



Effective experimental controls for research in international accounting: Further thoughts

Gordian A. Ndubizu^a, Maria H. Sanchez^{b,*},
Yongtao Hong^a

^a *Department of Accounting, Bennet S. LeBow College of Business, Drexel University, 32nd and Market Streets, Philadelphia, PA 19104, United States*

^b *Department of Accounting, College of Business Administration, Rider University, 2083 Lawrenceville Road, Lawrenceville, NJ 08648, United States*

Abstract

This paper responds to recent research by Ruland et al. [Ruland, W., Shon, J., Zhou, P., 2007. Effective controls for research in international accounting. *Journal of Accounting and Public Policy*, 26(1), 96–116.] that addresses the effectiveness of experimental controls for research in international accounting, with focus on Ndubizu and Sanchez [Ndubizu, G.A., Sanchez, M.H., 2006. The valuation properties of earnings and book value prepared under US GAAP in Chile and IAS in Peru. *Journal of Accounting and Public Policy* 25 (2)]. We attempt to remove some misconceptions about effective experimental controls that have surfaced in the debate. We argue that theory and refined proxies alleviate many of the control issues that have surfaced in the literature.

© 2006 Elsevier Inc. All rights reserved.

Keywords: Valuation properties of US GAAP and IAS; Assessment noise; Earnings and book value; Chile, Colombia and Peru; Competing information sources; Transparency

* Corresponding author. Tel.: +1 609 895 5582.

E-mail address: msanchez@rider.edu (M.H. Sanchez).

1. Introduction

We thank [Ruland et al. \(2007\)](#) for taking time to provide valuable and constructive perspectives on experimental control issues in international accounting research in general and on [Ndubizu and Sanchez \(2006\)](#). [Ruland et al. \(2007\)](#) have added additional insights on experimental designs and controls in international accounting research that we hope will not be overlooked in future studies. We, however, believe that some of their comments suggest an insufficient rumination over international accounting literature and misconceptions about the underlying research environments. While they agree that [Ndubizu and Sanchez \(2006\)](#) address timely and important global accounting policy issues, [Ruland et al. \(2007\)](#) raise several control issues in international accounting research, which are discussed in this paper.

2. Clusters as a control technique

International accounting research often uses clusters to control important experimental conditions that cannot be quantified on some well-defined scale. Following [La Porta et al. \(1997\)](#), [Ball et al. \(2000\)](#) introduce the common law versus code law clusters in international accounting research to control for the effects of legal origin on the properties of accounting earnings. [Lang et al. \(2004\)](#) use high and low investor protection clusters to control the effects of regulatory oversight of accounting practices on earnings management. [Leuz et al. \(2003\)](#) is a bold attempt to improve two control problems of clusters-experimental design in international accounting research. First, their clusters of institutional features are hybridized into high, middle and low clusters. Second, they use factor analysis, rather than theory, to reduce nine institutional variables into three clusters. Because of the growing number of institutional variables in the literature, we argue that a parsimonious compression of these variables into a coherent theory of institutional features is likely to sharpen research predictions and experimental control. For example, the various aspects of institutional features documented in the literature are characterized by size of stock markets, ownership concentration, investor protection, disclosure, common and code law legal origin, tax/accounting alignment, equity and debt orientation, corruption, culture, competing information, auditing and regulatory stringencies and legal enforcement. We argue that a theoretical development of institutional characteristics into a more parsimonious set of knowledge used to predict accounting phenomena is likely to provide greater insights and effective controls in international accounting research.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات