
Editorial

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Biographical notes: Prem Lal Joshi is a Professor of Accounting at the University of Bahrain, Bahrain. He has over 30 years of teaching and research experience in accounting. He has also taught in India, Turkey and Kenya. He has been regularly conducting workshops and training programmes on IASs/IFRSs for accounting and finance professionals in Bahrain and India. His research papers have appeared in *International Journal of Accounting*, *Advances in International Accounting*, *International Journal of Auditing*, *International Journal of Accounting Auditing and Performance Evaluation*, *Journal of International Accounting Auditing and Taxation*, *Review in Business Information Systems*, *Omega: International Journal of Management Sciences*, *Accounting Forum*, *Asian Review of Accounting*, *Accounting in Emerging Economies*, *Asia Pacific Journal of Accounting*. He is also Editor-in-Chief of IJAPE and a reviewer and editorial board member of several journals.

Alan S. Dunk is a Professor of Accounting at the University of Canberra. He has held a number of academic positions at universities in Australia, Canada, the UK as well as the USA. He has published in excess of 50 papers in journals including *The Accounting Review*, *Accounting, Organisations and Society*, *Abacus*, *Accounting and Finance*, *Advances in Management Accounting*, *The British Accounting Review*, *Journal of Accounting Literature* and *Management Accounting Research*. He also serves on a number of journal editorial boards.

Mthuli Ncube holds a PhD from Cambridge University. Currently, he is a Professor of Finance and Director of Wits Business School, University of Witwatersrand, South Africa. He has been Head of Asset Allocation and Portfolio Manager at Investec Asset Management, and also founded Selwyn and Barbican Groups of Companies of which he is still Chairman. He has also taught at London School of Economics, UK. He has over 20 research papers in the area of Finance and Economics. His research work has appeared in *Journal of Econometrics*, *Journal of Banking and Finance*, *Mathematical Finance*, *Applied Financial Economics*, *Journal of African Economies*, *International Journal of Accounting Auditing and Performance Evaluation* and *Journal of Accounting and Public Policy* among others.

1 Introduction

It is always an exciting opportunity to work on and launch a new journal of the calibre of the *Afro-Asian Journal of Finance and Accounting* (AAJFA), which is an endeavour to promote quality research in finance and accounting fields in the academically strongly emerging geographic areas of Africa, the Middle East and Asia. At the same time, it is particularly exciting because an internationally reputed publisher like Inderscience Enterprises Ltd., which has published so far over 150 journals in various disciplines, is publishing the journal.

2 Orientation of the journal

AAJFA is a refereed international journal and is presently being published bi-annually. The journal seeks papers that present empirical research on topics of great interest to those in the fields of finance and accounting. Its intention is to foster greater discussion and research in the development of finance and accounting in Africa, the Middle East and Asia. A major feature of the journal is to emphasise the implications of such developments and the effects on business, academics and professionals.

With a broadly defined scope, AAJFA provides a valuable research and reference source for finance and accounting researchers, educators, students, policy makers, financial planners, forecasters and analysts, accounting and auditing professionals, bankers, and other decision makers in governmental, non-profit and financial institutions. AAJFA caters for a readership not only within Africa, the Middle-East and Asia, but also amongst those from outside with an interest in finance and accounting issues in these regions.

The primary criterion for publication in AAJFA is the significance of the manuscript's contribution to the development and understanding of finance and accounting in Africa, Asia and the Middle-East. The scope of submission encouraged is broad. AAJFA welcomes original manuscripts that develop, test or advance finance and accounting theory, research or practice. Replication-based studies applying sound theoretical foundation and research method are strongly encouraged. Studies illustrating the significance of major finance and accounting developments within the specific context of Africa, Middle-East and Asia will also be considered.

3 Subject coverage

Subject coverage includes but is not limited to:

Finance

- Asset pricing
- Corporate finance
- Banking
- Market microstructure

- Behavioural finance
- Experimental finance
- Law and finance
- Finance in emerging and less developed economies
- Islamic finance
- Equity analysis and valuation, venture capital and initial public offerings.

Accounting

- Compliance with IASs and national GAAP, and impact on accountant judgement
- National GAAP and IASs harmonisation and strategies
- Financial measurement and disclosure, and the quality of information reported
- Accountability and social, ethical and environmental measurement and reporting
- Financial reporting and adoption of IASs by SMEs
- Cultural, political and institutional impact on financial measurement and disclosure practices
- Accounting practices for intellectual capital and other intangible assets
- Audit quality and auditor skills
- Provision of non-audit services and impairment to auditor independence
- Audit committees and corporate governance in emerging and less developed economies
- Internal control and internal auditing
- Audit expectations gap, and assessing, measuring and managing risk in auditing
- Management accounting, control and use of key performance indicators
- Performance measurement and evaluation in profit and non-for-profit organisations, and public sector bodies
- Assessing, measuring and managing risk in performance evaluation
- Accounting education and professional development
- Public sector and not-for-profit accounting
- Accounting history, development and regional interaction
- Islamic accounting and auditing.

