

# *Contemporary Accounting Research*

## **2011 EDITOR'S REPORT**

(January 1, 2011 to December 31, 2011)

It has been another record breaking year at *Contemporary Accounting Research* with an all-time high of 371 manuscript submissions from across the broad spectrum of accounting research using to the fullest extent possible the diversity of methods found in social science research. 2011 also marked the first and likely only time, which we will have a conference issue of the journal, but what an issue it was. The hard copy version of this journal issue has a silver colour, representing the 25<sup>th</sup> CAR Anniversary Conference. The issue contained, in addition to seven conference articles with their discussions, two other notable papers. Thus, CAR volume 28 has five issues with the largest number of pages ever.

CAR also moved to a larger footprint after years of being slightly larger than pocket novel size. The larger footprint will allow CAR to consistently publish up to 40 articles a year as well as the discussant's comments for the conference papers without going over our contractual page limit of about 1300 pages. Why did CAR have a smaller hard copy size than other accounting journals in the first place? I have heard that it is due to the fact that our founding editor and current Editor Emeritus, Haim Falk, negotiated an excellent price for printing the early issues of the journal by using extra "monograph" stock that our then publisher had in excess inventory. Even if this story is just part of CAR's folklore, it shows how far the journal has come with its modest roots in the mid-1980's.

In another change, in 2011 I reinstituted the practice of having informal lead articles in the journal. I wanted a way of highlighting excellent examples of the many research traditions we draw on at CAR. Issue 1 featured an informative, much read and somewhat controversial article on predicting material accounting misstatements (Dechow, P. M., Ge, W., Larson, C. R. and Sloan, R. G. (2011), Predicting Material Accounting Misstatements. 28: 17–82). Issue 2 featured a challenging audit archival article that suggested that the Chief Executive Officer was far from a benign force when it came to involvement in selecting board members (Carcello, J. V., Neal, T. L., Palmrose, Z.-V. and Scholz, S. (2011), CEO Involvement in Selecting Board Members, Audit Committee Effectiveness, and Restatements. 28: 396–430). The 3<sup>rd</sup> issue of the year featured an innovative experimental accounting piece that questioned the conventional wisdom of how employees value their stock options (Farrell, A. M., Krische, S. D. and Sedatole, K. L. (2011), Employees' Subjective Valuations of Their Stock Options: Evidence on the Distribution of Valuations and the Use of Simple Anchors. 28: 747–793).

We lead off the 25<sup>th</sup> Anniversary issue, Issue 4, with one of the most controversial pieces it has ever been my pleasure to edit (Botosan, C. A., Plumlee, M. A. and Wen, H. (2011), The Relation between Expected Returns, Realized Returns, and Firm Risk Characteristics. 28: 1085–1122). It is not often you get to edit a paper that has engendered replies before the paper has even been accepted by a journal. This paper, on cost of capital, also is noteworthy as it is the first paper accepted under the SOAR one round review program (more about that later). Finally we ended the year on a high note with Issue 5's management accounting field study that I like to think of as "CAR goes to Hollywood" (Gong, J. J., Van der Stede, W. A. and Mark Young, S. (2011), Real Options in the Motion Picture Industry: Evidence from

Film Marketing and Sequels. 28: 1438–1466.) Besides investigating a vexing accounting issue of how real options can be used to understand managerial judgment; who cannot but want to read a paper about the motion picture industry just weeks before the annual Oscar ceremony? These five papers combined with forty-two other substantive papers from all areas of accounting research were featured in Volume 28.

