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BOOK OF ABSTRACTS

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Preface

The Centre for Critical Accounting & Auditing Research (CCAAR) is based in the School of Accountancy at the University of the Witwatersrand, South Africa. Accounting for Plant, People and Profit (APPP) is the official conference proceedings of the CCAAR. The Centre acts as a forum for research into accounting and auditing and adopts a broad social and political context, focusing on issues of sustainability as well as embracing historical perspectives and utopian visions of accounting. The Centre is an African hub for accounting and auditing research that explores and seeks to address urgent 21st -century issues relating to integrated reporting, ecological and biodiversity accounting and auditing.

The 2024 International Accounting and Auditing Conference was presented virtually. Participants presented papers on 12 July 2024.

Visit https://www.appp.co.za/ for further information.

Objective of the conference

The Centre strives to promote eclectic research on accounting and accounting-related topics which are not limited by a specific theoretical paradigm or methodology. Accounting for People, Planet and Profit provides an outlet for inter-disciplinary work which appeals to both the academic and practitioner community by making an original contribution to the academic, professional and technical literature.

Review process and comments

All papers submitted for the 'refereed category' were subjected to a rigorous process of blind peer review. The papers were submitted to two experts at independent universities for blind review. Comments and suggested amendments from the reviewers were communicated to authors and the reviewers decided on the acceptance of the papers for presentation at the conference and inclusion in the conference proceedings. Experts also declined certain papers and these were not included in these conference proceedings. The conference proceedings are published as part of "Accounting for People Planet and Profit". No single university contributed more than 40% to the works published which have emanated from multiple institutions.

The abstracts of the accepted papers have been included and distributed to all attendees of the conference as part of a Book of Abstracts. The accredited proceedings below, which include the full conference papers, have only been made available to the participants. APPP does not retain copyright over the publications. The conferences provide an opportunity to receive constructive feedback on working papers and, as a result, authors are free to publish their work in other journals.

Visit https://www.appp.co.za/editorial-team/ for the Editorial Team.

Queries

For queries on the conference proceedings please contact us via the website portal: https://www.appp.co.za/contact_us/

Breakdown of conference papers

Contribution of Papers per University/Institution	
Name	**Percentage contribution per university based on all authors affiliated with the paper**
International universities	
Cardiff University	7%
Leeds University Business School	13%
University of Brasilia	3%
University of Exeter	7%
University of Foggia	3%
University of Milano-Bicocca	2%
University of Pisa	2%
University of Portsmouth	7%
Warsaw School of Economics	3%
Local universities	
Nelson Mandela University	3%
University of Cape Town	3%
University of the Witwatersrand	33%
Other	
External corporates	14%
Total	**100%**

No single university/institution contributed more than 40% to the works published which have emanated from multiple institutions.

1: Exposing and proposing: A globally relevant definition for the term 'sustainability'

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Abstract

Purpose: This paper explores the diverse use of the term 'sustainability' in an organisational reporting context. The purpose was to expose the lack of a consistent definition, analyse themes within existing definitions, and ultimately propose a new, globally relevant definition for the term 'sustainability'.

Design: A qualitative design was adopted to systematically analyse the content of different categories of textual sources on the use of the term 'sustainability'. This provided a comparative, multi-stakeholder perspective. Artefacts from three prominent sustainability standard-setters and relevant academic literature were analysed using thematic and content analysis techniques. Emerging themes were compared, synthesised across sources, and critically evaluated to construct a new sustainability definition.

Findings: Four key themes of sustainability emerged from the collective analysis: application, dimensions, purpose and stakeholders. Through careful analysis and interpretation of these themes, a new definition with global relevance was developed.

Originality/value: The findings of this study help bring clarity and consistency to a range of stakeholders. With a standard, globally relevant definition, organisations can communicate more clearly with stakeholders, driving better engagement and value-creation for all affected parties. Benefits extend through the value chain from standard-setters to reporters, societal stakeholders and academic researchers as they interact, communicate and act upon their sustainability-related priorities.

