Editorial

Whose domain is it anyway? The intersection of accounting, economics, finance, and management decision

As the Academy becomes increasingly specialized, an interesting conundrum occurs. Multiple domains study the same topics, sometimes with the same language; but scholars often overlook work on a given topic because it was published in journals outside their domain area. *Management Decision* is a journal that attempts to bring together scholars from across disciplines, who study how managers make decisions, and the contexts in which those decisions are made. By definition, this crosses geographic boundaries, industry boundaries, but also domain boundaries. We span academic domains, fighting the "academic silos" concern Max Weber (1918) warned about nearly 100 years ago. To make this work, *Management Decision* employs eight associate editors, each assigned distinct academic domains. Some are classic management sub-domains; entrepreneurship, strategy, organizational behavior. But some come from the overlap with other domains, such as accounting, economics, and finance.

The challenge for scholars trained in the accounting, economics, and finance domains is how to frame their work to fit the audience at *Management Decision*. These scholars have been trained in using different methods, terminology, different even styles of writing as they address the same topics found in the management domain. This essay is meant to help all scholars increase their chances of publishing in *Management Decision*, but for authors trained to work in other domains, this viewpoint seeks to provide specific guidance for successfully positioning accounting, economics, and finance papers into *Management Decision*. The advice provided comes from an associate editor's first year of reading accounting, economics, and finance submissions seeking a home at *Management Decision*.

Accounting, economics, and finance papers have already appeared in *Management Decision*, not because the journal was short on manuscripts (it never is!), but because those papers were written to fit the journal's mission and style. These papers inform not just their domain audiences, but also general management audiences. That is *Management Decision's* "sweet spot".

Guidelines and signals: what alerts associate editors to potential flaws in your submission?

Before submitting to any journal, first read the mission and objectives of the journal, and pay attention to the submission guidelines. It also helps to see what that journal has already published on your topic, and how it is framed. In case you have not done that and skipped ahead to this viewpoint, here is what we say about *Management Decision*:

> Founded in 1963, *Management Decision* is one of the oldest and longest-running scholarly management journals. Throughout its history, the journal has enjoyed outstanding international impact. Research in *Management Decision* features relevant and tendentious questions, robust conceptual and theoretic foundations, rigorous methodologies, provocative findings and bold implications, and will not shy away from difficult or controversial topics. Peer-reviewed and published ten times per year, the journal offers key informative content and interesting methodologies to stimulate the interests of business scholars, leaders, and professional managers around the world.

It is pretty clear that any topic is fine, and different methods are welcome. But the audience is different from domain-specific journals, and the goal is to publish articles which provoke

Management Decision
Vol. 55 No. 3, 2017
pp. 466-473

0025-1747
DOI 10.1108/MD-11-2016-0831

discussion and engagement, not replication and confirmation of what we already know. Specifically, we really like submissions which extend theory, by developing new boundary conditions. Work which simply applies theory to a new context/geography/industry is not as exciting as that which contradicts how we previously thought about that context/geography/industry.

What about the guidelines? Academic authors often gripe about stylistic concerns, thinking it is irrelevant to the topic; all that matters is the idea. That is a fair criticism, but one already addressed by the economics literature on signaling. Journals share much in common with "the Market for Lemons" (Akerlof, 1970). Submissions which do not follow the guidelines are assumed to have been rejected elsewhere – for good reason. So signaling to editors that fatal flaws are present means the editors will more easily find those flaws, leading to a desk reject. Similarly, even if *Management Decision* is a first outlet for a paper, not following guidelines signals a "shotgun" approach, which again alerts the editor that flaws are present. Consider how Emerald journals have a distinctive abstract, with eight key areas:

(1) Purpose of this paper.

(2) Design/methodology/approach.

(3) Findings.

(4) Research limitations/implications.

(5) Practical implications.

(6) Originality/value.

(7) Keywords.

(8) Type.

