



## Editorial: AABFJ Volume 13, Issue 1, 2019

Monir Mir<sup>1</sup> and Ciorstan Smark<sup>2</sup>

Do the firms' governance factors affect related party transactions differently in the context of developing economies? Is it important that we teach listening skills to accounting students? Do firms' earnings management behaviours show different trends in developing economies' contexts during an abnormal economic period? How social audits could be made useful for companies' holistic CSR evaluations? Could Confucian whistleblowing approach followed by an Asian country be applied to Australia (and in other developed economies)? These are the primary research questions addressed by the papers published in this issue of AABFJ.

Abdullatif, Alhadab and Mansour (2019) investigated the relationship between various financial and governance factors and related party transactions of Jordanian companies. Research on related party transactions is exhaustively done. Nevertheless, the findings of these studies are not generalisable when country-specific contextual factors are considered. For example, in Jordan, there is limited owner-manager separation; corporate governance mechanisms are weak; there are no protections of minority shareholders and a higher rate of government ownership of companies. Under such specific contextual scenarios, it is expected that Abdullatif et al.'s (2019) findings may not be consistent with the findings of the extant literature on related party transactions and that is what had happened with the effects of some of the factors considered by Abdullatif et al. in their study. For example, they have found companies audited by Big-Four accounting firms have got a higher level of related party transactions. Interestingly, they have also found no associations between related party transactions and political connections of the board members. Whereas, extant literature found the opposite effects of these two factors. It is highly likely that contextual factors specific to Jordan might have led to these findings by Abdullatif et al. which are inconsistent with the extant literature.

Reddrop and Mapunda (2019) explored the importance of teaching listening skills to accounting students as empathetic listening skills are seen to be indispensable by the clients of practising accountants. They have observed that although professional accreditation guidelines of two of the professional accounting bodies of Australia required the development of generic skills of accounting students on effective listening until 2009, the requirement was not widely complied by accredited accounting programs of the universities in Australia. The professional accounting bodies removed the requirement of developing listening skills after 2009. However, Reddrop's and Mapunda's (2019) exploratory findings indicate that clients of practising accountants are not happy with their accountants' listening skills. Therefore, it is

---

<sup>1</sup> University of Canberra, Australia

<sup>2</sup> University of Wollongong, Australia

now time for the professional accounting bodies to reintroduce teaching listening skills as a requirement of accreditation of the accounting programs.

Ayedh, Fatima and Mohammad (2019) investigated earnings management practices of Malaysian companies during the Global Financial Crisis (GFC). Extant literature on company earnings management behaviour during GFC found income-decreasing earnings management behaviours by firms during the GFC period compared to income-increasing earnings management behaviour during the pre-GFC period. However, most of these studies were conducted in developed economies contexts with well-structured and well-governed capital markets. There are not too many studies on earnings management and GFC in the context of developing economies. It is also expected that since the contextual factors on capital markets are different among developed and developing economies, findings on the relationship between firms' earnings management behaviour and GFC would also differ. However, Ayedh et al.'s (2019) findings on Malaysian contexts are actually consistent with the findings of the studies conducted in the contexts of developed economies. Therefore, further studies are warranted in the contexts of developing economies for establishing generalisability of findings on the relationship between firms' earnings management behaviours and abnormal economic periods.

Bowrey and Clements (2019) have proposed a framework for the holistic evaluation of the entire supply chain corporate social responsibility (CSR) reporting, including the adoption of social audits as a legitimation tool for such supply chain CSR reporting. Globalisation has increased the CSR responsibilities of businesses with greater responsibilities of transparencies in their CSR performance reporting and for legitimising their CSR activities. So, businesses are looking for improved frameworks for assessing their CSR activities in a holistic way involving their entire supply chain. Bowrey's and Clements'(2019) proposed framework of holistic CSR performance reporting and social audits of CSR performance is worthy of inspection by businesses looking for such a holistic framework.

McLaren, Kendall and Rook (2019) examined the Exposure Draft the Australian Treasury Laws Amendment (Whistleblowers) Bill 2017 and explored the application of an alternative approach to whistleblowing considering whether Singaporean whistleblowing approach may be applicable in Australia. Interestingly, they have found that Singapore's approach to whistleblowing is largely influenced by Confucian cultural principles where collectivism is embedded in their whistleblowing approach indicating that both cultural values and the law can work together to provide good governance in organisations. McLaren et al. suggest that as Australian culture is more individualistic than Singaporean culture (on average), it would be difficult for Australia to follow the Singaporean approach to whistleblowing. McLaren et al.'s (2019) findings indicate that the law makers of a country should consider the cultural dimensions of their society for laws to be effective.

## References

- Abdullatif, Modar; Alhadab, Mohammad; and Mansour, Israa, Determinants of Related Party Transactions in Jordan: Financial and Governance Factors, *Australasian Accounting, Business and Finance Journal*, 13(1), 2019, 44-75.  
doi:[10.14453/aabfj.v13i1.4](https://doi.org/10.14453/aabfj.v13i1.4)

Ayedh, Abdullah Mohammed; Fatima, A. H.; and Mohammad, Muslim Har Sani, Earnings Management in Malaysian Companies during the Global Financial Crisis and the Coincidental Effect of IFRS Adoption, *Australasian Accounting, Business and Finance Journal*, 13(1), 2019, 4-26. doi:[10.14453/aabfj.v13i1.2](https://doi.org/10.14453/aabfj.v13i1.2)

Bowrey, Graham and Clements, Michael, Supply Chain Legitimation through CSR Reporting, *Australasian Accounting, Business and Finance Journal*, 13(1), 2019, 27-43. doi:[10.14453/aabfj.v13i1.3](https://doi.org/10.14453/aabfj.v13i1.3)

McLaren, John; Kendall, Wesley; and Rook, Laura, Would the Singaporean Approach to Whistleblower Protection Laws Work in Australia?, *Australasian Accounting, Business and Finance Journal*, 13(1), 2019, 90-108. doi:[10.14453/aabfj.v13i1.6](https://doi.org/10.14453/aabfj.v13i1.6)

Reddrop, Alan and Mapunda, Gido, Listening Skills: Accountancy Educators in Retreat?, *Australasian Accounting, Business and Finance Journal*, 13(1), 2019, 76-89. doi:[10.14453/aabfj.v13i1.5](https://doi.org/10.14453/aabfj.v13i1.5)