Keywords: ESG reporting, stakeholder, sustainability definition, sustainability reporting, terminology

2: Biodiversity and firm performance: An empirical analysis in the European context

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Abstract

Purpose – Biodiversity is more and more pivotal for ecosystem health, community sustainability, and preservation of life on Earth, thus becoming critical for current and future generations. Integrating biodiversity concerns into business model and decision-making process is a growing challenge for companies to improve their commitment towards sustainable development. In this regard, the study seeks to address the relationship between biodiversity and firm performance.

Design/Approach/Methodology – This analysis used a sample of 308 leading European listed companies operating in different industries. The authors carried out a longitudinal analysis, from 2017 to 2023, to explore how biodiversity affects firm performance.

Findings – The findings demonstrate a significant positive association between biodiversity and firm performance. Moreover, the moderating effects exerted by stakeholder engagement and board experience policy offer intriguing empirical evidence.

Research limitations/implications – Such study could provide valuable insights from theoretical and practical standpoints shedding light on how nature and biodiversity can play a key role in influencing business and value creation processes. Indeed, safeguarding biodiversity might enhance firm performance through the influence on its market-based outcomes as well as promote natural conservation and restoration.

Originality/value – This research contributes to the extant literature by providing empirical evidence on the positive impact of biodiversity on firm performance, which is relatively underexplored in the context of European companies.

Keywords: biodiversity; firm performance; European context; longitudinal analysis; stakeholder engagement; board experience.

3: Commercialization of children’s social care: How governance choices impact local governments’ budgeting capability

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Abstract
Local governments in many countries are navigating a turbulent financial environment, challenging their ability to maintain budgetary control. A key indication of this declining control is the occurrence of budget deviations, defined as over- or underspending relative to the original budget. While budget deviations can have significant negative consequences, such as reducing organisational financial resilience, there is limited understanding of what drives these deviations. In this paper, we examine budget deviations in local governments in England, specifically focusing on the budgets allocated for children's social care provision. In recent years, children’s social care in England has experienced rising demand and changes in service delivery, with many local governments shifting from traditional in-house provision to care provided by private sector companies. Using a panel dataset covering the period from 2015 to 2022, we find that local governments that have outsourced a larger portion of their children’s social care are more likely to exhibit budget deviations compared to those that have retained more in-house provision. Additionally, our analysis reveals that local governments with greater administrative capacity and higher debt levels show lower levels of budget deviation. This suggests that increased administrative resources and heightened local financial pressures may contribute to the development of more accurate budgets, thereby reducing the likelihood of deviations during implementation. We conclude by discussing policy implications, including strategies for local governments to enhance budgetary control in challenging service delivery areas such as social care.

4: Do Critical Audit Matters impact Management Discussion and Analysis

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Abstract

Motivated by empirical, anecdotal and theoretical evidence that suggest that Critical Audit Matter (CAM) disclosures are associated with management reporting behaviour, this study aims to investigate if and how CAMs affected narrative disclosures by management. Using a balanced sample of 5,320 U.S. listed firms, the study investigates if CAMs are associated with changes in the textual properties of Item 7 of the 10-K report, the Management Discussion and Analysis (MD&A) section. The findings show that while there are significant changes to textual properties of the MD&A sections for large accelerated filers after the addition of CAMs to the audit report, most of the changes in the MD&A cannot be attributed to the changes in auditing regulations. Overall, the study adds to the literature on the spillover effects of CAMs, which enhances our understanding of the consequences of the new auditing regulations.

Keywords: Critical Audit Matters, CAMs

5: Examining Zara's business risks: The ramifications of emerging fast fashion trends and the ethical implications associated with labour issues.

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Abstract:

This study investigates the integrated thinking required in a society that is sustainability conscious; while meeting the demands for fast fashion trends and the low costs associated. The objective is to examine Zara's ability to identify their primary risks and how they will impact the company as well as the environment. Furthermore, the capitals affected by their primary risks and how Zara plans on mitigating them. Data and research were collected through financial and sustainability reports through their parent company Inditex. As well as, broader market research within the fashion industry discovered by protester interviews and campaigns; fighting for global equality due to violation of human rights within the labour aspect of the fashion industry.

My findings have revealed Zara has implemented integrated thinking into the mitigation of their risks as a company. Moreover, with an overarching concern for sustainability and the climate crisis. This has been demonstrated across supply chain distributions; creating 12 supplier clusters releasing reliance from a single source amidst climate related disasters. Brand reputation; investing in green technologies and ethical sourcing generating a positive brand image for Zara. Lastly, fashion and consumer trends; increasing knowledge of the market enables Zara to develop sustainable strategies, supported by their current flexible business model, allowing them to achieve lucrative success while being carbon mindful.

6: Corporate externalities transactions and reporting model

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Abstract

This study investigates how incorporating externalities into accounting can bridge the gap between missing information in financial reporting and partially available information in non-financial reporting. Building upon prior critiques of integrated reporting, this paper presents a model that evaluates externalities values at the transaction level and integrates them into modified integrated reporting to mobilize stakeholders and third-party activism. This paper argues that reducing information asymmetry at the transaction level leads directly to more sustainability-focused decision-making. This analysis has implications for theoretical discourse and practical applications, as implementing the transaction-level model can be achieved with minimal additional complexity at the transaction execution stage.

Keywords: Externalities accounting, Integrated reporting, Counter-accounting, Decolonization of accounting, Dialogic accounting, Non-financial reporting

You'll often get what you measure, but you might find you don't get what you want.

Rolling Stones

Highlights

- Transparency fosters sustainable choices
- Integrated reporting lacks a common value metric
- A single metric for financial and externality value is impractical
- Externality value disclosure at the invoice level is needed
- Reopen accounting entry for activist voice

7: A journal, and accounts, of the plague year; Samuel Pepys, the Bills of Mortality and the use of accounting.

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Abstract

In the mid-1660s London was impacted by plague and the period saw important changes in the responsibilities of governments around issues of public health. This research studies the Bills of Mortality, the accounting for death, and use of these accounts, as reported in the diaries of Samuel Pepys, to explore how these public accounts informed individuals, increased debate, awareness, and policies/regulations around health.

The research uses a microhistory, narrative approach to study the diarist's use of the Bills of Mortality and his descriptions of life during the plague year. This is then related to more recent events in the time of covid19. The contribution of this research is in the use of this detailed diary to explore the accounting of death/illness in the time of Plague, to give insight into how the government framed policy around public health and the restriction of public rights in order to protect the public and how individuals used these accounts to determine their actions.

8: Whether the ESG disclosure associate with the firm value. Evidence from American listed energy companies

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Abstract

The purpose of the empirical research in this paper is to explore the relationship between ESG and firm value for the energy sector. The study will test four hypotheses using data inputs from MSCI and WRDS into a designed regression model. My study can fill a gap in the existing literature. While many studies have found a relationship between ESG disclosure and firm value. This study can also provide the opportunity to not only investigate how ESG disclosure affects the firm value of companies in the energy sector but also further investigate the extent to which each of the three ESG factors affects firm value. This study can contribute to the study of the impact of ESG on corporate sustainability.

9: Integrating integrated thinking

Kim Abbott

External corporate

Abstract

This report has been written to provide the Board an overview of the integrated thinking model. Although at Amazon, we do apply a certain amount of integrated thinking across our organisation, there are some gaps when considered in the light of the Integrated Reporting Framework's model.

To this end therefore, in this report, we will firstly define the model and specifically discuss the six principles within the model. These six principles will be used to define the core features and/or indicators of integrated thinking.

I have drawn on examples within Amazon to assess our application of integrated thinking. From the analysis, we can see that although there is evidence of integrated thinking across our organisation such as the hybrid project teams, the focus on customers and the Board's objective to have a long term view. There are still areas which could be improved such as the introduction of an integrated report, which defines all the capitals that we use within our business and how our business model contributes to or detracts from those capitals.

In part, this report has been written because Integrated Thinking and Reporting is gaining momentum across the globe. Therefore we should be aware of Integrated Thinking and Reporting, and the impact that it would make to our company.

Areas to improve are to move away from a reactive approach to reporting, and move to a more proactive approach – embracing the integrated report. This would also meet some of our shareholders expectations and requests as they ask for more detailed but relevant information. We should be clearer about who our stakeholders are, what their needs are and how we fulfil those needs. This will allow us to identify any gaps in that communication, but also highlight areas which we may not have been aware of before which will help drive us towards a more holistic way of thinking.

10: Integrated thinking and reality in an evolving business model

EC Williams

External corporate

Abstract

Integrated thinking is crucial for sustainability in all aspects of business and our day-to-day interactions. Business can't do business with-out taking into account the business environment in which it does business to exist as there will be negative encounters of activist for example: Karpowerships for ESKOM and the environmental impact it has got, activism that were displayed with the initial public proposals. It is crucial though that integrated thinking, multi-capital decisions and sustainable business model are driven through the "Tone from the Top" by the Governance structures in place with the necessary buy-in through-out the organisation, Sustainability and longevity of organisations will also be impacted positive when it is more agile to react to Risk and Opportunities that have been identified earlier in the review process and that doesn't have a slow impact on the business for example. Kodak that didn't adapt quick enough to the digital age and was left behind by Canon, Nikon, etc.

Clear connected Integrated Reporting will flow naturally out of this to ensure communication to all Stakeholders are taking place and management are held accountable and responsible through their respective remuneration models.

Integrated thinking and reporting need to be expanded in the academic curriculum as the ACCA has already started doing from 2014 in their final exams. This will equip the accountants that will be replaced by Artificial Intelligence and have them stand-up as Chief Value Officers in a different capacity and business partner to the CEO and the Board.

11: Evaluating the Effect of Integrated Reporting on Financial Risk Metrics in JSE-Listed Corporations

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Abstract

This study explores the relationship between integrated reporting quality and financial risk among the top 100 companies listed on the Johannesburg Stock Exchange (JSE) from 2017 to 2021. Integrated reporting combines financial and non-financial performance metrics to provide a comprehensive view of a company's value creation. Using data from the IRESS database and company reports, this quantitative research analyses the cost of debt (Kd), cost of equity (Ke), and weighted average cost of capital (WACC) as proxies for financial risk. The study tests three hypotheses: higher integrated reporting quality is associated with lower cost of debt, higher cost of equity, and lower WACC. Findings reveal a significant positive correlation between integrated reporting quality and cost of debt, indicating that higher quality reports reduce information asymmetry and agency costs. However, the impact on cost of equity and WACC is limited. Descriptive statistics and regression analyses highlight significant differences in integrated reporting quality and financial risk across various economic sectors. The research contributes to the literature on integrated reporting and provides practical insights for companies aiming to enhance their reporting practices to improve financing terms.

Keywords: Integrated reporting, financial risk, cost of debt, cost of equity, weighted average cost of capital, JSE, South Africa.

12: The Role of Stakeholders in Shaping IFRS S1: Insights from Commentary Letters

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Abstract

This research investigates the influence of various stakeholders on the International Sustainability Standards Board's (ISSB) decision-making process regarding proposed changes to IFRS S1, a standard for sustainability reporting. Using a method based on Bamber and McMeeking (2016) and De Freitas et al. (2023), 120 comment letters from eight stakeholder groups were analysed. The study found that the ISSB responded to minor and moderate proposals more frequently than major ones. There is evidence of a tendency towards specific stakeholder groups, but this is evident only at a thematic level rather than overall. The ISSB's adherence to IFRS standard-setting protocols ensures credibility by addressing major changes more stringently and consistently. This research contributes to the understanding of stakeholder management in sustainability reporting and highlights the complexities of standard-setting in this field.

Keywords: Comment letters, IFRS S1, sustainability reporting, legitimacy, standard-setting

13: Accounting for Pokémon cards: Understanding the value, economic rationale and heritage behind trading cards

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ABSTRACT

Pokémon is a global phenomenon that has had a significant cultural, social and economic impact since the late 1990s (Carter, 2014). The Pokémon industry is worth approximately $92 billion. Despite being able to obtain a pack of ten random cards for approximately $5, a rare and valuable card can subsequently be traded on the open market for values in excess of $1 million (TCGPlayer, 2023).

Given this significant financial value, understanding how these cards can be accounted for and the economic rationale of their value will provide insightful findings for academics and practitioners. This can be used in broader settings for understanding different classes of “modern” assets. Accounting standards cannot always be applied using a “one-size-fits-all” approach however, heritage assets may be one way to account for the trading card phenomena.

Keywords: Accounting treatment, heritage assets, Pokemon, fair value

14: A descriptive analysis and comparison of KAM disclosures in South African and Australian audit reports between 2016 – 2020

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Abstract

The aim of this study is to explore the number and type of Key Audit Matters (KAMs) being reported in an Australian (developed economy) and South African (developing economy) context to identify potential differences in KAM disclosures. This is done by assessing 356 JSE-listed (Johannesburg Stock Exchange) entities' and 147 ASX-listed (Australian Securities Exchange) entities' audit reports from 2016 – 2020. The study assesses the impact of three determinants (financial year, audit firm type and industry category) on the total KAMs disclosed. The study employs a qualitative content analysis to identify the core KAM themes and classifications. Descriptive statistics are used to highlight the differences between KAM disclosures in South African and Australian audit reports to note whether the jurisdictional context influences the KAM disclosures. This adds to the research on KAM determinants and the decision-usefulness of KAM disclosures. The findings suggest the most common KAM disclosures are related to business combinations and impairments of goodwill and measurement and impairment considerations for non-financial assets and liabilities in South Africa and the measurement and impairment considerations for non-financial assets and liabilities in Australia. Total KAMs reported are relatively stable from 2017 to 2020 with Australia reporting a higher number of KAMs on average, possibly due to a stronger auditing and reporting standard environment. However, differences have been noted in the number of account- and entity-level KAMs disclosed indicating that KAMs predominantly have a micro-level focus on core account issues. Audit firms in developing economies have, however, an increased focus on entity-level issues due to the more pervasive macro-level factors impacting the business environment. This research will be relevant for standard-setters, regulators and users of audit reports interested in how ISA 701 is being implemented and the state of, and contrast between, KAM disclosures in developed and developing economies.

Keywords: Key Audit Matters (KAMs), Audit firms, Expectation gap, Information asymmetry, Audit reports

15: Key audit matters as indicators of inherent, control and detection risk: a risk classification and assessment framework

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ABSTRACT

“Key audit matters” (KAMs) are the issues considered most relevant while conducting financial statement audits. Unlike voluntary management disclosures subject to bias, KAMs result from field work completed by highly trained and independent experts making them a useful source of further information for risk analysis. Using detailed interviews with seasoned assurance providers and investors, this paper develops a framework for factoring KAMs into risk assessments. The proposed schematic is used to identify circumstances which increase the susceptibility of an organisation’s financial information to fraud or error (“inherent risk”) or undermine an organisation’s systems of governance, monitoring and control (“control risk”). The possibility of KAMs being incomplete or inaccurate is addressed by considering “detection risk” or the likelihood that the auditor overlooks material fraud or error. The inherent-control-detection risk model is calibrated by considering if well-used risk proxies drive the number, length and detail of reported KAMs. While there are limitations, the proposed framework makes a practical contribution by outlining an alternate risk classification schematic which can be used by investors and other stakeholders. At the theoretical level, the study bridges the technical assurance and risk-management literature while providing empirical evidence useful for widening the risk analysis and classification field.

Key words: risk classification, key audit matters, inherent risk, control risk, detection risk