



Contaduría y administración

ISSN: 0186-1042

ISSN: 2448-8410

Facultad de Contaduría y Administración, UNAM

Lopes, Ilidio Tomás; Fernandes, Paula Odete

Editorial

Contaduría y administración, vol. 63, no. 2, Especial, 2018, pp. 773-776

Facultad de Contaduría y Administración, UNAM

DOI: <https://doi.org/10.22201/fca.24488410e.2018.2044>

Available in: <https://www.redalyc.org/articulo.oa?id=39572280001>

- How to cite
- Complete issue
- More information about this article
- Journal's webpage in redalyc.org

UNAM  redalyc.org

Scientific Information System Redalyc

Network of Scientific Journals from Latin America and the Caribbean, Spain and Portugal

Project academic non-profit, developed under the open access initiative



Editorial

Accounting is in its essence, the language of businesses and the summary of economic events for the purpose of providing financial information for decision making. It is materialized on the firms' financial statements, periodically disseminated to a wide diversity of stakeholders, and used as a primary source of financial perceptions and beliefs. As a reflection of businesses' dynamics, financial information should be useful by observing the fundamental qualitative characteristics -relevance and faithful representation- and the enhancing qualitative characteristics -comparability, verifiability, timeliness, and understandability-. This special issue, on the scope of *Accounting* and other related scientific fields, such as *Auditing* and *Taxation*, was driven by the importance of the financial reporting on the entire decision-making process, and by the role of some Corporate Governance agents, as granters and controllers of information reliability and transparency. The current issue, strongly focused on those scientific fields, can certainly serve as a contribution for theory and practice, underlining some of the old and current paradoxes, and driving readers into future directions and challenges.

The organization of a special issue is always an interesting challenge. It is based on the desire to capture and integrate in the special issue the best and the latest developments occurred in a particular scientific field. Indeed, it is our conviction that we have clearly achieved that goal by providing readers with a set of original and useful papers.

Evandro de Nez and *Paulo Roberto da Cunha* drive us through the evidence of Board Interlocking and its influence in audit firm selection in the mandatory rotation in the firms listed on the BM&FBovespa. Although it is a common practice on those firms, it was traditionally linked with firms' performance and valuation. Through a quantitative and qualitative approach, authors have confirmed the existence of Board Interlocking in the firms under analysis, however not influencing the choice of independent audit firm on the mandatory rotation. The research carried out by those authors had a corroborative effect for the state of the art and can drive other researchers into new alternative and complimentary approaches.

The second paper of this special issue is based on a macroeconomic approach, focused on aggregated fiscal accounts rules. *Guido Zack* and *Daniel Sotelsek* propose a generic fiscal rule in order to promote a countercyclical behavior. In a first step, authors analyze the desirable characteristics of any fiscal rule, proposing in sequence a framework for its practical application

in the geo scope of Spain. In this paper, authors analyze the trade-off between countercyclical fiscal policy behavior and the design of the rule by considering several possible pillars such as indebtedness, expenditure, revenue, structural fiscal result, towards stability, flexibility, simplicity transparency, and compliance with the rule. In the authors' own words, the upcoming generic rule is not intended to limit, but to serve as a guide for discretion and good management of aggregated fiscal accounts.

The third paper, authored by *Juan Camilo Cardona Montoya*, examines the impact of International Financial and Reporting Standards (IFRS) on financial reporting quality, in the scope of Latin American and Caribbean economies. Author uses the traditional discretionary accruals model, as a mechanism of earnings management, over the period 2006 to 2014. Results have broadly evidenced the decrease in the use of discretionary accruals during the implementation periods of the IFRS adoption, which reinforces that the lower level of earnings management evidences a significant improvement in the quality of the financial reporting.

Javier Montoya de Corte and *Gabriela Maria Farias Martinez* have co-authored a research related to the relevant competencies in Public Accounting and Finance. It has the aim to identify the competencies that are relevant for an adequate professional performance in the abovementioned scope, from the perspective of the market and the university. In order to study this dual perspective, authors have followed a quantitative research based on an online survey, and subsequently on a qualitative approach based on a focus group technique. The outcomes from this research evidence the existence of a general consensus around the importance of values, ethics and attitudes, above skills and knowledge. We are really aligned with the authors in underlining that a better knowledge on this subject was really provided, leading these insights significant for further practical implication and developments.

The fifth contribution for this special issue was provided by *Ricardo Vinicius Dias Jordão*, *Edson Pinto Ferreira* and *José António Sousa Neto*. In the scope of the Brazilian market, those three authors have developed the topic of financial disclosure and social environment responsibility. The main objective of the paper is to analyze the level of disclosure of social and environmental information in the sectors and firms listed on the Corporate Sustainability Index of the BM&FBovespa. Broadly, the outcomes provided allow to conclude for the existence of a trade-off between the reports provided by firms and the assumptions previously assumed by those firms. The richness of the insights underlined over the paper, reinforces the conclusions that the exigences of certain regulatory bodies can contribute to the adequacy of the firm in terms of transparency and social environmental responsibility. Furthermore, voluntary disclosures on this subject still not been affirmed with transparency and good corporate governance practices.