Among other notable occurrences this year at *CAR*:

- **Reviewers Recognized.** We became the first major accounting journal to publicly recognize excellence among our reviewers. While it may prove to be a double edged sword as other journals can more readily identify the best reviewers in the business, I was pleased to announce on behalf of the Associate Editor team the four winners of the first ever *CAR* Outstanding Reviewer Awards. The winners are:
  - Joan Luft at Michigan State University
  - Judson Caskey at University of California, Los Angeles
  - Eddie Riedl at Boston University
  - Sarah McVay at the University of Utah.
- **Senior Scholar One Round Review.** In April 2011 I started a little experiment called the “Senior Scholar One Round Review” (SOAR). Basically, SOAR allows senior scholars (i.e., those with an established reputation for excellence and who know the difference between their best and not so good work) to opt into a one round review format: “*Thumbs Up or Thumbs Down.*” At the end of the first and only round of reviews the paper is either accepted for publication or is rejected from the journal. What makes this program interesting in my mind is three things. First, SOAR is a full disclosure program, all previous reviews and rejections if any, must be disclosed to the Editor (in-Chief, hereafter EIC). Second, the senior author must make the submission him or her-self and attest to the fact that they have been involved in the paper from the beginning. Third, the senior author has the chance to nominate two reviewers for the paper. Providing that they meet the EIC’s conflict of interest assessment and are sufficiently senior to be relied upon, one of those two will be asked to be one of the reviewers; the other reviewer is a senior member of the *CAR* team (editors, former editors and associate editors etc.).
- **The Editorial Board.** Successful Editorial Board meetings were held in Rome at the European Accounting Association’s Annual Conference, in Toronto at the Canadian Academic Accounting Association’s Annual Conference and in Darwin Australia at the AFAANZ Conference. This year at the American Accounting Association Meeting in Denver, instead of a Board meeting (a migraine at high altitudes can ground even the most determined EIC) all *CAR* Associate Editors and Editorial Board members were invited to the CICA/CAAA reception. We had great attendance from Editorial Board at the reception and a good time was had by all with the normal high standard of receptions hosted by the CICA. All of these functions give the *CAR* Editorial Board in person assess to the EIC and many of the Associate Editors offering the opportunity to network and to clarify what we are up to at *CAR*.
- ***CAR*’s impact.** *CAR*’s real impact is the attitude of inclusion it brings to a badly fragmented accounting research world. Nonetheless there are other impacts, such as the SSCI impact factors that were released in spring 2011. *CAR* is now ranked 11 out

of 74 business finance journals (previous period 22 out of 54). *CAR*'s impact factor increased by 60% to 1.73. Given how these things bounce around, I would not recommend breaking out the champagne as next year it could be very different. However, I should note that this is the highest impact factor by a significant margin that *CAR* has had since joining the SSCI a decade ago. Further, there is a paper by reputable New Zealand researchers that shows that *CAR* is the number one journal in the world in terms of Editorial Board breadth and depth. It just goes to show you that you can always find a way to be number 1 if you crunch enough numbers!

- **CAReditorsteve.** When I became *CAR* EIC I wanted a way to reach a broader audience than what in person appearances could do. Hence, my alter ego, CAReditorsteve, was born in June 2010 (<http://careditorsteve.wordpress.com/>). After a brief hiatus in early fall 2011 the CAReditorsteve blog has established a regular and faithful (indeed growing) community of readers – readers that do not always agree with him (see some of the posted comments). Thus, I became the first major accounting journal editor to blog. Definitely it is not part of the job, but it does give a great venue for me to opine and vent in what can be at times a frustrating job.
- **The Editorial Team.** The editorial team in 2011 consisted of me as EIC, Colin Brainwaite who succeeded Lesley Falkner as Managing Editor, Nicole Nurse as Editorial Assistant, Nancy Shield as the Editor's Assistant and our Associate Editors and Editorial Board members. Among the changes to the team during the year we saw Mike Welker leave to become Senior Editor at an AAA section journal and we welcomed two new Associate Editors, Katherine Schipper and Theresa Libby. At year end the Editorial Board was refreshed with new members leaving its size at about 140 members given departures for a variety of reasons including taking up Editorships at other senior journals.

Now to keep with historical practice, and to allow future accounting historians to have a time series of *CAR* Editor Reports, the details follow. But skip ahead to the last page for the end of the more informal part of the Report.

