
Editorial

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1 Introduction

It is very much delightful and exciting to announce the launching of a new high-impact quality research, a scholarly indexed peer reviewed refereed *International Journal of Managerial and Financial Accounting (IJMFA)* which features the research and development in managerial and financial accounting worldwide. We hope that the *IJMFA* will reach as many accounting academics and accounting professionals, scholars and researchers, educators and learners involved in the area of accounting. *IJMFA* is continually looking to publish cutting-edge research that will help to advance the accounting profession worldwide and its further development.

At the same time, it is a great pleasure and honour particularly because an internationally reputed publisher like Inderscience Enterprises Ltd., which has published so far over 300 journals in various disciplines, is publishing the journal.

2 Editorial board affiliation

Listed at the beginning of the Journal and on the Inderscience website, www.inderscience.com.ijmfa.

3 Orientation of journal

IJMFA covers all aspects of managerial accounting as well as financial accounting prevailing worldwide. In today's advanced manufacturing environment, various issues arise for accounting standard-setting practicing professionals. Managerial accounting and financial accounting have their own separate issues. Solving these issues is a significant challenge. Therefore, *IJMFA* assists researchers in overcoming these challenges in an efficient and effective manner. *IJMFA* is a scholarly double-blind peer reviewed international journal.

It also aims to promote and coordinate developments in all areas of managerial and financial accounting. Both managerial and financial accountants have a responsibility to management in terms of competence, confidentiality, integrity and objectivity.

Managerial accounting reports often focus on sub-units within the organisation, such as departments, divisions, geographical regions or product lines. These reports are based on combined historical data, estimates and projections of future events, while financial accounting reports focus on the enterprise in its entirety. These reports are based almost exclusively on historical transaction data.

An additional goal of *IJMFA* is to develop an understanding of the environment in which reporting choices are made, what the options are, how to use these data in making decisions and how to avoid misusing financial statement data. To this end, *IJMFA* will integrate the perspectives of accounting, decision making, ethics, rationale and methods to understand how transactions are reported and disclosed.

IJMFA provides a vehicle to help accounting professionals, academics, researchers and policy makers, working in the field of managerial and financial accounting, to disseminate information and to learn from each other's work.

IJMFA publishes original research papers, case studies, etc. *IJMFA* is a quarterly publication. Special issues devoted to important topics in managerial and financial accounting will occasionally be published.

3.1 *Subject coverage*

The focus of managerial accounting is the needs of managers within the company rather than the interested parties outside the company. Some of the users of financial accounting information are current and prospective stockholders, lenders and investment analysts. The main similarity between the both is that, they both draw upon data from an organisation's basic accounting system, mainly the cost accounting system.

Suitable topics include, but are not limited to:

- Financial Accounting:
 - financial statements
 - accounting theory and practice
 - financial accounting and reporting
 - accounting cycle
 - income statements, statements of retained earnings, and balance sheets
 - accounting standards convergence
 - international financial reporting standards
 - generally accepted accounting principles (GAAP)
 - cash flow analysis
 - all areas of financial accounting prevailing worldwide
- Managerial Accounting
 - the changing role of managerial accounting in a dynamic business environment
 - product costing and cost accumulation
 - process costing
 - activity-based costing and cost management systems
 - cost-volume-profit analysis

- standard costing and performance measures for today's manufacturing environment
- responsibility accounting and total quality management
- investment centres and transfer pricing
- decision making: relevant costs and benefits
- target costing and cost analysis for pricing decisions
- capital expenditure decisions
- performance measurement, benchmarking and balanced scorecard
- corporate governance and social responsibility (accounting)
- all areas of managerial accounting and decision making

4 Inaugural issue contents

We have received 35 manuscripts worldwide for consideration in the inaugural issue. After following a very rigorous double-blind peer review process, eight papers were accepted for publication.

Paper one argued that a single accounting system should not be used to calculate product costs for use in decision making because it is not possible for a single system to satisfy the three different purposes of costs systems. Instead, the author suggested that operating units should use three separate systems to satisfy each of the three purposes or a database system from which information can be extracted to satisfy each purpose. The paper uses the results of 259 useable questionnaire responses and 55 interviews with British management accountants to examine which types of cost system are used to obtain product costs in British manufacturing industry and why these cost systems are used. The results reveal that single, separate and database systems are used to obtain product costs, with single systems being the most popular. Single systems are used for historical reasons and appear heavily institutionalised in British manufacturing industry. Although separate and database system are used, they are not significantly different from single systems. The implication of this is that costs calculated using these two types of system might not satisfy the three different purposes of cost systems.

