Online ISSN : 2249-4588
Print ISSN : 0975-5853

Global Journal

of Management and Business Research: D

Accounting and Auditing

Highlights

Effects of Expected Stock Returns

Jordanian Manufacturing Companies

Practices of Competitor Accounting

Accounting & Fiscal Aspects Related

Discovering Thoughts, Inventing Future

VOLUME 15 ISSUE 3 VERSION 1.0

Global Journal of Management and Business Research: D
Accounting and Auditing

Global Journal of Management and Business Research: D
Accounting and Auditing

Volume 15 Issue 3 (Ver. 1.0)

Open Association of Research Society

Incorporation No.: 0423089
License No.: 42125/022010/1186
Registration No.: 430374
Import-Export Code: 1109007027
Employer Identification Number (EIN):
USA Tax ID: 98-0673427

Global Journals Inc.

*(A Delaware USA Incorporation with "Good Standing"; **Reg. Number: 0423089**)*

Sponsors: *Open Association of Research Society*
Open Scientific Standards

Publisher's Headquarters office

Global Journals Headquarters
301st Edgewater Place Suite, 100 Edgewater Dr.-Pl,
Wakefield MASSACHUSETTS, Pin: 01880,
United States of America
USA Toll Free: +001-888-839-7392
USA Toll Free Fax: +001-888-839-7392

Offset Typesetting

Global Journals Incorporated
2nd, Lansdowne, Lansdowne Rd., Croydon-Surrey,
Pin: CR9 2ER, United Kingdom

Packaging & Continental Dispatching

Global Journals
E-3130 Sudama Nagar, Near Gopur Square,
Indore, M.P., Pin:452009, India

Find a correspondence nodal officer near you

To find nodal officer of your country, please email us at *local@globaljournals.org*

eContacts

Press Inquiries: *press@globaljournals.org*
Investor Inquiries: *investors@globaljournals.org*
Technical Support: *technology@globaljournals.org*
Media & Releases: *media@globaljournals.org*

Pricing (Including by Air Parcel Charges):

For Authors:
22 USD (B/W) & 50 USD (Color)
Yearly Subscription (Personal & Institutional):
200 USD (B/W) & 250 USD (Color)

Integrated Editorial Board (Computer Science, Engineering, Medical, Management, Natural Science, Social Science)

Contents of the Issue

Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 15 Issue 3 Version 1.0 Year 2015
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Investigation on the Presence of Income Smoothing-A Study on the Companies Listed in NSE

By Miss Jutimala Bora & Prof. Ashit Saha
J.D.S.G. College, India

Abstract - In today's world information and economic systems, given to the development of information technology, transmission and accurate reporting of related financial information reliable on decision making has particular important. However, shareholders, who give their savings in the form of investment to companies, have not any tools except the annual financial statements, reports and notes of companies for knowing how to manage their assets and ensure the accuracy of performance, efficiency and productivity of managers. Government also due to different reasons like ensuring the accuracy of funds and sources consumption income analysis through tax and so on requires an accurate, reliable financial reporting. Government also due to different reasons like ensuring the accuracy of funds and sources consumption income analysis through tax and so on requires an accurate, reliable financial reporting.

Keywords: income smoothing, nse, earning management, financial reporting.

GJMBR - D Classification : JEL Code: H83

INVESTIGATIONONTHEPRESENCEOFINCOMESMOOTHINGASTUDYONTHECOMPANIESLISTEDINNSE

Strictly as per the compliance and regulations of:

Investigation on the Presence of Income Smoothing–A Study on the Companies Listed in NSE

Miss Jutimala Bora [α] & Prof. Ashit Saha [σ]

Abstract- In today's world information and economic systems, given to the development of information technology, transmission and accurate reporting of related financial information reliable on decision making has particular important. However, shareholders, who give their savings in the form of investment to companies, have not any tools except the annual financial statements, reports and notes of companies for knowing how to manage their assets and ensure the accuracy of performance, efficiency and productivity of managers. Government also due to different reasons like ensuring the accuracy of funds and sources consumption income analysis through tax and so on requires an accurate, reliable financial reporting. On the other hand the accurate information from the results of various economic activities and certitude in the performance of accounting principles and standards and establishment of appropriate systems of information transmission in the form of financial reporting is considered effective factor in realizing prospects and economic programs of the country.

This study investigates income smoothing as one of earnings management techniques. The topic of Income Smoothing has been studied with reference to the companies listed in the National Stock Exchange of India. Apart from studying the existence of Income Smoothing practice among the NSE listed companies, effort has also been made to study the factors that may affect the income smoothing.

Keywords: income smoothing, nse, earning management, financial reporting.

I. Prologue

In today's world information and economic systems, given to the development of information technology, transmission and accurate reporting of related financial information reliable on decision making has particular important. However, shareholders, who give their savings in the form of investment to companies, have not any tools except the annual financial statements, reports and notes of companies for knowing how to manage their assets and ensure the accuracy of performance, efficiency and productivity of managers. Government also due to different reasons like ensuring the accuracy of funds and sources consumption income analysis through tax and so on requires an accurate, reliable financial reporting. On the other hand the accurate information from the results of various economic activities and certitude in the performance of accounting principles and standards and establishment of appropriate systems of information transmission in the form of financial reporting is considered effective factor in realizing prospects and economic programs of the country.

This study investigates income smoothing as one of earnings management techniques. Income smoothing is the utilization of accounting discretion to reduce income stream variability (Fudenberg and Tirole, 1995)[1]. Smoothing moderates year-to-year fluctuations in income by shifting earnings from peak years to less successful ones, making earnings fluctuations less volatile (Copeland,1968)[2]. As a simple definition, income Smoothing is a kind of intentional act committed by managers using special tools in accountancy for lowering profit fluctuations. Low profit fluctuations create a more favorable image in investors for investing in companies. Management of some companies deliberately manipulates items of financial statements in order to attract attention of investors aimed at pretending that their profitability is stabilized.

II. Smoothing: Motivation and Effects

Income smoothing, which Arthur Levitt labeled ''cookie jar'' accounting in his 1998 speech, is not a new issue. Gordon (1964) predicts that as long as managers have discretion over accounting choices, they smooth reported income. His prediction was tested in several studies. By the late 1970s, evidence for income smoothing was plentiful (Beidleman 1973; Ronen and Sadan 1981). In a recent study, Graham et al. (2005) report, ''an overwhelming 96.9% of the survey respondents indicate they prefer a smooth earnings path. Managers may smooth reported income to meet the bonus target (Healy 1985) or to protect their job (Fudenberg and Tirole 1995; Arya et al. 1998)[3].

Gordon et al., (1966)[4] suggested four hypotheses for income smoothing

1. Managers' measure for selecting among different accounting methods is maximizing desirability or managers' welfare.
2. Managers' welfare or desirability is a function of job security, growth level and rate of bonus and

Author α: Assistant Professor, Department of Commerce, J.D.S.G. College, Bokakhat, Assam. e-mail: jutimalabora@gmail.com
Author σ: Professor, Department of Commerce, Dibrugarh University. e-mail: a_sahadib@yahoo.co.in

Global Journal of Management and Business Research (D) Volume XV Issue III Version I Year 2015

management salary and growth level and rate of firm size.

3. Desirability or welfare of management depends on stockholders' satisfaction of firm performance. So, if other things are equal, as stockholders become more satisfied, job security, position, earning, and managers' bonus are higher.
4. Satisfaction of stockholders depends on stability of growth rate of earning.

III. Review of Literatures

Michelson *et al, (*2000) used risk-adjusted returns for the firms in the S& P 500 to test whether the stock market response to accounting performance measures is related to the smoothness of companies reported earnings. The conclusion of the study revealed that companies that report smooth income have significantly higher cumulative average abnormal returns than firms that do not. When size is considered, market returns are higher for small companies than for large companies. There is also significant relationship between type of industry and income-smoothing[5]

Jennifer W. Tucker, *et al,* (2006) examined whether income smoothing garbles earnings informs or improves the informativeness of past and current earnings about future earnings and cash-flows. The result revealed that the change in the current stock price of higher – smoothing firms contains more information about their future earnings than does the change in the stock-price of lower-smoothing firms.[6]

Andersson *et al, (2002*) examined the income-smoothing behavior of small Swedish firms by studying the impact of financial and contextual variables on income-smoothing in terms of how they appropriate funds to Accumulated Excess Depreciation Reserve (AEDR). Their results indicated that it is more probable for firms to appropriate to the AEDR if a firm is small and medium sized firm compared to singles and micro firms, profitable and capital intensive, the firm is newly established and its is operating in industries like manufacturing, wholesale and retail trade industry. They also found that firms which appropriate or have appropriated to Tax Allocation Reserve (TAR) are much more probable also to appropriate to AEDR.[7]

Shamsul *et al,*(2002) examined on whether Extra ordinary item(EI) disclosure were associated with income-smoothing behavior and the extent to which disclosure of Extra-ordinary item was related to political cost, gearing and management interest. The study found that the incidence EI was very high. However, the results showed no evidence of management using EI as a tool to smooth income. Further EI disclosures were not explained by political cost, gearing and management interest.[8]

Khairul *et al* examined the relationship between income-smoothing practices and firms value in Malaysia. This research also studied the effect of firm size on the tendency to smooth income. The result of the study indicated that income smoothing was present although its percentage is low. It also found that smaller firms have greater tendency to smooth income rather than larger firms.[9]

Apart from the above mentioned studies, previous studies have also investigated income smoothing instruments such as dividend incomes, changes in accounting polices, pension cost, investment tax credit, depreciation and fixed charges, discretionary accounting decision and many other possible income-smoothing tools.