Emerald's abstracts are meant to standardize abstracts in a way that makes them more useful when searching, especially across domains. Submissions not containing an Emerald style format create a negative signal to the associate editors, a shotgun signal. If the temptation is to think "I can add that in once it is conditionally accepted," there is a risk the paper will not make it to that stage.

Beyond the guidelines, reading a few related papers will help you see some other differences in the journal, where modest modifications will improve your publishing likelihood. As an example, many finance and economics articles do not offer hypotheses as much as they offer a series of proofs. It is a style rarely found in the primary general management journals. Similarly, different domains cite more/(less) than management journals, and their bibliographies are formatted differently. Discussion sections differ as well. A week is more than enough time to re-format an article, creating a more favorable signal. Note that "nothing changes" in the content – your ideas and contributions are still there. It is still readable to your domain audience – but to a general management audience as well.

The next two sections provide specific recommendations to the accounting domain, and to the economics and finance domains. Topically, economics and finance more easily integrate into the management literature, but accounting has several topical areas of equal interest.

What accounting topics fit best with *Management Decision*?

The accounting domain has a rich history of theoretical work, dating to the 1930s, when the American Accounting Association (1936) published its seminal "Tentative Statement of Accounting Principles Affecting Corporate Reports Statement on Accounting Theory and Theory Acceptance." Initial theory work examined how accurate were accounting measurements ("true income"). As accounting standards have changed, their effect on true income has to be updated as well. These account for about one-fourth of the papers in accounting domain academic journals. True income articles are far less common in general management journals, as they concern themselves more with standards, not managerial decisions about standards.

In contrast, the American Accounting Association's (1977) fifth edition of Standards of Accounting Theory and Theory Acceptance identifies two theoretical areas which fit especially well within *Management Decision*: "Decision usefulness" and "Information content." Ironically, Wells (1976), asks if general accounting journals under-examine these areas, encouraging *Management Decision* to welcome papers from these two topics. We will examine each in greater detail.

Decision usefulness

The decision-usefulness literature examines behavioral questions which occur in the accounting profession. Papers in this area examine the types of decisions managers make, and the source of information managers employ for making them. The methods, the motivation, and the data are all relevant topics for discussion. And accounting data are a key area of information that managers employ. As a result, decision usefulness is a sub-domain easily accessible to a management audience.

As an example, let us examine two topical areas found within both the management literature and the accounting decision-usefulness literature; agency theory (e.g. Friedman, 1970; Jensen and Meckling, 1976) and corporate governance (Vance, 1978; Dodd and Warner, 1983; Freeman and Reed, 1983). From the accounting domain, agency problems arise as managers must decide what (and how much) information they are to disclose to other stakeholders. Managers may have personal incentive to disclose more/(less), or possess incentives which may/(may not) co-align with those of the other stakeholders. As a result, financial reports may fail to adequately inform their intended audience, leading to future problems. This can be observed in financial report which over/(under) emphasize accounting conservatism, or otherwise "smooth" earnings so to show stability and consistent, steady growth. The concerns mentioned above all hail from accounting journals, but the concerns are equally relevant for management scholars as well.

Similarly, corporate governance is also a frequent topic of interest in accounting journals. Whereas most management research on corporate governance focuses a firm's board of directors, the accounting domain focuses more heavily on the role of professional services firms who advise the C-suite (as well as the board of directors), and to a lesser extent, general counsel. Questions occur about the challenges a professional services firm will face in achieving growth while remaining objective. Other questions center on the revolving door between professional services firms and their client firms being advised. Such questions are also of equal interest to a management audience.

Information content

Information content is the third accounting theory branch, focusing on the signaling content of accounting reports. Although the event study method is associated with the economics domain (e.g. Fama *et al.*, 1969), the first event study published was actually Ball and Brown's (1968) work on the informational content of earnings announcements. A core question information content articles address concerns the effect on security prices that disclosures provide, whereas the decision-usefulness literature focuses why managers disclose, information content focuses on what they disclose, or (in the case of event studies) how others react to that disclosure. Because managers have tremendous discretion in choosing what (and when) to disclose information, it can have tremendous impact on investment decisions by others, especially investors. In short, information content is studied heavily in not only management, but also economics, finance, and marketing, among other domains.

It may seem to the non-accounting reader that accounting standards would dominate the accounting literature, but the opposite appears to be the case. In sampling four accounting journals (all four are among the Financial Times top 50[1]), a review of 160 recent articles suggests that perhaps as much of 75 percent of the published articles feature significant overlap with management journals, and are relevant to management scholars. Articles addressing information content represent about 40 percent of the articles, and decision usefulness addressed slightly less than 35 percent. The most common topic discussed in the 160 articles concerned disclosure, consistent with the information-content accounting theories. Governance and Agency theory were the two most common topics after that, followed by works addressing accounting standards. In summary, a good part of accounting research can be successfully presented in *Management Decision*.

Framing accounting research for *Management Decision* audiences, and future directions

As suggested above, a great deal of accounting scholarship provides relevance to the *Management Decision* audience. Because the domains are different, framing the articles for a management audience (rather than an accounting audience) will increase the likelihood of getting published. Ball and Brown (2014) found porting the event study method from one domain to another was a challenge for accounting reviewers (the inverse does not appear to be a concern: a majority of the 160 accounting papers discussed above employ mainstream regression analysis methods).

One idea to keep in mind is that *Management Decision* audiences are more likely to suffer from a lack of familiarity with accounting terminology. This calls for simply providing additional context to the terms employed, and specifically relating their impact to a *Management Decision* audience.

As a good first step, inclusion of some background material from standards, or describing the relevance of the standard to a non-accountant will make clearer the relevance of the work to a management audience. As an example, Janney and Gove (2011) provide an overview of the stock options backdating scandal. Rather than simply describing it as a fraud, they provided a brief history of the laws created to address executive compensation, and how backdating stock options circumvented the law. They gave detailed instruction on how firms actually performed the accounting fraud, to make it clearer that this was an intentional act, and not an interpretation issue. Adding two to three paragraphs with a similar intent will greatly strengthen a submission.

Similarly, while the concept of accounting conservatism is well established among accounting scholars, it is less understood among management scholars: explaining (in less than a page) what accounting conservatism is and how it specifically applies to your study will make the paper more easily understood. A good question to address is why should a CEO care about accounting conservatism? Answering that will readily make the paper more accessible to a *Management Decision* audience.

Describing the source of the data can improve a paper as well. Rather than just referencing the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) (database available through the US government's SEC division), describing the specific form (and whether its use is mandated or voluntary) provides greater clarity. As an example, companies file Form 8-k in order to inform investors of material news about the company (SEC, 2015), and each 8-k form is then sub-coded into one of 31"items"[2]. Papers using EDGAR, and going beyond the traditional quarterly earnings reports ought to expend a few paragraphs indicating the name and purpose of the form searched, and how the results are incorporated into the paper. Similarly, management scholars may not be aware of the existence and purpose of the PCAOB, the Public Company Accounting Oversight Board, which was created by the 2002 Sarbanes-Oxley legislation. In total, ten audit firms (including all four of the Big 4) have registered with the PCAOB, and have submitted filings required of that registration. In terms of information content, it may make more sense to lump all ten audit firms together, rather than separating out just the Big 4.

Beyond providing more context, there are other tactics to consider as well. When testing the effects of accounting information on a firm's stock price, it can be helpful to include a matched sample where the announcement/variable of interest does not come into play. As an example, roughly a third of the firms identified as part of the backdating concern eventually restated earnings. That restatements lead to market reactions is well documented: showing how the restatements associated with this scandal differ from other restatements could better inform a management audience. Differences could be related to the amount of options granted (relative to the amount of shares outstanding), or firm size/age/industry segment, announcement timing, or the rationale expressed for the restatement.

