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The way forward

The Accounting Standards Interest Group is composed of accounting and finance academics in Australia and New Zealand with interest and expertise in accounting regulation and financial accounting matters. There is growing pressure for our discipline to account for our research performance. The British Research Assessment Exercise (RAE) has been in place for over 20 years. Arguably, their RAE has fundamentally changed the priority of research versus teaching in Britain. In New Zealand the 2003 Performance Based Research Fund (PBRF) was the first wave of their exploration into this territory. Australia will adopt some sort of national assessment exercise as documented in the emerging Research Quality Framework (RQF) documents. Australia is likely to adopt the premise of peer review panels with individuals the initial focus of assessment. However, the jury is still out concerning the scope of the reporting unit. The likely focus will be as a discipline such as Accounting and Finance or as broader thematically-linked research groups. This fundamentally differs from the New Zealand PBRF greater focus on the individual.

Questions arise as to the research impact of our members, i.e., their contribution to the development of a body of knowledge about accounting. How do Accounting and Finance academics rate? The New Zealand experience was dismal with a low ranking of Accounting and Finance as 35th out of 41 disciplines. They also ranked over 40% of Accounting and Finance academic staff as ‘research inactive’. Similarly, a recent study by Rashid, Carson, Cheng and Tower (2005) found that 50% of accounting academics in Australia had no research outputs in 2003. How thus do we prepare ourself for a greater focus on the quality of a few key research publications? How can we ensure greater impact of our research? How do we measure the impact? What can the Accounting Standards Interest Group and the FRRAG journal do to better ensure our members are well prepared for this greater research emphasis?

Arguably two crucial areas of standard setting remain hugely under-researched. First, is research into user needs and user decision making. We argue a far greater focus on these critical areas is necessary to better position financial reporting and the evolution of accounting standards. The best way to derive relevant evidence is through discussions with various user groups. Interviews, focus groups and surveys seem out of vogue in financial accounting research over the last decade (see Beattie’s 2005 BAR piece for an overview). Perhaps we should be more encouraging of such approaches that enable a richness and breadth of data to better inform our profession. The use of experimental research is also a valuable way of examining decision making processes. At the recent European Accounting Association Conference in Gothenburg Todd Johnston, a Senior Technical Advisor with the FASB, commented that experimental research certainly has the capacity to influence the standard setters. Second, the implementation of IFRS in Australia and New Zealand offers a rich area for research and provides us with some unique opportunities. How have such rule changes affected preparer costs, user decision making and the standard setting system in its entirety? Again, many different research methodologies could be employed to examine such issues.