Gordon *et al*, (1966) examined the relationship between the method of accounting for investment tax credits (income-smoothing instrument) and the growth rates of earnings per share and the returns on the stockholders' equity (income smoothing objective). The results of the study indicated a significant relationship between the two, suggesting the existence of income-smoothing practices.[10]

Archibald (1967) studied on depreciation methods and Cushing (1969) on accounting changes. Dascher, *et al, (*1970), Barnea *et al*,(1975) and Ronen, *et al*, (1975) studied on extra ordinary items also reported income smoothing behavior among sample companies. Beidleman (1973) provided evidence to show that incentive compensation, pension and retirement expenses, research and development cost, sales and advertising expenses were also used by companies to smooth income. Ma (1988) concluded that banks used loan loss provisions and charge offs to smooth income. White (1970) studied the discretionary accounting decisions and could not detect any income smoothing behaviour among the sample companies.[11]

Several researchers have come out with different argument on determining the income-smoothing objective. Copeland (1986) suggested that net income as the ultimate aim of income smoothing. Imhoff (1981) suggested that possible measures of income – smoothing include fully diluted EPS, net income, net income before extra-ordinary items, operating income and gross margin. Beattie *et al,* (1994) claimed that profit before tax as the income-smoothing objective. In a more recent study conducted by Michelson, *et al* (2000), they assumed operating income after depreciation, pretax income, income before extra-ordinary items and net income as smoothing objective.[12]

Several studies have also looked at the possible determinants of income – smoothing such as company size, industrial sector, bonus scheme, barrier to entry and ownership. For example Smith (1976) and Kamin, *et al*, (1978) pointed out that compared to owner controlled companies, the manager-controlled ones tended to smooth income significantly more frequently. Ronen, *et al*,

(1981) concluded that companies in different industries smoothed their income in varying degrees. High degree of smoothing was found in the oil and gas and drug industries. Belkaoui and Picur (1984) found that companies in peripheral industrial sectors showed a greater incidence of income-smoothing behavior than companies in the core-industrial sectors. Moses (1987) found that income-smoothing was associated with company size, the divergence of actual earnings from expectations and the existence of bonus compensation plans. Ashari *et al,* (1994) found that income-smoothing is greater in less profitable companies and the income-smoothing is associated with the company size, the industry and the nationality of the companies.[13]

IV. Research Gap and Rationale of the Study

From the preceding section it transpires that study relating to Income Smoothing has not been extensively undertaken in the companies listed in the Indian Stock Exchanges. Moreover in the above studies factors influencing income/profit smoothing have not been studied. Taking these as research gap, effort has been made in this study to fill in the research gap and to add to the existing stock of knowledge. The topic of Income Smoothing has been studied with reference to the companies listed in the National Stock Exchange of India. Apart from studying the existence of Income Smoothing practice among the NSE listed companies, effort has also been made to study the factors that may affect the income smoothing.

V. Objective of the Study

The present study has been undertaken taking into mind the following broad objectives-

i. To determine the presence of Income Smoothing.
ii. To determine the factors affecting Income Smoothing among the companies selected for the study

Hypotheses: The following null hypotheses have been framed for the present study:

H01. Smoothing practice is not prevalent among the listed companies in India.

H02: Extent and direction of smoothing do not depend on size of company.

H03 : Income smoothing is independent of nationality of the company.

H04 : Income smoothing is independent of private and public sector.

H05::Income smoothing is independent of manufacturing and service sector.

H06: Income smoothing is independent of family based and professionally managed companies.

VI. Research Methodology

Size of the Population: During the tenure of the research study, the number of listed companies in the NSE as on 28th February 2013 has been 1627.The finance sector companies have been excluded from the study because of its unique characteristics of financial reporting practice. The number of listed companies in NSE after excluding finance sector companies stands at 1471. This has been taken as the population for the present study.

Size of the Sample: It has been decided on the basis of Cochran's model of sample determination. The sample has been fixed at 230 on the basis Cochran's sample determination table.

The sample data has been collected proportionately on the following company characteristics:

- Size of the Company-
- Manufacturing Companies
- Service Companies
- Nationality
- Public Sector Companies
- Private Sector Companies
- Family Based Companies
- Professionally Managed Companies

Sampling Technique: The present study requires the grouping of the population into sub groups for studying the factors affecting the income smoothing practice. Therefore, the stratified sampling technique has been used. The population has been divided into homogeneous subgroups. The sample has been 15.6 % (230) of the population (1471).The number of companies to be included in each category of sample has been decided on the basis of total sample proportion to the total population of the study i.e.15.6%.

VII. Measuring Income Smoothing

To fulfill the objectives of the study and to test the hypotheses of the study, measurement of the income smoothing is required. According to Bao and Bao (2004) research on the use of income smoothing has been successful because researchers have been able to identify which companies use income smoothing and which companies do not use income smoothing. This implies that methods exists that successfully measure the use of income smoothing. According to Copeland (1968), three methods exits. First, researchers can inquire management, second researchers can contact third parties such as auditors, and third researchers can perform studies on ex post data. The majority of the academic research has chosen the third option; performed studies based on ex post data

In this research study, the procedure employed to determine the presence of Income Smoothing is the coefficient of variation method developed by Eckel

Global Journal of Management and Business Research (D) Volume XV Issue III Version I Year 2015

(1981). Eckel's method measures smoothing by aggregating the effects of potential smoothing variables and considering over time (Ashari et al 1994).This aggregation of variables is important, as Zmijeaski and Hangerman (1981) suggest that companies select accounting procedures, not independently, but based upon their overall expected effects on income.[14]

If, as is generally assumed, changes in income are the result of smoothing, then the coefficient of variation can be used as a measure of the variability of sales and other measures of income e.g. operating income (Imhoff 1977, 1981; Eckel 1981; Moses 1987). Several recent studies (Albrecht *et al* 1990; Ashari, *et al*; Wong 1994; Booth, *et al,* 1995; Michelson, *et al,* 1995) have used the coefficient of variation model to determine the presence of income smoothing. As per the model, a firm is not classified as an income smoother if [15]

$$CV_{\Delta I} \geq CV_{\Delta S}$$

where ΔI=One period change in income

ΔS=One period change in sales

CV=Coefficient of variation

$$CV = \frac{\text{Standard Deviation}}{\text{Mean}}\left(\frac{\sigma}{a}\right)$$

The basic logic behind this Eckel's model is that if the variation of the change in sales is greater than the variation in change in income, the firm is considered to smooth income.

The actual objectives of income-smoothing with respect to the income statement have been interpreted in various ways. Some studies (e.g. Copeland 1968) suggest net income as the ultimate aim of smoothing. Ronen and Sadan (1975, 1981) propose that the object of smoothing is ordinary income. Imhoff's (1981) possible measures of income-smoothing include net income, operating income.[16] In the present study, the objective of income-smoothing is taken as Profit Before Tax (PBT)

The present study modified the original Eckel's model and assumes a company as non-smoother if

$$CV_{\Delta I} = CV_{\Delta S}$$

The logic behind this assumption is that if the income figure and sales figure of a company are taken over a period of time, then, the Coefficient of Variation of income i.e. the variation of change in income and the Coefficient of Variation of sales i.e. the variation of change in sales should be same. So the company where the $CV_{\Delta I} > CV_{\Delta S}$ or $CV_{\Delta I} < CV_{\Delta S}$, it will be considered as a smoother company.

In the present study, a company is considered as a non-smoother even if-

$$CV_{\Delta I} \approx CV_{\Delta S} \text{ i.e. } \frac{CV_{\Delta I}}{CV_{\Delta S}} \approx 1$$

In the study, the ratio of CV of PBT to CV of sales is used as Eckel's Index (Income-Smoothing Detector) to identify the sample of the company's as smoother and non-smoother.

VIII. Findings

a) Descriptive Statistics

Eckel's Index has been calculated as an indicator of income smoothing practice using ratio of Profit before Tax and sales. Out of the total 230 sample companies only 62(27%) companies are found to be non-smoother as in case of these 62(27%) companies, the Eckel's Index is approximately equal to 1. At the same time, out of the 230 companies, 168(73%) are found to be smoother as Eckel's Index for these companies are either greater than 1 or less than 1.