Similarly, for work on decision usefulness evidenced by accountants, we should consider a matched sample design of non-accountants. If a paper seeks to assess how CFOs respond to governance concerns, a comparison and contrast with other C-level executives could prove especially insightful. In addition, accounting firms are considered professional services firms, as are legal firms, and consulting firms. Rather than testing an effect just on accountants, how that effect influences other professional services firm could provide relevant insights. Analyzing in terms of a comparison and contrast with other firms increases the relevance to a *Management Decision* audience.

Finally, numerous topics in the management domain show promise for accounting scholars to examine, either using accountants as a group to be studied, or through examining accounting variables. Beyond event studies, a majority of accounting-oriented scholarship relies on various regression techniques. A change in methods may yield some promising scholarship. For example, survival analysis (e.g. Allison, 1984) has been used extensively to study firm survival rates, a topic of interest to accounting scholars as well. More conceptual research, such as structural equation modeling, fuzzy set qualitative comparative analysis confirmatory factor analysis, and *k*-means clustering could yield fresh insights for accounting research, while remaining suitable for a management audience.

In terms of content, there are many topics long studied in management disciplines that are still novel in accounting research, leaving much room for new and original work. For example, Francis *et al.* (2015) studied gender differences in CFOs as it related to accounting conservatism, finding the degree of accounting conservatism increases when firms switched from a male to female CFO. Gender differences in managerial perceptions have proven a rich field of inquiry; further, works on gender differences in an accounting setting are less developed and ripe for further exploration. Similarly, for years alternative energy has relied heavily on government subsidies to earn an accounting profit; does accounting conservatism differ between firms in traditional energy and alternative energy?

What economics and finance topics fit best with *Management Decision*?

A primary difference between accounting and the economics and finance domains is that the latter domains enjoy substantially greater topical overlap with management. The number of topics which overlap will prove too large to discuss in any detail in this essay. Just a few very well-known overlaps include signaling, the theory of the firm, IO economics, real options, prospect theory, and agency theory. In addition, the domains diverge little over topics like mergers and acquisitions and corporate governance. As a result, many of the theories and domains will be recognized by many management scholars, requiring far less contextual clarification than asked for in accounting articles.

In general, finance topics adhere more closely to management than do economics topics. A review of 160 articles in four journals from the Financial Times list of top 45 journals[3] shows a 40 percent overlap with management topics. The finance overlap was ≈58 percent, while the economics overlap was ≈26 percent. A large number of macroeconomic topics in those two journals reduce the overlap. Agency problems and information asymmetry were two of the most common overlap topics. So if the topics overlap, then what changes should finance and economics scholars make when submitting to *Management Decision*? *Management Decision* articles are often slightly longer, and have more extensive bibliographies. They are often formatted differently as well. But these are relatively minor concerns.

There are major three key differences which emerge: an over-reliance on proofs over description, the use of modeling proofs as theory, and limited or no discussion of how managers can apply this in their work. Consider the use of proofs, *Management Decision* does not forbid proofs (the 1970 Akerlof article cited earlier has them), but a key question an editor will ask is if the proof is needed to understand the theory. If the answer is yes, then the writing is likely to be insufficiently clear for publication in *Management Decision*. A good rule is to temporarily remove the proofs, and see if the writing still makes sense. Adding the proofs back then will not diminish the paper.

Of equal concern, too often finance and economics theory papers substitute a series of modeling proofs for theory, while offering no realistic method for testing the proofs. In these papers the purpose of the proof is rarely to extend theory, but rather to explain how theory explains an under-examined phenomenon. While these are sometimes interesting enough on their own (e.g. Levitt and Dubner, 2005), most are not. In short, for these types of papers, the outcome is too often "X theory works here too!" To make a contribution then, ideally a paper should show how an extant theory works in general, but is less effective when it encounters some new boundary conditions, ideally conditions which affect more than just one phenomenon. The contribution becomes an explanation on why a theory is less effective in some circumstances.

