

TJAR EDITORIAL POLICY

ACCOUNTING ENCOUNTERS OF THE TJAR KIND

Accounting theory has taken two distinct approaches: one supports understanding of environment-specific local accounting institutions in various economies, while the other generalizes American and West European accounting institutions across the world. It is easy, albeit costly, to overlook this co-existence of two kinds of theory in the rush to world-wide convergence or integration of accounting. Consideration and comparison of the two may allow us to carefully explore the foundations of the arguments for convergence. However, such exploration requires accounting scholars to observe, examine, evaluate, and critique the proposed systems and alternatives of which convergence itself is a salient element.

Encounters among cultures since the medieval times have created some commonalities but have not yielded a universal culture. Whether economic encounters among disparate social systems will yield, or even benefit from, a single system of accounting remains open. It is our hope that *The Japanese Accounting Review* can serve as a forum for accounting scholars across the world to observe, analyze, reflect, and report on encounters between the Western and other system of accounting. The obvious, but far too often neglected, recognition of this duality is a central theme of *TJAR*. The *TJAR* website states:

This new English-language journal, *The Japanese Accounting Review*, aims to present the world with quality research on diverse themes relating to accounting, thereby helping improve the economic welfare of societies around the world through better accounting systems. We welcome submissions, which will be judged solely on the basis of quality of their contributions, not on the status of the hypothesis, methodology, or the author.

Even the so-called capitalist societies differ in their stage of development, and may take very different paths employing quite different institutions. If internationalization is interpreted to assume that all these societies and their paths converge, there is little evidence in support. Accounting scholarship could focus on seeking a critical understanding of the current diversity, and evaluating alternatives for the future, without becoming a prematurely prescriptive cheerleader for convergence. *TJAR* aims to help serve this function.

While the pages of *TJAR* are open to empirical examination of whether the theories originating in the West are robust enough to afford us a better understanding of other economies, they also welcome alternative theories, and their empirical scrutiny, that arise from institutions specific to the other economies. The current controversy in Japan about the adoption of IFRS is a good example of a subject for such studies. Development of theories, and analyses of data relevant to cross-economy encounters are important goals of *TJAR*.

December, 2014

TJAR EDITORIAL NOTE

The board of editors is pleased to review a large number of papers, submissions of which continue to increase, year on year. As a result of the reviewing efforts of associate editors, we are also privileged to publish three papers in the Fourth Volume of *TJAR* for 2014.

The first paper is concerned with auditing issues. With the aid of the concept of Belief Function, it re-examines conventional auditing procedures, reclassifies them into three stages, and finally presents the specific contents of each new stage. Then, based on a proposed new auditing procedure under the current standards, it revalidates a past auditing incident (specifically, the Olympus Affair). This leads to the conclusion that the existence of fraud in the incident can be noted with greater plausibility. This is an extremely ambitious paper.

Experimental accounting is the subject of the second paper. It finds that there is a tendency for individuals (workers) who are given detailed information about production to accept their business organization's objectives and to endure their own low rates of remuneration, as compared with those who do not have such information. It also finds that, in production sectors with higher success prospects, individuals (workers) ask for higher pay while those in low success sectors demand only relatively low rates of remuneration.

The third paper addresses creation of accounting information in Japan using eXtensible Business Reporting Language (XBRL). For the first time, anywhere, this paper empirically clarifies the impact of XBRL on the information environment in Japan. As you may know, XBRL was specified as a Japan Industrial Standard in July 2005 and began to be available from the late 2000s. Consequently, this paper evaluated if and how the introduction of XBRL has specifically affected the information environment in Japan from the perspectives of event returns volatility, absolute cumulative abnormal returns, changes in standard deviation of returns, and abnormal bid-ask spread. It reports that improvement effects can be observed from these perspectives.

I believe that these three stimulating papers will play pivotal roles in discussion of their respective areas of interest.

December, 2014

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The Japanese Accounting Review, Editor in chief