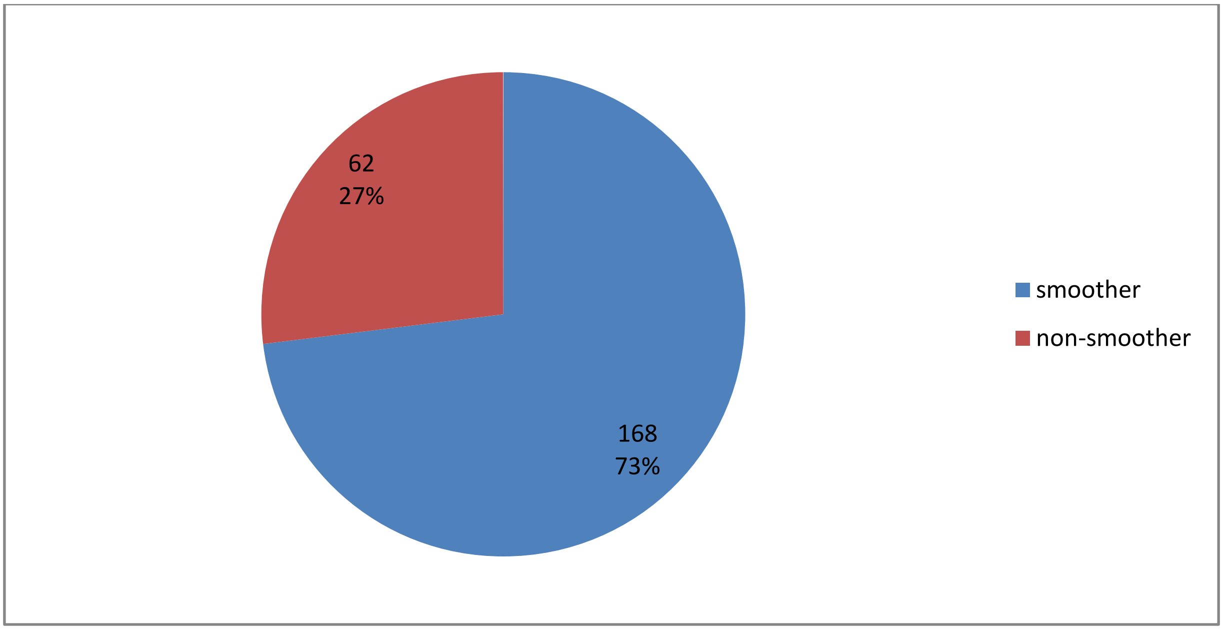


Figure 1 : Smoothing Status Classification on PBT

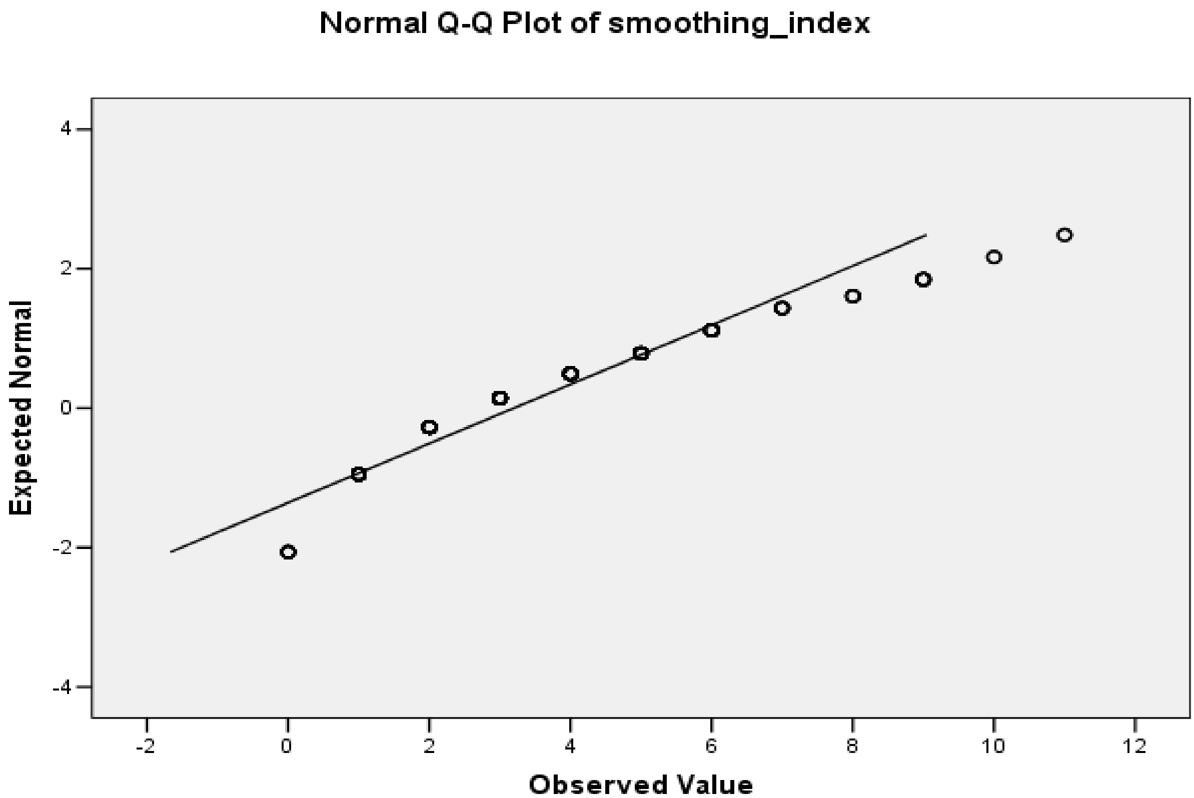
Figure 1 shows the presence of income smoothing activities in India. The findings also show that the number of smoothing companies has been higher compared to non-smoothing companies. These findings on the presence of income smoothing practices in India are consistent with Ashari et.al (1994) findings.

Inferential statistics: Inferential statistics is concerned with making predictions or inferences about a population from observations and analyses of a sample. That is, one can take the results of an analysis using a sample and can generalize it to the larger population that the sample represents. In order to do this, however, it is imperative that the sample is representative of the group to which it is being generalized. However, before using any statistical test, it is necessary to test for normality of the data set. The normality test of the data set has been done using Kolmogorov Smirnov test for normality. The results of the test are given below:

Table 1: Tests of Normality

	Kolmogorov-Smirnov(a)		
	Statistic	df	Sig.
Smoothing Index	.172	230	.000

From the above Table 1, it can be seen that the data set of smoothing index has p value or Asymp. Sig (2 - tailed) less than .05 which means that the data set is not normally distributed. This can be illustrated through the following diagram:



The sample data of 230 companies have been classified into smoother and non smoother on the basis of Ecke's index and this smoother and non smoother category has been considered as the status of the companies. In order to test the hypotheses, chi-square test has been used to see whether there is any association between the status of the company as smoother and non smoother and factors like size, nationality, sector, management. The results of the test are given below for each of the factors:

Table 2 : Results of Chi-Square Test

FACTORS			STATUS		p-value
			NON SMOOTHER	SMOOTHER	
SIZE	LARGE	NUMBER	11(55%)	9(45%)	.005<.05
	MEDIUM	NUMBER	9(36%)	16 (64%)	
	SMALL	NUMBER	42 (22.7%)	143(77.3%)	
	TOTAL	NUMBER	62(27%)	168 (73%)	
NATIONALITY	MNC	NUMBER	6(46.2%)	7(53.8%)	.108>.05
	INDIAN	NUMBER	56(25.8%)	161(74.2%)	
	TOTAL	NUMBER	62(27%)	168(73%)	
SECTOR (PRIVATE & PUBLIC)	PUBLIC	NUMBER	3(50%)	3(50%)	

	PRIVATE	NUMBER	59(26.3%)	165(73.7%)	.197>.05
	TOTAL	NUMBER	62(27%)	168(73%)	
SECTOR (MANUFACTURING & SERVICE)	SERVICE	NUMBER	7(25. 9%)	20(74.1%)	.898>.05
	MANUFACTURING	NUMBER	55(27.1%)	148(72. 9%)	
	TOTAL	NUMBER	62(27%)	168(73%)	
MANAGEMENT	FAMILY	NUMBER	8(24.2%)	25(75.8%)	.704>.05
	PRFESSIONALLY MANAGED	NUMBER	54(27.4%)	143(72.6%)	
	TOTAL	NUMBER	62(27%)	168(73%)	

From the above Table 2, it can be seen that the Chi-square test has been done to test each of the hypotheses under study at 5% level of significance. The results of the test revealed that there is a significant relationship between the size of the company and income smoothing as the p value here is .005 which is less than .05.The results revealed that smaller companies have greater tendency towards smoothing as the percentage of smoother company is more in case of small sized companies . The results of the test showed that the Indian companies are more involved in smoothing of income as compared to MNC but there is no significant relationship between the nationality of the company and income smoothing as the p value here is .108 which is higher than .05.The results of the test also revealed that Income smoothing is independent of private and public sector company as the p value here is .197 which is higher than .05 although the percentage of smoothing is more in case of private sector companies. Similar results have been found for the companies falling under manufacturing and service sector and family based and professionally managed companies as the p values in both of the cases (.898 and .704) are much higher than .05 and it can be said that Income smoothing is independent of manufacturing and service sector and family and professional management.