Finally, the use of a proof often serves as its own justification, and no effort is made to demonstrate its applicability to managers. As Levitt and Dubner (2005) quips in Freakonomics, a joke among economists is "Sure in works in practice, but will it work in theory"[4]? The lack of applicability is often the fatal flaw in papers rejected at *Management Decision*. If an editor cannot immediately articulate how the proof can be translated to management action, it is facing a desk rejection. Like the advice given for accounting papers, asking why an executive needs to know a given topic matters.

Economics and finance scholars looking for an exemplar of tying their work back to a general management audience should read one of the most heavily cited economics papers of all time, the Miller and Modigliani (1958) classic, "The Cost of Capital, Corporation Finance and the Theory of Investment." For most undergraduates, the paper seems to make silly assumptions (no bankruptcy, no taxes, etc.). Their eyes open when they are taught that the purpose of Miller Modigliani was not to create a fantasy world of economics, but to show that governmental policies which treat debt and equity differently lead to changes in economic valuation as relative levels of debt and equity change. Students are taught that as they become managers to pay closer attention to legislation which may change how debt and equity are treated. Consider in 2016 policy proposals to tax capital gains (as well as carried interest) at personal income rates (typically a higher rate). A paper which models economic proofs about their valuation is probably not going to be as well received as one which explains how the change in tax treatment will lead to changes in managerial behavior when it comes to investing.

The international question for accounting, economics, and finance submissions to *Management Decision*

Within almost all domain areas lies a growing interest in applying theory to new geographical locations, especially for developing economies, or economies with greater statism than historically found in North America. Partly this growth is demographic driven; the Academy of Management now has more international than domestic members, and scholars in other countries have greater access to localized data sets. International versions of these papers are found among accounting, economics, and finance domains as well as in management. They feature some additional publication challenges.

A common type of international paper seeks to take a theory and "test it" in a foreign country, to see if its findings still hold. Not quite a replication paper, any differences are attributed to the country's localized domain. Demonstrating that a theory holds is not much of a contribution: explaining new insights or boundary conditions on the limits to the theory advances a much better contribution.

To improve the chances of publishing this type of work in *Management Decision*, it is best to first explain the theory, and how this submission will test its limits. Then it should show how (and explain why) this new context will lead to different results than what the theory would otherwise predict. Providing a brief historical context for the theory and its application to the country in question will strengthen the paper. For example, the Iranian stock exchange is different because the government is the plurality (if not majority) shareholder in most of publicly held firms. How does having the government as the primary equity shareholder affect various theories? Works which makes this explicit are much more likely to be published than do works which do not. A novel context is not a novel theoretical contribution, but showing how the theory changes because of the novel context can be.

Concluding comments

Drawing on a year's worth of reading accounting, economics, and finance articles as an associate editor, hopefully this viewpoint will be widely read among faculty in non-managerial domains, and assist them in successfully publishing in *Management Decision*. The prescriptions given above come from the numerous rejection letters sent (which is a leading outcome for those papers). After a year of reading (and mostly rejecting) articles, it is actually a rare paper rejected because it is a lousy paper. Most of the time, the rejection is because the paper it is under-developed (not ready for publication), or that it does not have any connection to the *Management Decision* audience. A majority of the papers rejected, if re-written with the advice presented, would fit *Management Decision*. Primarily the need is to re-frame the paper, not start the study over. Best of luck with your submissions!

Jay J. Janney

Notes

1. The four journals are *The Accounting Review*, *Contemporary Accounting Research*, *Journal of Accounting Research*, and *Review of Accounting Studies*.
2. A sample item is form 8-k item 5.02, "Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers".
3. The four journals are *Journal of Finance*, *Journal of Financial Economics*, *Econometrica*, and *Quarterly Journal of Economics*.
4. The joke itself is over 100 years old: the first record found of it so far is 1911 October 5, The Youth's Companion: For All the Family, Volume 85, Number 40, A Professional Paradox, Quote Page 515, Column 2, Perry Mason Company, Boston, Massachusetts.

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Further reading

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