## MANUSCRIPT SUBMISSIONS AND TURNAROUND

The number of regular submissions to *CAR* increased by 11% in 2011 to reach 273, while conference submissions increased significantly to a total of 91 *CAR* Conference submissions. A new initiative, the Senior Scholar One Round Review (SOAR) experiment, also yielded 7 submissions for the year contributing to a total number of 371 new submissions in 2011. The Editor (in-Chief (EIC)) and Editors rejected (or very rarely withdrew) 53% of all 2011 submissions (regular, *CAR* Conference, and SOAR submissions) in the first round. This rate is consistent with prior years' trends. Of the papers submitted from 2006-2011, the ultimate average acceptance rate is around 11%. *CAR* does not have an acceptance rate policy and the only time of the year we are aware of the actual acceptance rate is when we put together this annual report.

### First Round Decision Results (including the rare withdrawals) 2006-2011\*

	2011	2010	2009	2008	2007	2006
First round rejections and withdrawals	53%	58%	52%	56%	49%	21%

\*2011 Statistics generated from January 1, 2011 to December 31, 2011.

The editorial team at *CAR* makes every effort to maintain consistent manuscript turnaround times. Our goal is to have 95% of all first round manuscripts handled with 100 days of actual submission. As exhibited in the reduction in the median response time during the last two years by thirteen days, we believe that this goal is achievable. As one can see from the table, the percentage of manuscripts with decision within 100 days is now 82%. Details of our turnaround times for the last 6 years are shown below:

### 2006-2011 Timeliness of Manuscript Feedback to Authors

Submissions	2011	2010	2009	2008*	2007	2006
MS under 100 days	246	229	218	274	154	110
Total Manuscripts	371	310	293	322	258	179
% of manuscripts (with decisions) under 100 days	82%	74%	74%	85%	60%	61%
New Regular (median)	72 days	77 days	85 days	97 days	123 days	89 days
Conference (median)	91 days	66 days	72 days	88 days	112 days	77 days
SOAR (median)**	5 days	N/A	N/A	N/A	N/A	N/A

## Global reach of journal

Of the 2011 new submissions, 141 or 38% involved at least one non-North American author, continuing the slight upward trend in international submissions. Consistent with our mandate to promote high quality Canadian accounting research, 53 or 14% involved at least one author at a Canadian university, a figure that is also consistent with prior years. Additional details of submissions for the last six years are shown below:

**Submissions 2006-2011 and Authors' Country of Origin**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008*</b>	<b>2007</b>	<b>2006</b>
Regular	273	246	231	194	180	125
<i>With Canadian author</i>	13%	16%	9%	14%	11%	7%
<i>With non-North American author</i>	42%	34%	35%	30%	41%	27%
Conferences*	91	64	62	128*	78	54
<i>With Canadian author</i>	18%	23%	21%	13%	14%	11%
<i>With non-North American author</i>	29%	39%	18%	34%	28%	22%
SOAR	7	N/A	N/A	N/A	N/A	N/A
<i>With Canadian author</i>	14%	N/A	N/A	N/A	N/A	N/A
<i>With non-North American author</i>	0%	N/A	N/A	N/A	N/A	N/A
<b>TOTAL</b>	371	310	293	322	258	179
<i>With Canadian author</i>	14%	17%	11%	14%	12%	8%
<i>With non-North American author</i>	38%	35%	31%	32%	37%	29%

\* Two conferences were held by CAR in 2008. The traditional CAR Conference held in Canada and the first CAR conference outside of Canada in Hong Kong, China.

\*\*NOTE about SOAR turnaround: Given a very small number of manuscripts submitted the turnaround time for SOAR manuscripts is reflective of manuscripts returned to authors as not being eligible for the program. If accepted into the SOAR program, the entire process actually takes longer than a normal first round review given the importance of the decision. I would estimate 80 days is the norm for SOAR papers put under review.