The data set used for the Chi-square test is categorical in nature as the classification of the companies as smoother and non smoother has been used as the status of the company. This status of the company is used as dependent variable for the study. But to see the association between income smoothing index and factors taken for the study, another statistical test needs to be used. Since the data set is not normally distributed as proved by the Kolmogorov-Smirnov normality test, the Mann-Whitney test has been used. Again Mann-Whitney Test is applicable in case there are only two independent sets of data sample but in case of factor size, there are 3 independent data sample viz large, medium and small and therefore for that data set instead of Mann-Whitney test, Kruskal-Wallis Test has been used. The results of the two tests are tabulated below:

Table 3 : Results of the Mann- Whitney Test

Factors	N	Rank Average	Sum of Ranks	U	Z	p
MNC	13	87.65	1139.5	1048.500	-1.578	.114
Indian	217	117.17	25425.5			
Public	6	62.08	372.5	351.500	-2.024	.043
Private	224	116.93	26192.5			
Service	27	118.2	3191.5	2667.500	-.228	.819
Manufacturing	203	115.14	23373.5			
Family Managed	33	122.03	4027.0	3035.000	-.619	.536
Professionally Managed	197	114.41	22538.0			

The first hypothesis of the Table 3 deals with the problem: Is there a significant difference between the income smoothing indexes of companies in the two groups, companies' falling under the category of MNC and companies' falling under the category Indian. In order to resolve this problem, the income smoothing index of the two groups of companies MNC and Indian

Global Journal of Management and Business Research (D) Volume XV Issue III Version I Year 2015
7

have been compared using Mann-Whitney U test, a non-parametric statistical technique.

An examination of the findings in Table 3 reveals the results of Mann Whitney U test that the Income Smoothing index of the companies in the two groups did not show any statistical difference (p=.114>.05). The rank average of the income smoothing index of the MNC group of company was 87.65, while the companies in the Indian group had an income smoothing index rank average of 117.17. The examination of the rank averages demonstrates that the companies in the Indian group had higher income smoothing index than those in the MNC group.

The second hypothesis of the Table 3 deals with the problem: Is there a significant difference between the income smoothing index of companies in the two groups, companies' falling under the category of public and companies' falling under the category of private. An examination of the findings in Table 3 shows that the Income Smoothing index of the companies in the two groups revealed a statistically significant difference at the level of p<.05 (p=.043<.05). The rank average of the income smoothing index of the public sector group of company was 62.08, while the companies in the private sector group had an income smoothing index rank average of 116. 93. The analysis of the rank averages reveals that the companies in the private sector group had higher income smoothing index than those in the public sector group.

The third and fourth hypothesis of the Table 3 deals with the problem: Is there a significant difference between the income smoothing index of companies in the two groups, companies' falling under the category of service sector and companies' falling under the category of manufacturing sector and Is there a significant difference between the income smoothing index of companies in the two groups, companies' falling under the category of family based and companies' falling under the category of professionally managed respectively.

An examination of the findings in Table 3 reveals the results of Mann Whitney U test that the Income Smoothing index of the companies in the two groups (in case of both third and fourth hypotheses) did not show any statistical difference (p=.819>.05 and p=.536>.05). The rank average of the income smoothing index of the service sector group of company was 118.2, while the companies in the manufacturing sector group had an income smoothing index rank average of 115.14. The close rank averages of the groups' income smoothing index indicate that both the groups had somewhat equal income smoothing index levels. Again, the rank average of the income smoothing index of the family based group of company was 122.03, while professionally managed group of companies had an income smoothing index rank average of 114.41.

Table 4 : Results of the Kruskal-Wallis Test

Factors	N	Rank Average	Chi-Square	p
Large Size	20	73.33	17.421	.000
Medium Size	25	84.02		
Small Size	185	124.31		

The hypothesis of the Table 4 deals with the problem: Is there a significant difference between the income smoothing index of companies in the three groups of companies' falling under the category of large, medium and small. In order to resolve this problem, the income smoothing indexes of the three groups of companies have been compared using Kruskal-Wallis Test, a non-parametric statistical technique.

An analysis of the results in Table 4 shows that the Income Smoothing index of the companies in the three groups revealed a highly significant statistical difference at the level of p<.000 (p=.000<.05). The rank averages of the income smoothing index of the large sized and medium sized companies were 73.33 and 84.02 respectively, while the small sized companies had an income smoothing index rank average of 124. 31. The analysis of the rank averages reveals that the small sized companies had higher income smoothing index than those in the public sector group. This result indicates that the small sized companies have higher incidence of income smoothing as compared to large sized and medium sized companies.

Logistic Regression Model: The binary logistic regression model is used to analyze the income smoothing of companies. The analysis is done on the basis of independent variables viz size, nationality, sector, management where income smoothing status has been assumed to be dependent variable .This paper deals with presentation and analysis of Income smoothing status of the companies. It is assumed that Income smoothing status of the companies is affected by the parameters viz. (i) size (large, medium and small), (ii) Nationality (MNC and India) (iii) Sector (Public and Private) (iv) Sector (Service and Manufacturing) and (v) Management (Family based and Professional Management). The logistic regression approach has been adopted to study the Income smoothing status under the variables mentioned above. Income smoothing status is partitioned into two sets viz. Smoothers and Non Smoothers. Both univariate and multiple regression models have been used. In case of univariate binary logistic regression model, it is assumed that the income smoothing status is affected only by one variable but in case of multiple binary regression model, it is assumed that the income smoothing status is affected by various factors under study.

Table 5 : Results of Univariate Binary Logistic Regression Model for the Factor Size

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Size	9.794	0.007	
	Size(Medium)	1.603	0.205	2.173
	Size(Small)	8.732	0.003	4.161
	Constant	0.199	0.655	0.818

From the above Table 5, it can be seen that size as a whole is a significant factor with p value (.007) less than .05.The odds ratio reveals that the smoothing is approximately 3 times higher in case of medium sized companies and approximately 4 times higher in case of small sized companies.

Table 6 : Results of Univariate Binary Logistic Regression Model for the Factor Nationality

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Nationality(Indian)	2.438	0.118	2.464
	Constant	0.077	0.782	1.167

From the above Table 6, it can be seen that the smoothing is approximately 3 times higher in case of Indian companies as compared to multinational companies which is proved by the odds ratio. But this factor nationality is not significant as far as smoothing of income is concerned as the p value (.118) is higher than.05.

Table 7 : Results of Univariate Binary Logistic Regression Model for the Factor Sector (Private and Public)

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Sector(Private)	1.534	0.216	2.797
	Constant	0	1	1

From the above Table 7, it can be seen that the incidence of smoothing is more in case private sector companies' i.e 3 times higher than the public sector companies but this factor should not be considered as a significant factor affecting the smoothing of income as the p value (.216) is higher than .05.

Table 8 : Results of Univariate Binary Logistic Regression Model for the Factor Sector (Service and Manufacturing)

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Sector(Manufacturing)	0.016	0.898	1.062
	Constant	39.291	0	2.691

The Table 8 above shows that the manufacturing sector companies are more inclined towards income smoothing as the odds ratio here is about 2 times higher than the service sector companies but this factor is not a significant factor affecting income smoothing as the p value (.898) is very much higher than .05.

Table 9 : Results of Univariate Binary Logistic Regression Model for the Factor Management

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Management(Professional)	0.144	0.704	1.18
	Constant	37.176	0	2.648

From the above Table 9, it can be seen that the incidence of smoothing is slightly higher in case of professionally managed companies as compared to family managed companies as revealed by the odds ratio. But this factor is not at all significant factor affecting income smoothing as the p value (.704) here is much higher than .05.

Table 10 : Results of Multiple Binary Logistic Regression Model

		Wald Statistic	Sig.	Odds Ratio
Step 1(a)	Size	7.325	0.026	
	Size(Medium)	1.827	0.177	2.672
	Size(Small)	6.344	0.012	5.045
	Nationality(Indian)	0.38	0.537	1.491
	Sector(Private)	0.158	0.691	0.661
	Sector(Manufacturing)	0.039	0.843	0.91
	Management(Professional)	0.838	0.36	1.583
	Constant	0.147	0.701	0.671

The Wald statistic and the corresponding significance level test in the model are shown in the above Table 10. If the Wald statistic is significant (i.e., less than 0.05) then the parameter is significant in the model. Of the independent variables, nationality, sector (private or public), sector (manufacturing or service), management are insignificant, whereas size of the companies have significantly affected the smoothing of the companies.

Overall Research Findings: This research study has been done with the objective of investigating regarding the presence of income smoothing in Indian listed companies and also to see the factors affecting the income smoothing activity .The study has been undertaken with 6 hypotheses to be tested for its validity.

H_{01}: Smoothing practice is not prevalent among the listed companies in India.

The first hypothesis of the study deals with the question of whether income smoothing is prevalent among the listed companies in India. However, from the descriptive statistics, it has been found that 168 (73%) companies are involved in income smoothing activity whereas only 62 (27%) companies are proved to be non smoothers. Many previous studies proved the presence of income smoothing among the companies. But for this paper, the study undertaken by Khairul Anuar Bin Kamarudin et al among the companies listed in the Kuala Lumpur Stock Exchange has been used as benchmark for comparison. The findings of the study showed that the number of smoothing firms was smaller compared to non-smoothing firms where 81(71%) firms are classified as non-smoother and 33(29%) firms as smoother. These findings on the presence of income smoothing practices in Malaysia are consistent with Ashari et. al (1994) findings. The study concluded that smoothing is present among the companies but at a lower level. Since the percentage of smoother companies in the present study has been very high as compared to the study undertaken by Khairul Anuar Bin Kamarudin et al among the companies listed in the Kuala Lumpur Stock Exchange, it can be concluded that smoothing is prevalent among the listed companies in India and at a high level. Therefore, the null hypothesis can be rejected.

H_{02}: Extent and direction of smoothing do not depend on size of company.

The second hypothesis deals with the question of whether income smoothing is associated with size of the company. Previous studies found that company size had an effect on income smoothing practices. However, the findings are inconsistent on this matter. It has been suggested by Moses (1987) that larger firms may have greater incentive to smooth income rather than smaller firms. Ronen and Sadan (1981) posited that this is because larger firms are subject to greater scrutiny from the government as well as the public. On the other hand, Albrecht and Richardson (1990) argued that since larger firms receive more analyst scrutiny, they may have a lower tendency to smooth income. However, a study conducted by Ashari *et. al* (1994), has failed to detect any significant association between the smoothing practices and the size of company . More recent findings by Michelson, Jordan-Wagner and Wootton (2000) found that smoother firms are larger in size than non smoothing firms. In this study, to test the above hypothesis, the Chi-Square Test, Kruskal-Wallis Test and Binary Logistic Regression Model has been performed to investigate any significant systematic differences between companies that smooth their income and companies that do not. Result is very much clear and can be said that the size significantly affect the smoothing of the companies .From the multiple binary logistic regression model, it can be said that the small sized companies are more significant in affecting the smoothing of the companies. Therefore the null hypothesis can be rejected and the alternate hypothesis can be accepted.

H_{03} **: Income smoothing is independent of nationality of the company.**

The third hypothesis deals with the question of whether income smoothing is associated with nationality of the company. Ashari *et. al* (1994) found that income smoothing is associated with the nationality of the companies. The present study did not find any significant association between the income smoothing and nationality of the companies and therefore the null hypothesis can be accepted.

H_{04} **: Income smoothing is independent of private and public sector.**

The fourth hypothesis of the study deals with the question of whether income smoothing is associated with sector (public and private). The result of the study has not been very clear as it differs in case of various statistical tools used in the study. In case of Chi-Square Test, it has been found that there is no significant association between the income smoothing and sector (public and private) with the ($p=.197>.05$). Similar result has been found in case of Binary Logistic Regression Model. But the result differs in case of Mann-Whitney test. As per this test, there is a significant association between the income smoothing and sector (public and private) with the ($p=.043<.05$).However, this difference is due to the fact that in case of Mann-Whitney test, income smoothing index has been used as a dependent variable as against the status of the companies (smothers and non smoothers) applied in case of Chi-Square Test and Binary Logistic Regression Model.

H_{05} **: Income smoothing is independent of manufacturing and service sector**.

The fifth hypothesis of the study deals with the question of whether income smoothing is associated with sector (service and manufacturing).Several studies have also looked at possible determinant of income smoothing as industrial sector. Ronen and Sadan (1981) concluded that companies in different industries smoothed their income in varying degrees. In particular, a high degree of smoothing was found in the oil and gas, and drug industries, both of which were very much under public scrutiny. Belkaoui and Picur (1984) also reached a similar conclusion. They found that companies in peripheral industrial sectors showed a greater incidence of income smoothing behaviour than companies in the core industrial sectors. This study has concluded that there is no significant association between the sector (service and manufacturing) and income smoothing and therefore the null hypothesis can be accepted.

H_{06} **: Income smoothing is independent of family based and professionally managed companies**

The last hypothesis of the study deals with the question of whether income smoothing is associated with management. Smith (1976) and Kamin and Ronen (1978) pointed out that, compared to owner-controlled companies, the manager-controlled ones tended to smooth income significantly more frequently. However the present study has not found any significant association between the income smoothing and management of the company and therefore the null hypothesis can be accepted.

Epilogue: The study was undertaken with a broad objective of determining the presence of income-smoothing practice among the sample companies. The result of the study gives an idea regarding the presence of income smoothing practice among majority of sample companies. In the present study, five factors have been selected to determine their association with income smoothing practices. The factors selected for the study are size (large, medium and small), Nationality (MNC and India), Sector (Public and Private), (Sector (Service and Manufacturing) and Management (Family based and Professional Management). The purpose of the study has been fulfilled as income smoothing practice has been found in the sample companies and association has also been found in between income smoothing practice and size of the company (large, medium and small). Income smoothing is a highly unethical practice which has been found to be exercised by majority of the corporate houses. The accounting system recognized in India and abroad has not allowed such practice while finalizing financial statements of a business enterprise. But in spite of that some business houses are inclining to adopt income smoothing practices to a certain degree. It is observed that a very small degree of income smoothing may not be harmful for investors and at the same time the image of the enterprise keeps in high position. But, high degree of income smoothing is betrayal to the investors and the customers.

References Références Referencias

1. Fundenberg, D. & Tirole, J. (1995). A theory of income and dividend smoothing based on incumbency rents. *Journal of Political Economy,* 103(1), 75-93.
2. Copeland, R.M. (1968). Income smoothing. *Journal of Accounting Research* 6 (selected studies): 101-116
3. Gordon, M. J. (1964). Postulates, principles and research in accounting. *The Accounting Review, 39*(2), 251–263
4. Gordon, M. Horwitz, B and Meyers, P (1966). Accounting Measurement and Normal Growth of the Firm, Research in Accounting Measurement, pp.223-240.
5. Michelson. E. Stuart, Wagner-Jordon-James and Wootton. W. Charles, "The Relationship between the Smoothing of reported income and Risk Adjusted Returns", *Journal of Economics and Finance*, Vol-24, No.-2, 2000, pp. 141-159.

6. Tucker. W. Jennifer and Zarowin. A. Paul, "Does Income Smoothing Improve earnings Informativeness?" *The Accounting Review,* Vol-81, No-1, 2006, pp. 251-270
7. Andersson. A. Hakan, Lindbergh. M. Lars and Hassel. G. Lars, "The use of accumulated excess depreciation for income smoothing in small Swedish firms", Paper presented at British Accounting Association, annual conference held on 3-5 April, 2002.
8. Abdullah Nahar Shamsul, Ismail Ku Izah Nor Ku and Lode Asma Nor, "Disclosure of Extra Ordinary Items and Income Smoothing Behavior in Malaysia", *Pengurusan,* 21, 2002, 57-75.
9. Kamarudin Bin Anuar Khairul, Ismail Wan. BT Adibah Wan and Ibrahim Kamit Muhd, "Market Perception of Income smoothing Practices: Malaysian Evidence"*Journal of social science* p.714
10. Gordon, M. Horwitz, B and Meyers, P, op. cit. pp. 251–263
11. Kamarudin Bin Anuar Khairul, Ismail Wan. BT Adibah Wan and Ibrahim Kamit Muhd, op. cit p.715
12. *Ibid p* .715.
13. |*Ibid p* .716.
14. *Ibid p* .715.
15. Michelson. E. Stuart, Wagner-Jordon-James and Wootton. W. Charles, op. cit pp. 141-159.
16. Kamarudin Bin Anuar Khairul, Ismail Wan. BT Adibah Wan and Ibrahim Kamit Muhd, op. cit p.716

Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 15 Issue 3 Version 1.0 Year 2015
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Practices of Competitor Accounting and its Influence on the Competitive Advantages: An Empirical Study in Jordanian Manufacturing Companies

By Sliman S. Alsoboa & Mohammad M. Alalaya

Al-Hussein Bin Talal University, Jordan

Abstract - This study aims to investigate the usage of competitor accounting within the field of strategic management accounting (SMA) in the Jordanian manufacturing companies. It also aims to determine the extent to which competitor accounting influences competitive advantage of these companies. A survey on Jordanian manufacturing companies was conducted for data collection. A total of 88 questionnaires were distributed to these companies. Out of this number 62 were returned. The response rate was about 70.5%. Descriptive statistics showed that Jordanian manufacturing companies have good positions of competitive advantages compared to the competitors. One-sample t-test showed that all of competitors accounting techniques were used by Jordanian manufacturing companies. The results of multiple regressions showed that these techniques contribute significantly and explain a high percentage of variation in the competitive advantages of Jordanian manufacturing companies.

Keywords: strategic management accounting, competitor accounting, competitive advantage.

