  
*Brazilian GAAP & IFRS*

Nafees Baig (AMU, India)  
*Corporate Governance under IFRS Regime - An Indian Experience*

### ***About the first speech (Xiangzhi)***

(OUTLINE OF REQUESTED SPEECH): As the PRC has opened up its economy and businesses, the relationship between corporate financial accounting and (international) capital market has been extensively studied, and the research outcomes have appropriately been taken into consideration of the PRC's policy on accounting standards. As a result, traditionally Russian-inspired accounting regulations have now been largely replaced with the new regulations which are, to large extent, in line with the International Accounting Standards or International Financial Reporting Standards (IAS / IFRS). Owing to efforts made by officials of governmental organizations and academics, among others, the reform of the PRC's accounting regulations have clearly been successful which can be evidenced by many aspects of recent economic developments such as the increased investments from foreign companies. And yet, PRC's accounting regulations should further be advanced, overcoming a careless international trend of simply the IAS / IFRS which are observed in many countries. It is vital to recognize that a nation's accounting regulations have significant impacts on many other aspects of the business, the economy and the society at large in the long-term.

**Mr. Zhang XIANGZHI** is Deputy Minister of the Ministry of Finance, PRC, and an international accounting expert. He has an extensive experience in coordinating accounting and related issues at an international level. He is currently in London working together with International Accounting Standards Board. He presents his speech at the request of Tomo Suzuki (University of Oxford). His speech may or may not represent views of the Ministry of Finance or the Government of PRC.

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### ***About the second paper (Qiusheng)***



**ABSTRACT:** Accounting internationalization is being seriously considered in China, and it is also a trend to accept the international standards step by step. How to regulate the combination accounting in China, for instance the IFRS3, is a difficult topic. This paper attempts to explain why IFRS could not be fully adopted to the Chinese practice of M&A. In China, it is difficult to determine fair value of an asset or a company presently, especially in the internal trade within the same group. In such cases, there is more space for accounting manipulation. For this reason, it is better continue to use book value, that is, to use Pooling of Interest Method in some M&A cases according to recently issued Chinese combination accounting standard. Another essential difference is that these two accounting method are applicable for different conditions. For example, for an M&A case which with almost no cash flow occurred, or when it is hard to distinguish which side is the purchaser, we usually use Pooling of Interest Method. But in china, there is still a long way to reorganize the state-owned companies during the capital market reformation. Substantially, M&A between two state-owned companies can not be called a trade, because they are often out of the administrative will, and neither of two sides needs to pay any money. Based on these cases, the impact of IFRS is considered in relation to the overall development of M&A, financial market and the economy.

**Zhang Qiusheng** is a Professor at the School of Economics and Management, Director of Center for China M&A Research, Beijing Jiaotong University, Beijing. He has researched and published extensively on China's M&A issues.

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### ***About the third paper (Schmidt and al.)***

**ABSTRACT:** The recent approval of the Deliberations numbers 488 and 489, of 03 of October of 2005, the Brazil Securities and Exchange Commission, searches the convergence of practical the Brazilian accountable practice with the international accountable practice (International Financial Reporting Standards - IFRS), searching bigger transparency and security of the accounting information, especially, to make possible, to a lower cost, the access of the Brazilian companies to the external sources of financing. The opening of the occurred Brazilian market from the government of President Collor, created a new culture of economic globalization, associate to the increase of the flow of international capitals entering in Brazil and the proper increase of the capitation of resources of Brazilian companies in the international stock market, took the regulating agencies of accounting to search this convergence to the IRFS. The objective of this article is to present the convergence of deliberation 488 that it deals with the structures of the Brazilian accounting demonstrations to the norms of IAS 1 and of deliberation 489 that present the accounting treatment of Provisions, Contingent Liabilities and Contingent Assets to the norms of IAS 37. Beyond these carried through alterations already, the proposals of adaptation to them will be adapted to IAS 8, 10, 14, 18, 20, 21, 35 and 36.

**Schmidt, Paulo** is a Professor at the Department of Accounting, Rio Grande do Sul Federal University – UFRGS. He has extensively published on the development and problems of Brazilian financial accounting.

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### ***About the fourth paper (Baig)***

**ABSTRACT:** As the economy and companies are fast growing, the notion of international accounting and corporate governance have caught serious attention in India. Though the corporate governance caught on in India in the wake of the bank scam in 1992, it was with the onset of liberalization and globalization in its true sense that the significance of corporate governance was thoroughly felt here. The losses suffered by small investors highlighted the need to make the corporate more transparent and accountable based on appropriate accounting and corporate governance mechanisms. The scams that followed (MS Shoes, ITC, Anubhavs, CRB, Alflah, Munjals, Mescos and Others) reinforced the demand for enhancing the standards of accounting and corporate governance. How to govern our corporate so as to subserve the objectives as enshrined in our constitution that the economic system and its governance should contribute to the common welfare of the masses and how to govern them in a way that serves the combined interests of investors, shareholders, workers, employees, consumers, management group, and the society at large are issues which must be answered and analyzed. It is in this context that the present paper highlights and examines the emerging problems of corporate governance as adopted by Indian companies.

**Professor Nafees Baig** is an Ex-Dean, Faculty of Commerce, AMU, Aligarh, India. He has published 10 books and more than 70 articles widely on accounting, corporate governance and management in general in India.

