# Editorial

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**Biographical notes:** Marius Gros is a Professor of Finance and Accounting at the University of Bremen. In addition, he is a Lecturer at the Heidelberg University and Vietnamese-German University, Ho Chi Minh City. He holds a German PhD equivalent from the Goethe University Frankfurt and has been an Assistant Professor at the Goethe University Frankfurt and Lecturer at the Institute for Law and Finance (ILF) at the Goethe Universities' House of Finance. His research interests are in international accounting and auditing as well as in corporate governance and enforcement of accounting standards.

Tony Tinker is a Professor of Accountancy at the Baruch College, CUNY, is/has been a Visiting Professor at the St. Andrews, Scotland and UNISA, Australia. He is a founding member of the AIA, and CUNY Online Programs. He is a Fellow of the ACCA and twice past-council member of the AAA, and Past-chair of the AAA Public Interest Section. He has (co)authored *Social Accounting for Corporations*; *Paper Prophets*, and *Policing Accounting Knowledge*, and published numerous articles. He is the co-editor of *IJCA*, and holds numerous editorial board memberships. He has appeared on/in CNN, BBC, CBC, Pacifica Public Radio, New York Public Radio, Newsweek and WSJ.

*IJCA* is an international journal that recognises all origins of accounting. This is to say, *IJCA* publishes all local GAAPs using critical methods and thinking. Therefore, this special issue is dedicated to German research. But, German's contribution to knowledge is huge, as the reader will see below, Karl Marx who was a German thinker has explicitly recognised the strengths of German lie on Philosophy while, he insisted that France and England's are to be found in related disciplines. This special issue includes a contribution from Aida Sy that investigates the similarities between German philosophy, or critical philosophy of Emmanuel Kant and critical accounting. Dr. Sy discusses among in her paper, the definition of critical accounting and the latest financial markets crises and the SEC regulations.

Karl Marx read and spoke in five languages. This competence is evident in Marx's Volume 1. He assessed the French for expertise in politics, the English (particularly Adam Smith) in political economy and the German's for their expertise in philosophy.

Frederick Hegel, the authority of German philosophy could not escape Marx's critique. Hegel was patronised by the Catholic Church and therefore was forced to create God with the origins of intellectual thought.

For Marx, man created God. Not the other way round. Hence, Marx found Hegel standing on his head, and turned him the right way up.

In Marx's Volume 1. After five re-writes Marx settled on the commodity form as the cellular form of capitalism. This was an echo of Darwinian analysis were the cell was the key to his biology. Marx read broadly including Darwin's writings. The parallel between Marx's Volume 1 and Darwin's study are 'interesting'.

The role of financial reporting in the German financial system underwent fundamental changes during the last two decades and further developments are to be expected. In addition, in academia, mainstream accounting research shifted towards US-inspired, empirical-archival, often capital-market based, research approaches. However, there is still a large tradition of normative accounting research in Germany; moreover, German scholars also contribute to critical accounting research. The special issue covers four papers that apply different research methods, and focus on the areas standard setting, auditing, and the increasing relevance of verbal reporting instruments.

The first two papers deal with standard setting. Grottke, Späth, and Haendel focus on accounting standards for small and medium sized entities (SMEs). By presenting the results of an online survey carried out among German SMEs, they examine whether the recently amended International Financial Reporting Standard (IFRS) for SMEs contributes to international comparability and meets the needs of SMEs. Moreover, the authors discuss controversial disclosure requirements in the notes and their possible consequences. The following paper by Müller-Burmeister and Velte conducts a critical analysis on the principle of materiality. The authors point to recent publications and studies that show a wide variation of its application in international practice and infer that this may result in an increasing expectation gap between management information and individuals understanding. In particular, the paper presents the results of a conceptual comparison of the principle of materiality as it is stipulated by the German Commercial Code (GCC) and IFRS as well as International Standards on Auditing (ISA) for accounting and auditing purposes. In the third paper, Worret provides insights into the current audit market structure in Germany. He shows that audit market concentration is persistently high, especially driven by the dominance of the Big Four audit firms. When examining the provided audit quality, he finds better audit quality for Big Fours' clients but also some indication that those differences might not primarily be influenced by the auditor choice itself, but much rather by different firm-characteristics between Big Fours' and non-Big Fours' clients. The fourth paper by Koch deals with the timely and increasingly important topic of verbal or narrative reporting instruments and how they are addressed in accounting research. Koch critically discusses the different methods prior papers apply to operationalise the quality of verbal reporting. Later on, he applies those commonly used approaches and analyses their consistency. By examining the quality of non-financial reporting of German firms, he finds that quantitative disclosure quality measures lead to consistent or at least similar results as qualitative disclosure quality measures only on a firm level but the results vary when analysing specific GCC reporting requirements. Finally, the fifth paper and last is written by Sy. The short summary of Sy's paper is described above.