GJMBR - D Classification : JEL Code: M41

PRACTICESOFCOMPETITORACCOUNTINGANDITSINFLUENCEONTHECOMPETITIVEADVANTAGESANEMPIRICALSTUDYINJORDANIANMANUFACTURINGCOMPANIES

Strictly as per the compliance and regulations of:

Practices of Competitor Accounting and its Influence on the Competitive Advantages: An Empirical Study in Jordanian Manufacturing Companies

Sliman S. Alsoboa [α] & Mohammad M. Alalaya [σ]

Abstract- This study aims to investigate the usage of competitor accounting within the field of strategic management accounting (SMA) in the Jordanian manufacturing companies. It also aims to determine the extent to which competitor accounting influences competitive advantage of these companies. A survey on Jordanian manufacturing companies was conducted for data collection. A total of 88 questionnaires were distributed to these companies. Out of this number 62 were returned. The response rate was about 70.5%. Descriptive statistics showed that Jordanian manufacturing companies have good positions of competitive advantages compared to the competitors. One-sample t-test showed that all of competitors accounting techniques were used by Jordanian manufacturing companies. The results of multiple regressions showed that these techniques contribute significantly and explain a high percentage of variation in the competitive advantages of Jordanian manufacturing companies. Two of explanatory variables were competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on all indicators of competitive advantages of Jordanian manufacturing companies which are financial performance, products, customers, general performance, and the overall indicators of competitive advantage. Competitor cost assessment has not a statistically significant positive effect on two of indicators of competitive advantages of Jordanian manufacturing companies which are products and customers. Despite all items of competitor accounting found having an influence on general competitive advantages of Jordanian manufacturing companies, this study suggested that these companies should pay more attention to competitor cost assessment to enhance their competitive advantages. In context of cost-benefit approach, this study also recommends Jordanian manufacturing companies to continue adopting all of SMA techniques in the future.

Keywords: strategic management accounting, competitor accounting, competitive advantage.

Author α : Associate Professor in Accounting, Department of Accounting and Financial and Banking science, Faculty of Business Administration and Economics, Al-Hussein Bin Talal University, Ma'an-Jordan. e-mail: sliman_alsoboa@yahoo.com

Author σ : Associate professor in economics Department of economics Faculty of Business Administration and Economic Al-Hussein Bin Talal University. e-mail: dr_alaya@yahoo.com

I. Introduction

Many important changes have been occurred in the business environment in the last half century such as rabidly advances in the markets, constant changes in customer preferences, and the intense global competition. These changes have placed industrial companies today under diverse types of pressure requiring them to increasingly improve their competitive priorities including cost reduction, quality, delivery and rapid response to customer demand, flexibility, productivity and innovation to produce new products (Alsoboa and Alduhiate, 2013). Competitive advantage is experienced by a firm when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions (Barney, 2002). In order to gain and maintain competitive advantages, firms need to manage resources effectively and efficiently. This, in turn, requires all the use of all available information.

The notion of strategic management accounting is linked with business strategy and maintaining or increasing competitive advantage (CIMA, 2008). In modern organizations, knowledge management is the fundamental basis of competition (Baporikar, 2014; Aghamirian et al., 2015). Therefore, SMA may be considered part of the resources required to sustain a competitive advantage by providing information related to important aspects in the organization including planning, control, performance measurement, strategic decision making, strategic costing, customer accounting and competitor accounting.

The objective of a company's competitive advantage is to gain superior performance over the competitors. knowledge and information are crucial matters to sustain this advantage. As a potential part of the internal capabilities of the firm, the competitor accounting, which is one of the major themes in SMA, could provides such an opportunity.

Jordan has made many trade contracts with countries with advanced economies especially USA and EU countries. Therefore, Jordan is one of most developing countries that influenced by economic global changes. To survive in this competitive environment, Jordanian manufacturing companies should have a strong competitive position. This position has forced Jordanian companies to adopt the appropriate financial information systems including SMA.

This study contributes to current trends in SMA research in two ways. First, it explores the extent to which the competitor accounting within the area of SMA was used by the Jordanian manufacturing companies. Second, it aims to examine the influence of competitor accounting on the competitive advantage of these companies. To the best knowledge of researcher, this study is one of the few studies in this field.

II. Literature Review

The role that SMA could play in the competitive environment has been discussed earlier at the beginning of nineties of the last century. The study conducted by Rick wood et al. (1990) considers management accounting's role in a company's response to the threat to its market position posed by a competitor's action. The study also illustrated a management accounting approach which adopts a strategic perspective. Okoye and Akenbor (2008) found that the SMA is superior to the traditional management accounting in the provision of information that meet environmental demand, particularly in the area of competition. Ndwiga (2011) outline the importance of management accounting practices in providing strategies that lead to the creation of a competitive advantage in an organization. Hesford (2008) revealed that monitoring the competitors' financial statement has a positive effect on return on investment, economic value-added, innovation, market share, service quality, efficiency and customer satisfaction. Akenbor and Okoye (2012) revealed that SMA enhances competitive advantage although several factors bedevil its adoption in Nigerian manufacturing firms.

Concerning the application of SMA techniques, competitor accounting has an important practices in this context. In inquiring about the incidence, use and perceived utility of strategic management accounting, Cravens and Guilding (2001) found that competitor accounting is regarded as the prevalent topic and the most heavily used method of SMA. Hesford (2001) suggested that accountants within the firm should extend their work beyond traditional, internally focused activities to contribute to the firm's competitive intelligence effort, providing assistance with competitor cost assessment and financial statement analysis. Nik Hassan et al. (2011) found that Malaysian manager did practice SMA in their organization focusing on the information pertaining to competitor's position, competitor's cost and competitor's financial condition but not competitor's appraisal. Alsoboa et al. (2015) found that 12 out of 19 SMA techniques were adopted by JPIC including competitor cost assessment and competitor position monitoring. The study conducted by Chiekezie et al. (2014) revealed that the mean financial performance of full adopters of competitor focused accounting (CFA) was greater than that of partial adopters and non-adopters. Chiekezie et al. (2014) suggested that Manufacturing firms should give priority to SMA and it sub-divisions especially CFA to enhance its competitive edge over competitors.

Competitive advantage has been studied for a long time. It has also been linked to different aspects at the different organizations. Narasimhan and Schoenherr (2012) suggested supply management practices and environmental management practices as key strategic drivers aiding in the further differentiation of firms. Forsman (2013) demonstrated how the competitive advantage was enhanced along the successful environmental innovation process. Breznik and Lahovnik (2014) pointed out that firms with a stronger commitment to deploying dynamic capabilities are more successful and hold the potential for a sustained competitive advantage. Ashrafi and Mueller (2015) suggested that while tangible IT resources offer little competitive advantage, intangible IT resources are positively associated with IT capabilities that ultimately lead to IT competitive advantage and the improved financial performance of the organization. Woodruff (1997) argued that the next major source for competitive advantage likely will come from more outward orientation toward customers, as indicated by the many calls for organizations to compete on superior customer value delivery. Kumar et al. (2011) pointed out that the sustained advantage in business performance from having a market orientation is greater for the firms that are early to develop a market orientation. Qun and Sousa (2015) revealed that competitive advantage has an important mediating role in the relationship between marketing capabilities and export performance. In addition, prior studies have addressed many indicators which considered sources of achieving and sustaining competitive advantage such as organizational culture (Barney, 1986); knowledge (Buchnowska, 2011); customer knowledge (Aghamirian et al., 2015); organizational knowledge (Popovski & Nikolic, 2014); human capital (Coff, 1997); employee mobility constraints (Campbell et al., 2012).

III. Strategic Management Accounting

SMA has been defined as "the provision and analysis of financial information on the firm's product markets and competitors' costs and cost structures and the monitoring of the enterprise's strategies and those of its competitors in these markets over a number of periods" (Bromwich, 1990; 28). It has an important role to play in providing information about the major sources of competitive advantage of an enterprise. In increasingly dynamic environment the provision of strategically relevant information is of paramount importance for the formulation and execution of business strategies (Dunković et al., 2009).

SMA is an externally oriented approach that entails the collection of data on costs, processes, sales volumes, market shares, cash flows and resource utilization for both a business and its competitors (Akenbor and Okoye, 2012). According to Roslender and Hart's (2003) definition of SMA, the new techniques often relate to external factors such as customers, markets and competitors, as well as to non-financial and internally generated information, and attempt to integrate insights from disciplines such as marketing management and management accounting within a strategic management framework. Based on the previous definitions of SMA, we can say the competitor accounting is an important aspect of this new discipline.