The five issues in Volume 28 of the *CAR* consist of 1668 total pages (compared to 1239 in 2010, 1233 pages in 2009, 1209 pages in 2008, 1328 pages in 2007, and 1144 pages in 2006). The goal is approximately 1300 pages per volume. The five issues published in 2011's Volume 28 contained:

Regular papers	34
Conference ( <i>CAR</i> and JCAE / <i>CAR</i> Joint symposium) papers	13
Discussants' comments (on conference papers)	<u>9</u>
<b>Total</b>	<b>56</b>

Of the 56 published papers and comments, 12 (21%) were authored or co-authored by faculty at Canadian universities while 14 (25%) were authored or co-authored by a faculty at a non-North American university. Breakdown by country of origin follows:

**Published Papers: Country of Origin of Authors or Co-authors 2006-2011**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Papers with a Canadian author or co-author	12 (21%)	8 (22.2%)	6 (14.6%)	3 (7.5%)	8 (18%)	6 (15%)
Papers with a non-North American author or co-author	14 (25%)	8 (22.2%)	10 (23.4%)	6 (15%)	6 (14%)	6 (15%)

## Substantive Accounting Area and Methodological Breadth

The tables below present a summary of the types of papers submitted to *CAR* by substantive accounting area and research paradigm. In 2010 to reflect *CAR*'s on-going commitment to being an inclusive journal we expanded the categories in the tables to better reflect the breadth of our submissions.

### Regular Submissions: Accounting Area and Methodology

<b>Accounting Area:</b>	Auditing	Managerial	Financial	Taxation	Other**	Accounting Information Systems*	<b>2011 Total</b>	<b>2011% Total</b>	2010% Total	2009% Total
<b>Method:</b>										
Analytical	3	4	3	3			13	4.8%	7%	6%
Experimental	17	4	9	1			31	11.4%	16%	14%
Empirical	47	11	122	8			188	68.8%	69%	74%
Other				1	19		20	7.3%	4%	6%
Case/ Field study/ other	8	5	4				17	6.2%	5%	0%
Any Method	n/a	n/a	n/a	n/a	n/a	4	4	1.5%	0%	0%
<b>Total</b>	<b>75</b>	<b>24</b>	<b>138</b>	<b>13</b>	<b>19</b>	<b>4</b>	<b>273</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>2011% of Total</b>	<b>27.5%</b>	<b>8.8%</b>	<b>50.5%</b>	<b>4.8%</b>	<b>6.9%</b>	<b>1.5%</b>	<b>100%</b>			
2010% of Total	27%	15%	54%	3%	2%					
2009% of Total	27%	11%	58%	4%	0%					

\*Category added in 2010. Previously included in auditing or management accounting depending on subject matter.

\*\* The 19 manuscripts in other reflect the following:

- Financial accounting 9; audit 6; management accounting 2; general accounting topics not specific to any particular area 2
- Archival/empirical 9; field case and other 10
- The one Taxation/Other paper was a paper about the “taxing effects” of medical procedures that we believe might have been intended for a Canadian medical journal.
- We note that most of the manuscripts that have been submitted in the Other/Other category are from authors whose first language is not English and whom the detailed categories we provide might not readily resonate with them.

### Conference Submissions: Accounting Area and Methodology

<b>Accounting Area:</b>	Auditing	Managerial	Financial	Taxation	Other	Accounting Information Systems*	<b>2011 Total</b>	<b>2011% Total</b>	<b>2010% Total</b>	<b>2009% Total</b>
<b>Method:</b>										
Analytical	3	3	1				7	7.7%	6%	8%
Experimental	5	4	5				14	15.4%	5%	18%
Empirical	15	9	36	2			58	68.1%	83%	71%
Other					2		2	2.2%	0%	3%
Case/ Field study/ other		1	3				4	4.4%	6%	0%
Any method	n/a	n/a	n/a	n/a	n/a	2	2	2.2%	0%	0%
<b>Total</b>	<b>23</b>	<b>17</b>	<b>45</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>91</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>2011% of Total</b>	<b>25.3%</b>	<b>18.7%</b>	<b>49.5%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>100%</b>			
2010% of Total	33%	12.5%	51.5%	3%	0%					
2009% of Total	18%	18%	58%	6%	0%					

\*Category added in 2010. Previously included in auditing or management accounting depending on subject matter.