The topic of audit committee characteristics and its importance to the internal audit budget, in the scope of Malaysian firms, was conducted by *Redhwan Al-Dhamari*, *Almahdi Almagdoub*, and *Bakr Al-Gamrh*. Audit committees, as relevant internal corporate governance mechanism, has effectively a relevant role on the entire process of financial reporting, and monitoring of the operating performance. Authors have analyzed the potential linkage between the audit committee index and the internal audit budget. Based on Malaysian listed companies, over the period 2012-2014, results evidence a mix of significant associations between the audit committee characteristics and the internal audit budget. We are aligned with the authors that the insights provided by this research can serve as a signal to regulators towards the need of more independent and qualified audit committee members.

The next paper included in the special issue is authored by *Paulo Jorge Varela Lopes Dias* and *Pedro Miguel Gomes Reis*. The authors have studied the relationship between effective tax rate and the nominal rate. Based on firms of five countries (Denmark, Slovenia, Finland, Luxembourg, and The United Kingdom), all of them members of the European Union, the insights provided by this quantitative approach, allow readers to conclude that effective tax rate is positively related to the nominal rate. This research, a part of serving as corroborative outcomes of previous evidences, the richness of the insights we can find over the paper, contribute to understand that firms have the ability to manage their results in order to manage their taxation policies and procedures.

Rogério Marques Serrasqueiro and *Tânia Sofia Mineiro* have focused on the topic of corporate risk reporting, in the scope of Portuguese non-financial companies. It has the aim to capture risk disclosure patterns adopted by Portuguese firms in interim reports and to investigate whether the audit quality can serve as an explanatory driver for firm's risk disclosure practices. The outcomes provided by the empirical evidence support that quantified risk disclosures are higher than unquantified risk disclosures, and that firm's risk disclosures policies are not influenced by auditor's quality. We corroborate the authors' view that this research can serve as a contribution, for academics and regulators, to fill the gap between risk disclosures in the interim report, and the quality of risk information.

The ninth paper relates to the compensation of CEO and the relevance of fair value accounting. This relevant topic is introduced in this issue by *Haiping Wang* and *Eliana Mariela Werbin*. Based on a traditional model, their research covers the period of 2007 to 2016. Results suggest that bonus intensity in executive compensation can act as a positive incentive for managers to disclose their insider information in financial reporting, underlining the greater value relevance of fair value information. This research also provides other significant insights: the positive motivation if market price still exists, and if no information exists about the market price, managers tend to manipulate the valuation of certain fair value inputs. We strongly corroborate the assertion that this research can clarify the role that executive compensation has in the usefulness of fair value accounting.

After the discussion around fair value accounting, *Pedro Amado*, *Fábio Albuquerque* and *Nuno Rodrigues* have contributed with a topic of segment reporting. Thus, authors have identified some explanatory factors of segment disclosure in non-financial firms listed in European markets. Based on the importance of segmented information for stakeholders as a whole, the abovementioned authors have investigated the segment disclosures, under the application of IFRS 8, in four European Stock Exchange markets. Broadly, they concluded that firm's size is directly associated to the number of operating segments, and to the level of disclosures required for each segment. However, additional insights were provided related to the existence of barriers to entry and to the degree of internationalization.

Inna Sousa Paiva has developed the relationship between the quality of firms' financial reporting and the contracting, in Portuguese private firms, over the period 2013 to 2015. This quantitative research uses earnings smoothing, magnitude of absolute discretionary accruals, and timeless of disclosure as proxies for financial reporting quality. With a strong corroborative contribution for literature, the results suggest that the firms under analysis conduct less earnings smoothing, report a lower level of absolute discretionary accruals, and also observe a short delay in the disclosure of financial reporting. Furthermore, the research also evidence that firms

contracting larger amounts of debt and with good financial performance tend to exhibit lower quality financial reporting. The evidence that private firms have an interest in camouflaging their performance in the presence of higher levels of bank debt is a critical signal for the need of further researches in this topic.

The last paper of this special issue is co-authored by *Joana Patrícia Friães dos Santos*, *Amélia Maria Pires* and *Paula Odete Fernandes*. Based on Portuguese firms with a family structure, which have in many cases an important and key role in the development of decentralized regions, authors have analyzed the importance of financial information in the decision-making process. Based on the assumption of the financial information usefulness for decision making, authors have corroboratively concluded that, in Portuguese firms with a family structure, financial information is linked with its impact on stakeholders, and is primarily used to support operational management, to support investment decisions, and to comply with taxation requirements and obligations.

The final words should go directly to all that have made this special issue possible: the authors, the reviewers, the editorial team, the editorial board and scientific committee of *Contaduría y Administración*, and to all that in the back office of a project also contribute for knowledge creation and dissemination. To all readers, a special word of gratitude for being linked with us and for driving us into new projects and challenges.

Ilidio Tomás Lopes
Instituto Universitário de Lisboa, Portugal
E-mail address: ilidio.tomas.lopes@iscte.pt

Paula Odete Fernandes
Instituto Politécnico de Bragança, Portugal
E-mail address: pof@ipb.pt
(Guest Editors)