IV. Competitor Accounting

According to Lord (1996), the SMA consists of three elements. The first one of these elements is the information on competitors which include competitor's price, costs and sales volume. Competitor accounting comprises the analysis of information from accounting relating to competitors. It is thereby supposed to gain detailed insight into their present cost and finance situation, to determine one's own competitive position and to predict the future strategic behavior of the competitors (Heinen and Hoffjan, 2005). The competitor's autonomous policies and reactions to market developments have a big influence on each organization's freedom of action and ultimately on its profitability. Hence, a sound knowledge of competitors and understanding their competitive position may ensure that an organization's existence and profitability are maintained in order to create a sustainable competitive advantage (BPP, 2005). On the basis of factor analysis of the application frequency of twelve instruments within strategic management accounting, Guilding et al. (2000) attributed the following three methods to competitor accounting:

a) Competitor cost assessment

Management accounting provides important and useful techniques in analyzing how the cost structure of competitors influences an organization's options and in modeling the impact of different strategies (BPP, 2005). Competitor cost assessment includes a regularly updated forecast of competitors' costs per item (Guilding, 1999). All easy accessible sources like direct observation, mutual suppliers, mutual customers, former employees and published accounting data should be used to analyze competitor's costs (Heinen and Hoffjan, 2005).

b) Competitive position monitoring

Competitor analysis is the identification and quantification of relative strengths and weaknesses (compared with competitors or potential competitors) which could be of significance in the development of a successful competitive strategy. Organizations should analyze their competitors and build models of how they might react based on their future goals, assumptions, capability and their current situation (BPP, 2005). Monitoring the competitive position entails extensive analysis of the competition which, beside market share, also includes turnover, return on sales, volume and cost per item, price per item and cash flow, capacity utilization, liquidity and availability of resources for essential competitors (Simmonds, 1986)

c) Competitor appraisal based on published financial statements

The competitor appraisal based on published financial statements is the numerical analysis of published financial information as a part of the assessment of sources of competitive advantages of competitors (Guilding, 1999).The organizations have to evaluate the degree of their success in implementation of their strategies based on the analysis of trends and ratios derived from financial statements, and the implications of this evaluation for customers, competitors and suppliers.

V. Competitive Advantage

A firm is said to have a competitive advantage when it enjoys greater success than current or potential competitors in its industry, suggesting that superior firm performance serves as a key indicator of competitive advantage (Ghemawat and Rivkin, 1999). Though there isn't one clear definition of competitive advantage, the creation of value is the milestone of any definition of the concept (Pilinkiene, et al., 2013). Competitive advantage is experienced by a firm when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions (Barney, 2002). Different theoretical approaches addressed the value creation in competitive advantage, beginning with industrial structural analysis which developed in 1960's by Boston Consulting Group. This approach linked the growth of a market to the firm's relative market share focusing on the external environment of the corporation (Sorensen, 2006).

Another important approach developed by Porter (1980), where he suggested that competitive advantage may be regarded as the function of the industry attractiveness and company's competitive position in the market. In Porter's approach, five forces were identified, forming firm's competitive advantage: threat of new entrants, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and competition between competitors. Later on, Porter

(1998) developed his approach to so called value chain model, dividing firm's operation into series of activities including designing, producing, marketing, delivering, and supporting product. According to this approach, Porter (1998) placed competitive advantage at the heart of a firm's performance in competitive markets, where he identified two types of competitive advantage; cost advantage and differentiation.

Resource based view approach is another important approach addressed the value creation. This approach emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It focuses on the internal environment of the corporation, i.e. resources and capabilities. Barney (1991) derives sustained competitive advantage from the resources and capabilities that must have four attributes: valuable, rare, imperfectly imitable and not substitutable. Avella et al. (2001) consider that the emphasis on certain manufacturing competitive priorities or capabilities and decisions or practices on the key decision areas and their internal coherence can be the base for achieving sustainable or lasting advantage over competitors, thus producing superior business performance. However, it argued that competitive advantages cannot be sustained in dynamic, rapidly changing markets (Eisenhardt and Martin, 2000; Fiol, 2001).

VI. Methodology

This study aims to explore the extent to which the competitor accounting within the area of SMA was used by the Jordanian manufacturing companies. It also aims to examine the influence of competitor accounting on the competitive advantage of these companies. A total of 88 questionnaires were distributed to company managers or financial managers in these companies. Out of this number, 62 were returned and used. The response rate was about 70.5%, which is considered high. The questionnaire consisted of two main parts. The first part contained 17 items aimed at examining the extent of usage of competitor accounting techniques implemented by Jordanian manufacturing companies over the past five years. The Likert scale was used to measure the usage of variables, ranging from minimum of 1="not used at all" to the maximum of 5= "greatly used".

In the second part of questionnaire, competitive advantage was measured through manager's perceptions of the company's success in comparison to major competitors. Multi-items scale adopted from (Li, et al., 2006; Talaja, 2012; Anatan, 2014; and Schilke, 2014) was used to measure competitive advantage through four dimensions, namely, financial performance dimension, product dimension, customer dimension, and general performance dimension. The respondents were asked to rate the status they see their company is better than the competitors in these dimensions ranking from "much worse =1" to "much better =5".

The methods of analysis employed in the study were descriptive statistics, test of homogeneity of variance, the variance inflation factor test (VIF), one sample t-test, and multiple regressions. In addition, Cronbach's alpha test of internal consistency of competitor accounting techniques was used to test reliability of instrument and the variables related to it.

VII. Reliability of the Study Instrument

Cronbach's alpha was used to test stability of the measuring instrument. The values, as in Table 1, exceeded the level of 70%, which is an acceptable ratio (Hair et al., 2015).

Table 1 : Cronbach's alpha reliability coefficients for variables

Variables	dimensions	alpha
The instrument	**17**	**.89**
Competitor cost assessment.	5	.77
Competitive position monitoring.	6	.74
Competitor appraisal based on published financial statements.	6	.79
Competitive advantage	**20**	**.97**
Financial performance.	7	.95
Products.	6	.89
Customers.	3	.91
General performance.	4	.86

VIII. Competitive Advantage for Jordanian Manufacturing Companies

The respondents were requested to rate where they see their company is better than the competitor on twenty items listed in Table 2 by using the 5-point Likert score. Competitive advantages were analyzed as financial performance (7 items), products (6 items), customers (3 items), and general performance (4 items), In general, good positions of competitive advantages were evidenced in all twenty items. At the level of financial performance, the top mean scores are (mean scores = 4.08) and (mean scores = 4.06) for both ROS and "overall superior financial performance" respectively.

Other financial performance items achieved very approximate scores; (ranking from mean scores 3.94-3.98). At the level of products, the top mean score is (mean scores = 4.08) for "the production cost of product", followed by (mean scores = 3.89) for "product quality and image" and (mean scores = 3.85) for "time to market". Price of product achieve mean (mean scores = 3.74), whereas the lowest mean score are (mean scores = 3.68) (mean scores = 3.66) for both "Delivery speed of product" and" Product innovation" respectively. Concerning the customers dimension, the top mean score is (mean scores = 4.02) for "customer satisfaction with product", followed by (mean scores = 3.94) for "Customer loyalty" and (mean scores = 3.90) for "strong reputation for customer service". Regarding the general performance, the top mean score is (mean scores = 4.00) for "sustainability of acquired advantage", followed by (mean scores = 3.95) for "market share". Price of product achieve mean (mean scores = 3.74), whereas the lowest mean score are (mean scores = 3.68) (mean scores = 3.66) for both "Delivery speed of product" and" Product innovation" respectively. Overall successful achieved (mean scores = 3.87), whereas strategic advantages achieved (mean scores = 3.77).

Table 2 : Descriptive statistics for competitive advantage indicators of Jordanian manufacturing companies comparing to the competitors

Competitive advantage indicators		Mean	SD
Financial performance		4.00	1.04
1-	Return on Investment (ROI).	3.98	1.17
2-	Improvement in earnings per share.	3.97	1.24
3-	Return on assets (ROS).	4.08	1.19
4-	General profitability of the firm.	3.97	1.21
5-	Return on sales (profit/total sales).	3.97	1.14
6-	Earnings before interest and taxes.	3.94	1.17
7-	Overall superior financial performance.	4.06	1.28
Products		3.79	.95
8-	The product quality and image.	3.89	1.13
9-	Price of product.	3.74	1.20
10-	The production cost of product.	3.94	1.11
11-	Delivery speed of product.	3.68	1.32
12-	Product innovation.	3.66	1.10
13-	Time to market.	3.85	1.21
Customers		3.95	1.05
14-	Customer satisfaction with product.	4.02	1.11
15-	Customer loyalty.	3.94	1.11
16-	A strong reputation for customer service.	3.90	1.21
General performance		3.90	.98
17-	Strategic advantages.	3.77	1.22
18-	Market share.	3.95	1.15
19-	Sustainability of acquired advantage.	4.00	1.13
20-	Overall successful.	3.87	1.14

Competitive advantages status: 1= much worse; 2= worse; 3 = Neither better nor worse; 4 = better; 5 = much better.

IX. Hypotheses Testing

One-sample t-test In this study was conducted for testing hypothesis *H01* to find out whether competitor accounting techniques were used by Jordanian manufacturing companies or not. Multiple regression analysis was conducted for testing hypotheses *H02- H06* to find out whether the competitor accounting techniques have an influence on the competitive advantage of these companies. The basic assumptions of regression tests for all five hypotheses have been met. For normality test, the scatter plot scheme showed that 95% of the errors (standardized residuals) fall within the range (2, -2), indicating that these errors are distributed normally (Anderson et al., 2008). Variance Inflation Factor (VIF) test was used to test multicollinearity between independent variables. VIF for all variables were less than 10, which indicates no real problem in this study (Kohler, 2000).

H01: The competitor accounting techniques are not used by Jordanian manufacturing companies.