### CAR CONFERENCE

The 26th Contemporary Accounting Research (CAR) Conference was held on October 28th and 29th, 2011 in Calgary. This is the first CAR Conference in a decade to be held in Western Canada. Over 150 invited guests attended the conference and associated doctoral consortium.

“Accounting Clarity” was the theme of this year’s CAR Conference. The conference submissions attempted to illuminate the dual roles that accounting researchers play: to assist in understanding how accounting affects markets, organizations and society (including capital market effects of accounting information), and to aid in understanding how markets, organizations and societies, and individuals in them, shape the role of accounting (including experimental studies of managers, auditors, investors and analysts, field studies of organizations, and analytical models).

Eight papers comprised the conference program. They reflected an excellent cross-section of papers from financial accounting, management accounting, corporate governance and audit, employing a variety of research paradigms. Each paper reported on, by the means it deemed most appropriate, research that made a clear statement about the “Accounting Clarity”. Further, some discussants were deliberately chosen to cross paradigmatic boundaries so as to bring different perspectives to the research.



In keeping with the traditional format of the CAR Conference, a social event was held on the Friday of the conference at the Escoba Bistro and Wine Bar. In an unanticipated event, the “World Series” of baseball’s seventh and deciding game was also held on that evening due to a rained out earlier game. Hence, the large screen TV’s in the Wine Bar as well as many smart phones were tuned into the game. Overall, the 26<sup>th</sup> CAR Conference was a great success and provided an excellent opportunity for members of the academic accounting community to explore issues within the purview of this year’s theme “Accounting Clarity”

### **PH.D. CONSORTIUM**

A day prior to the CAR Conference the 2011 Ph.D./Junior Faculty Consortium took place. The Ph.D. Consortium commenced with 26 participants, including 17 Ph.D. students (9 of whom qualified for, or shared, the CAR/CAAA subsidies). For the first time the Consortium was open to those from outside Canada on a space available basis with four international attendees participating. The Consortium’s program entitled “**The Many Faces of Accounting Research**” in tribute to the multiple approaches present on the program of financial and management accounting research. The day was divided into three sessions. The presenters had assigned advanced readings keyed to papers that were to be presented at the conference to enhance these junior academics’ learning experience at the Conference. The speakers and topics were:

*“Making Sense of the Many Faces of Management Accounting Research”*

**Wim Van der Stede** (London School of Economics)

*“Complementary or Competing: Archival and Experimental Research in Financial Accounting - Part I & 2”*

**Patrick Hopkins** (Indiana University in Bloomington)

**Leslie Hodder** (Indiana University in Bloomington)

At the end of the day, the room was available for Ph.D. students and junior faculty to have small group discussions with the workshop’s presenters.

### **CRAFT OF ACCOUNTING RESEARCH WORKSHOP**

The Craft of Accounting Research workshop was founded by then CAR Co-editor Dan Simunic in 1999 as a one day event prior to the start of the CAAA Annual Conference. The goal was and is to allow doctoral students and junior faculty to have an immersion into important aspects of accounting research such as the selection of research topics, the reviewing of academic papers and the development of research proposals all in a supportive environment that is meant to enhance the quality of research carried out by Canadian based researchers. This year we also admitted, on a space available basis, five international attendees. This year’s workshop was facilitated by CAR’s Editor (in-Chief), Steve Salterio, with assistance of two CAR Associate Editors: Vaughan Radcliffe, and Jeffrey Pittman. The theme as usual was simple: “*The Craft of Accounting Research: Planning, Performing, and Publishing Research in Accounting Broadly Conceived*” and was held on May 26, 2011 in Toronto, Ontario. This interactive workshop discussed issues and problems involved in planning and performing research, preparing manuscripts for submission to a journal, and responding to reviewer comments as well as making suggestions to three doctoral students about how they might improve their proposed research design. 7 new faculty members and 22 Ph.D. students for a total of 29 registrants attended. 10 Ph.D. students received subsidies from the CAAA (up to \$500 each) for travel and housing. A similar workshop will be held in conjunction with the 2012 CAAA Annual Meeting.