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**3204 Sun. 10:30 D006**

**Network: (D) Occupations and Professions**

***Accounting and Economics V: Theoretical and Historical Critique of Globalization of Accounting***

**Organizers: Yuri Biondi/Tomo Suzuki**

**Moderator: Yuri Biondi**

Richard Baker (Adelphi University, USA)

Elena M Barbu (University of Orleans, France)

*The Evolution of Research on International Accounting Harmonization: An Historical and Institutional Perspective*

Sonja Gallhofer (University of Dundee, United Kingdom)

Jim Haslam (University of Dundee, United Kingdom)

*"Prinzip Hoffnung": Exploring Dimensions of the Potentiality of the Accounting-Globalisation Interrelation*

Brendan McSweeney (University of London, United Kingdom)

*Explaining the Internationalization of International Financial Reporting Standards*

### ***About the first paper (Baker and Barbu)***

ABSTRACT: International harmonization of accounting standards and practices has been the goal of many professional and academic accountants for the last half century. Commencing with January 1, 2005, the process of international accounting harmonization (IAH) has entered into a new and perhaps decisive phase. From that date, all companies domiciled in the European Union with shares listed on stock exchanges must prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS). This landmark event presents an opportunity for accounting researchers to assess the status of research on IAH. In this paper, we review and analyze IAH research published in major English language accounting journals from the early 1960s through 2004 in order to trace the evolution of this stream of research. We conclude that the evolution of IAH research reflects a trend towards institutional isomorphism that is also present in the IAH process itself. Implications for future research on IAH are discussed.

**Richard Baker** is a Professor of Accounting at the School of Business, Adelphi University. He obtained his PhD from UCLA in 1975, and he is a Certified Public Accountant, New York State. His research interests include: The regulation and structure of the public accounting profession, in particular ethics, legal liability, independence, and comparative regulation.

**Elena M. BARBU** is Assistant Professor at the Université d'Orléans

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### ***About the second paper (Gallhofer and Haslam)***

ABSTRACT: Critical social analyses of accounting developments in the context of globalisation – e.g. analyses of the mobilising in recent times of International Financial Reporting Standards (IFRSs) in the name of ‘accounting harmonisation’ - may appropriately point to the negative in those developments. Thus, we can indicate how narrow and problematically interested conceptions of economy and well-being are substantively entailed in their manifestation. We also need, however, to duly emphasise the positive, enabling or emancipatory, potentiality of the accounting-globalisation interrelation. Our critical perspective, embracing a continuum thinking going beyond problematic dichotomy, indicates positive dimensions of the promotion of IFRSs. Further, we elaborate positive trajectories of development, suggested by the context, that may be facilitated by political activism implicating ‘counter accountings’. We especially cover the following themes: how a problematic universalism can engender or enhance the promotion of the particular, pointing to a more enabling, differentiated, universalism; how, more generally, a problematic globalisation suggests more emancipatory globalisation e.g. in terms of more radical and ‘fairer’ forms of corporate social responsibility disclosure reflecting more democratic governance; how developments at the micro-organisational level can influence the macro-societal level; how factors helping constitute globalisation, like on-line communication, can serve its transformation, including through global political activism.

**Jim Haslam** Professor and Director of Post Graduate Studies at the University of Dundee. He is currently engaged in projects in the area of critical and social analysis of accounting and related practices. He has published many articles in the history of accounting, especially in respect of Jeremy Bentham and accounting and the history of accounting in the 'long nineteenth century', which remain key research interests. He is also on the Editorial Board for:- *Critical Perspectives on Accounting*; *Accounting, Auditing and Accountability Journal*; *Pacific Accounting Review*; *Accounting Forum*; *Alternative Perspectives on Finance and Accounting*; *Accountancy and Business Affairs*; and *International Journal of Accounting Literature*.

**Sonja Gallhofer** is a Professor of Accountancy at the University of Dundee. Her recent publication include: (Gallhofer, S., Haslam, J.), *Mobilising Accounting in the Radical Media during the First World War and its Aftermath: The Case of Forward in the Context of Red Clydeside*, *Critical Perspectives on Accounting*, forthcoming, 2004; (Gallhofer, S., and Haslam, J.), *Accounting and Liberation Theology: Some Insights for the Project of Emancipatory Accounting*, *Accounting, Auditing and Accountability Journal*, forthcoming, 2004

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### ***About the third paper (McSweeney)***

ABSTRACT: Within each EU country the once dominant national regulatory bodies have ceased to have major rule setting powers - these are now set by the largely capital market focused IASB. What is the history of this change? How and why did this happen? What were the antecedent conditions of possibility? This paper explores a range of possible explanations each of which it locates within one of four regulatory policy change models, namely:

Technical Rationality; Structural Determinism; Hegemonic State Power (or Neo-Realism); and New Institutionalism. Each explanation-type is interrogated using data derived mainly from archival sources. The approach is not falsificationist rather it aims to identify both insights and blind spots in each model. In this context two pertinent theories which have difficulty in explaining major institutional change namely: national business systems/varieties of capitalism and path dependence in neo-institutionalist analysis will be particularly focused on.

**Brendan McSweeney** is a Professor of Management, Deputy Director, School of Management, Royal Holloway, University of London. His research interests include: Determinants of national differences and similarities, Debunking spurious management guru assertions, Implications of risk and uncertainty, Financial and analysis and strategy, Accounting numbers in action in organizations, Neo-conservative theories and the public sector. His recent publications include: 'Critical Independence', in C. Humphrey and W. J. Lee (eds.) *The Real Life Guide to Accounting Research*, Sage (forthcoming); 'Time and uncertainty in the calculation of past and future profits' in Cooper, C. L. & Argyris, C. *Blackwell Encyclopaedia of Management*, 2nd Ed. Oxford: Blackwell (forthcoming).

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