Paper two focuses on the effectiveness of Japanese management practices (JMPs). This is often referred to as a major reason for Japan's economic miracle. In recent years, several other countries also have achieved remarkable results by adopting some JMPs in their manufacturing organisations. Through the overview of an Indian experience, the paper attempts to examine how Sri Lankan industrialist can benefit from adopting JMPs in their organisations. It is suggested that JMPs, if properly adopted, can accelerate industrial development in Sri Lanka by contributing effectively towards achieving low cost, superior quality and high productivity.

Paper three discusses academic journals focusing on specialised areas of accounting. These academic journals have proliferated in recent years. This has increased attention to identifying the top specialty journals to assist faculty performance evaluation. While several recent studies have identified highly consistent sets of top-ranked journals in management and financial accounting, all have relied on perception surveys and as such, are vulnerable to judgment and other biases. The study triangulates these prior findings

by analysing the top-ranked specialty journals' citation patterns. It further examines the distribution of highly-cited articles across these journals, and uses this as a springboard for discussing the potential drawbacks of using journal rankings in evaluating publication performance.

Paper four investigates the distribution of the cross-sectional earnings per share and changes in earnings per share to exceed two psychological benchmarks:

- 1 avoid losses
- 2 avoid earnings decrease using Malaysian public listed companies financial data from 1994–2003.

The sample consists of 4,565 firm years and 1,530 firm years for threshold to avoid losses and to avoid earnings decrease respectively. The study further compares the smoothness of the distribution of earnings per share and changes in earnings per share before and after the Asian financial crisis, i.e. after major corporate governance reforms initiated. The study uses deflated earnings after tax before extraordinary gain and loss to ensure the findings on earning management behaviour are independent of other earning – shifting strategies that make use of extraordinary items. It is found that Malaysian companies do avoid reporting losses even after the crisis and after major reforms on corporate governance initiated. Malaysian companies however have no tendencies to avoid earnings decrease. Further research is required to identify and test the legitimate explanations (such as avoiding higher taxes). The research might be of interest to regulators as to where to look in conducting their oversight function. Firm reporting small EPS just above simple earnings threshold and reporting small EPS decrease may require closer scrutiny. The study contributes to the literature in that it shows that Malaysian companies do avoid reporting losses even after the crisis and after major reforms on corporate governance initiated.

Paper five examines the governance of a Chinese state-owned enterprise (SOE), and to tries to shed some lights on the broad overview of accounting environment in the People's Republic of China (PRC). Together with the cultural and institutional background, the authors look at the operational aspect of the Qingtongxia Aluminum Smelter Corporation, and try to shed light on the role and function of accounting in decision-making process in this vibrant economy. The authors try to provide some insights into how this information could be used to better understand the internal control system as well as cost accounting environment of the enterprises in this emerging and evolving market.

Paper six discusses financial statement analysis (accounting for decision analysis) within international context using Hewlett-Packard Co. (HP) as a comprehensive case. After analysing the financial statements and relevant disclosures notes of HP, a US Company listed on New York Stock Exchange, you are required to formulate judgments about data that may be interpreted in various ways. In short, the usefulness of case financial statement, comparative analysis is the notion that a financial data is more meaningfully interpreted when it is evaluated relative to comparable quantity. Certain comparative analyses (leases) cannot be done since all companies do not provide full information in the absence of analytical accounting adjustment.

Paper seven researches and explores the roles of external and internal variables that affect managerial participation in budgetary process. These roles of external and internal variables are not well understood particularly managers in manufacturing firms. By

adopting contingency approach, the study tries to contribute to the existing literature by incorporating information asymmetry, perceived environmental uncertainty and task uncertainty (analysability and variety) as key factors to budget participation. A survey method through structure questionnaire was employed. A total of 77 managers responded. Multiple regression analysis was conducted and the study found that task variety is significantly related to participation. However, information asymmetry, task analysability and perceived environmental uncertainty are not significantly related to budgetary participation.

Paper eight's research aims at explaining the accounting evaluation which is unable to provide the firm's fair value due to intangibles. It consists of examining the relevance of traditional accounting information and that of intangibles in the firm's evaluation. To reach to this goal, an empirical study has been carried out on a sample of 391 firms traded on the Paris stock exchange from 2001 to 2004 to explain the effects of intangibles on the firm's value. The results show a significant decrease in the relevance of the traditional accounting information, based on earning per share, in the firm's evaluation. However, the intangibles enhance the value of firms enjoying high growth rates. Finally, the results confirm the importance of information pertaining to earning per share and intangibles to the investors' decisions.

Acknowledgements

Thanks to the *IJMFA* Editorial Board, who have made kind and steadfast support to *IJMFA*. The Inderscience Publishing team and staff, individual authors, reviewers, Curtin University Sarawak Campus colleagues, and finally, thanks to all those who have contributed directly and indirectly for making this journal a success.

We hope you enjoy this inaugural issue of scholarly peer reviewed refereed *International Journal of Managerial and Financial Accounting* (IJMFA) and that you find it useful and informative.