## ACTIVITIES AS EDITOR (in-CHIEF)

As I told the CAAA Executive when the EIC position was offered, I intended to be an activist editor – one that would push the agenda of **international**, **inclusive** and **intellectual** to the fullest. *CAR* indeed is the only senior accounting journal that can claim to be truly **Internationally** based, **Inclusive** - welcoming all types of accounting research that feature **Intellectual** rigour as judged by experts in that substantive area of accounting research. I must say as EIC I revel in seeing the diverse topics and research approaches reported on in the journal. In furthering this agenda, in the past year I have spoken at Editor's or Research Panels at the American Accounting Association Annual Meeting, AAA Section Meetings, and the European Accounting Association and the Accounting and Finance Association of Australia and New Zealand Annual Congress. Associates Editors have also played an active role on editorial panels around the world.

I look forward to meeting with *CAR* reviewers, editorial board members and authors in upcoming trips to Korea, Japan, France and Belgium in addition to the Editorial Board meeting at the CAAA in Charlottetown and the American Accounting Association in Washington. In the long range plan, it is back to Europe in the spring of 2013 with an Editorial Board meeting at the EAA Annual Congress.

Remember that all accepted *CAR* papers are on-line within weeks of their acceptance, first in what is called "Accepted Articles" that are pdf files and then in "Early Views" as completely edited and production format copy. Both of these are found on the *CAR* website housed in Wiley Online. This is a great place to check to see if your favourite working paper is now forthcoming at *CAR*.

## CONCLUSION

Overall, 2011 was a very successful year for *Contemporary Accounting Research*. On a personal level the demands on my time have been great. I thank my spouse and my son for their support at this time, as they suffer the most for even when I am physically present I am often miles away. I also want to thank the great *CAR* team of Editors supported ably by a very active and committed Editorial Board with the assistance of the Consulting Editors whose behind-the-scenes advice is much appreciated. I want to thank my assistant, Nancy Shield, who creates the space that I need to do my job as an EIC, a teacher and a researcher as well as the *CAR* office staff in Toronto, Managing Editor Colin Brainwaite and Editorial Assistant Nicole Nurse, who work long and hard for the journal. Finally, I thank CAAA President Vaughan Radcliffe who has been most supportive in this year as Editor and I welcome to the CAAA, the Association's new Executive Director, Norm Williams PhD.

## SUBSEQUENT EVENTS

- January 1, 2012 We converted to the title "Editor" given the substantial responsibility for "cradle to grave" manuscript handling our Editors do.
- A week later at the AAA Management Accounting MAS Research and Case Conference held in Houston Texas, another *CAR* paper was recognized for its excellence. The **2012 Greatest Impact on Practice Award** was awarded to Alexander Brügger (Maastricht University), Ranjani Krishnan (Michigan State), and Karen Sedatole (Michigan State) for their 2011 article entitled "Drivers and Consequences of Short-Term Production Decisions: Evidence from the Auto Industry" that was published in volume 28 issue 1.

- Yet another week went by and at the AAA Audit Section Mid-Year Meeting held in Sanavaugh GE on January 9-12 2011 a paper published in *Contemporary Accounting Research (CAR)* was awarded **the Notable Contribution to Auditing Research Award**. The paper, authored by Jeffery Cohen (Boston College), Ganesh Krishnamoorthy (Northeastern University), and Arnold Wright (Northeastern University), entitled “Corporate Governance and the Audit Process” was published in *CAR* in 2002.
- *CAR* received notice that its support from the Social Sciences and Humanities Research Council was renewed in light of the stellar evaluations the journal received by the SSHRC’s Program to Aid Scholarly journals selection committee. We thank the SSHRC for their on-going support of our journal.
- *CAR*’s Editorial Assistant Nicole Nurse resigned her position on April 10<sup>th</sup> 2012.
- Finally, as this report goes to press, I have agreed, in principle, for a one year extension to my stay as *CAR* EIC moving my departure date to April 30, 2014.

Respectfully submitted.

***Steve***

**Steve Salterio**  
**Editor (in-Chief), *Contemporary Accounting Research***

April 30, 2012