4 In this inaugural issue

We have received over 30 manuscripts for consideration in the inaugural issue. After following a very rigorous double blind review process, six papers were accepted for

this issue. Three manuscripts each from finance and three manuscripts from accounting areas are included. The two section editors worked very hard in getting all the manuscripts reviewed to ensure that quality research is published in this journal.

The first paper deals with firm leverage and the private benefits of control in Chinese firms, and is authored by Zhang Zhaoguo, He Weifeng and Chen Jing. The paper reports a statistically significant negative relationship between short-term debt and the private benefits of control, which suggests that short-term debt helps to restrain the private benefits of control of listed Chinese firms. Furthermore, a positive relationship is found between long-term debt and the private benefits of control. Finally, a negative relationship is reported between total debt and the private benefits of control, suggesting that Chinese firms should optimise their capital structure to curb expropriation by controlling shareholders.

The second paper focuses on how changes in oil prices influence the observable factors in GCC economies. Ibrahim A. Onour, the author of this paper, reports that unobservable speculative factors drive short-term stock market returns in Saudi and Bahrain markets. For other GCC markets, such as Dubai, Abu-Dhabi, and Muscat, oil price uncertainty and unobservable speculative factors work together, although in opposite directions, to influence stock prices.

Umakrishnan Kollamparambil and Indrani Banerjee authored the third paper. They examine the relationship between the foreign institutional investment (FII) presence and firm performance in the context of the Indian banking sector. The empirical analysis is based on the CMIE 'Prowess' balance sheet data for 25 listed banks of the Indian banking industry over a four year period (2001–2004). The paper reports that the FII share plays a significant and positive role in determining the performance of public sector, but not necessarily private sector, banks.

The fourth paper, authored by Khalid Samaha and Pamela Stapleton, investigates convergence in the context of Egypt by analysing annual reports of listed companies. Indices were constructed to measure the impacts of a range of variables on compliance with new Egyptian Accounting Standards. The results provide evidence of poor compliance with these new standards, especially in relation to disclosure, where there are tax implications, and when the convergence with (the then) IASs brought about change to previous regulations. Compliance is shown to be associated with the level of trading in the companies' stocks but not with industry sector or legal status of the company. As expected, they reported that mandatory requirements are more likely to be complied with.

The fifth paper is authored by Yu-Chih Lin, Shao-Yan Huang and Shu-Chao Young. They investigate the relationship between ownership and firm performance in an environment in which collateralising shares by directors and supervisors is a common practice. Their Taiwanese evidence shows that a positive relationship (alignment) exists between ownership and firm performance (measured by ROA and ROE) when the net ownership is high. However, when the net ownership is low, there is no relationship (entrenchment) between ownership and performance. Furthermore, there is a negative relationship between collateralised shares of directors and supervisors and performance.

The sixth paper is written by Minga Negash. Using 118 firms' panel data across a time period of 17 years and a battery of tests, his paper examines two research questions that pertain to the expected gains stemming from corporate information liberalisation through the adoption of international accounting (financial reporting) standards. Results indicated that accrual accounting data at aggregate (market-wide) level did not show

break-point(s) around the time of critical corporate information liberalisation years. At the micro level, panel data tests on a version of Ohlson's (1995) model showed poor fits. Furthermore, results indicate that linear models could no longer explain the relationship between year-end equity prices and accrual accounting variables.

Lastly, a review of the book *Accounting for Governmental and Nonprofit Entities* is also included in this issue.

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Our sincere thanks go to all the authors who are sharing their valuable research knowledge and information with the readers of this inaugural issue. The key role played by all learned reviewers deserve very high appreciation for their timely responses despite having tight schedules. Thanks are also due to the secretariat staff at the School of Business and Government, University of Canberra and as well as those at the Wits Business School, South Africa. Special thanks go to Dr. Hameeda J. Abo-Hussain and Dr. Amal Wakil of the College of Business Administration, University of Bahrain, and Dr. N.K. Puri, Delhi University for their encouragement in this endeavour. Last but not the least, our families deserve special thanks and appreciation for their constant patience and support without which it is impossible to accomplish a task such as this.

We look forward to receiving your comments and suggestions on this inaugural issue of AAJFA.