In Table 3, one-sample t-test show that all of competitor accounting techniques were used by Jordanian manufacturing companies; where the values for these variables were as follow: competitor cost assessment $t(61)=8.01$, $P<0.001$; competitive position monitoring $t(61)= 7.45$, $P<0.001$; and competitor appraisal based on published financial statements $t(61)=10.44$, $P<0.001$. Taking together as a group all these techniques show that there is a significant usage of competitor accounting techniques, $t(61)=9.77$, $p<0.001$. In addition, as it appears in Table 3, the descriptive statistics support one-sample t-test results. The statistics show that using competitor accounting techniques achieved a mean score of more than the general mean in this study, which is moderately used (mean=3). Using of competitor appraisal based on published financial statements (mean score=3.91) achieved the highest mean score, followed by competitor cost assessment (mean score=3.82), whereas competitive position monitoring technique achieved the lowest mean score (mean score=3.76). Overall, these results indicate that the usage of competitor accounting techniques was evident in all three variables.

Table 3 : Descriptive statistics and one-sample t-test for usage of competitor accounting techniques

Variables	*Descriptive statistics*		*One-sample t-test*	
	Mean	*SD*	*t*	*Sig.*
Competitor cost assessment.	3.82	.81	8.01	.000
Competitive position monitoring.	3.76	.80	7.45	.000
Competitor appraisal based on published financial statements.	3.91	.69	10.44	.000
The group	3.83	.67	9.77	.000
Extent of use competitor accounting techniques: 1=not used at all; 2=slightly used; 3=moderately used; 4=frequently used; 5=greatly used.				

H02: The competitor accounting does not influence competitive advantages of financial performance of Jordanian manufacturing companies.

The results of regression analysis in Table 4 show that all of competitors accounting techniques contribute significantly (F (3, 58) =31.30; P<.001) and explain (R^2= .62) of the variation in the competitive advantages of financial performance of Jordanian manufacturing companies. The results in Table 4 also show that all three explanatory variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of financial performance of Jordanian manufacturing companies, where P-value for these variables .024, .011, P=.018 respectively. Accordingly, the null hypothesis was rejected with regard to these variables.

Table 4 : Regression results for the influence of competitor accounting on competitive advantages of financial performance

Independent variables	*Coefficients[a]*			
	B	*t*	*P*	*VIF*
Competitor cost assessment.	.384	2.32	.024	2.50
Competitive position monitoring.	.517	2.62	.011	2.57
Competitor appraisal based on published financial statements.	.331	2.44	.018	1.67
R^2=.62; F=31.30, P<.001				
a. Dependent variable: competitive advantage of financial performance				

H03: The competitor accounting does not influence competitive advantages of products of Jordanian manufacturing companies.

In Table 5, the results of regression analysis show that all of competitors accounting techniques contribute significantly (F (3, 58) =18.58; P<.001) and explain (R^2= .49) of the variation in the competitive advantages of products of Jordanian manufacturing companies. The regression results in Table 5 show that two explanatory variables which are competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of products of Jordanian manufacturing companies, where P-value for these two variables .024 and P=.012 respectively. Accordingly, the null hypothesis was rejected with regard to these variables. The third explanatory variable, which is competitor cost assessment, does not has a statistically significant effect on competitive advantages of products of Jordanian manufacturing companies, where P-value for this variable (P=.376). Therefore, the null hypothesis was accepted with regard to this variable.

Table 5 : Regression results for the influence of competitor accounting on competitive advantages of products

Independent variables	Coefficients[a]			
	B	*t*	*P*	*VIF*
Competitor cost assessment	.155	.89	.376	2.50
Competitive position monitoring	.479	2.32	.024	2.57
Competitor appraisal based on published financial statements	.371	2.61	.012	1.67
R^2=.49; F=18.58, P<.001				

a. Dependent variable: competitive advantage of products.

H04: The competitor accounting does not influence competitive advantages of customers of Jordanian manufacturing companies.

In Table 6, the results of regression analysis show that all of competitors accounting techniques contribute significantly (F (3, 58) =25.98; P<.001) and explain (R^2= .57) of the variation in the competitive advantages of customers of Jordanian manufacturing companies. In Table 6, Regression analysis has shown the same results as in the *H03* hypothesis. The variables competitive position monitoring and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of customers of Jordanian manufacturing companies, where P-value for these two variables .008 and P=.019 respectively. Consequently, the null hypothesis was rejected with regard to these variables. The third variable; competitor cost assessment, does not has a statistically significant effect on competitive advantages of customers of Jordanian manufacturing companies, where P-value for this variable (P=.117). Therefore, the null hypothesis was accepted with regard to this variable.

Table 6 : Regression results for the influence of competitor accounting on competitive advantages of customers

Independent variables	Coefficients[a]			
	B	*t*	*P*	*VIF*
Competitor cost assessment	.281	1.59	.117	2.50
Competitive position monitoring	.578	2.74	.008	2.57
Competitor appraisal based on published financial statements	.350	2.41	.019	1.67
R^2=.57; F=25.98, P<.001				

a. Dependent variable: competitive advantage of customers.

H05: The competitor accounting does not influence competitive advantages of general performance of Jordanian manufacturing companies.

The results of regression analysis, in Table 7, show that all of competitors accounting techniques contribute significantly (F (3, 58) =32.28; P<.001) and explain (R^2= .62) of the variation in the competitive advantages of general performance of Jordanian manufacturing companies. The results in Table 7 also show that all three explanatory variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of general performance of Jordanian manufacturing companies, where P-value for these variables .011, .020, P=.016 respectively. Accordingly, the null hypothesis was rejected with regard to these variables.

Table 7 : Regression results for the influence of competitor accounting on competitive advantages of general performance

Independent variables	Coefficients[a]			
	B	*t*	*P*	*VIF*
Competitor cost assessment	.401	2.61	.011	2.50
Competitive position monitoring	.440	2.40	.020	2.57
Competitor appraisal based on published financial statements	.315	2.49	.016	1.67
R^2=.62; F=32.28, P<.001				

a. Dependent variable: competitive advantage of general performance.

H06: The competitor accounting does not influence overall competitive advantages of Jordanian manufacturing companies.

Taking all indicators of the competitive advantage of Jordanian manufacturing companies as dependent variable, The results of regression analysis, in Table 8, show that all of competitors accounting techniques contribute significantly (F (3, 58) =35.01; P<.001) and explain (R2= .64) of the variation in the competitive advantages of Jordanian manufacturing companies. The results in Table 8 also show that all three explanatory variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of general performance of Jordanian manufacturing companies, where P-value for these variables .040, .005, P=.006 respectively. Consequently, the null hypothesis was rejected with regard to these variables.

Table 8 : Regression results for the influence of competitor accounting on overall competitive advantages of Jordanian manufacturing companies

Independent variables	*Coefficients*[a]			
	B	*t*	*P*	*VIF*
Competitor cost assessment	.305	2.10	.040	2.50
Competitive position monitoring	.504	2.91	.005	2.57
Competitor appraisal based on published financial statements	.342	2.86	.006	1.67
R^2=.64; F=35.01, P<.001				

a. Dependent variable: overall competitive advantages

X. Findings

Based on the descriptive statistics for competitive advantage' indicators of Jordanian manufacturing companies presented in Table 2, it is clear that these companies have a good positions of the competitive advantages compared to their competitors. In this study, competitor accounting techniques represent the independent variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements. The results presented in Table 3 show that the usage of all these techniques by Jordanian manufacturing companies was evident. The overall descriptive results in Table 3 show that using of competitor appraisal based on published financial statements achieved the highest mean score, followed by competitor cost assessment, while competitive position monitoring achieved the lowest mean score. These findings are consistent with study by Cravens and Guilding (2001) found that competitor accounting is the most heavily used method of SMA, it also consistent partially with study by Nik Hassan et al. (2011), where they found that the competitors position and competitor's cost are practiced by Malaysian managers. Alsoboa et al. (2015) also found that competitor cost assessment and competitor position monitoring among other 19 SMA techniques are adopted by JPIC.

The results in Tables 4-8 have shown that competitor accounting techniques contribute significantly and explain high levels of variation in the indicators of competitive advantage of Jordanian manufacturing companies, whether it was financial performance, products, customers, general performance, or overall indicators of competitive advantage. Furthermore, all three explanatory variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of financial performance of Jordanian manufacturing companies. These results are consistent with study by Chiekezie et al. (2014) revealed that the mean financial performance of full adopters of CFA was greater than that of partial adopters and non-adopters.

Concerning the impact of competitor accounting techniques on the competitive advantages of products of Jordanian manufacturing companies, Table 5 has shown that two explanatory variables which are competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of products of Jordanian manufacturing companies, where competitor cost assessment, does not have a statistically significant effect on competitive advantages of products of Jordanian manufacturing companies. Reviewing literatures about the impact of competitor accounting techniques on the competitive advantages of products have shown no such studies.

With respect to the competitive advantages of customers of Jordanian manufacturing companies, Table 6 has shown to be similar to the impact of explanatory variables on competitive advantages of products, where competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantages of customers of Jordanian manufacturing companies. Competitor cost assessment has no statistically significant effect on competitive advantages of customers of Jordanian manufacturing companies. The study conducted by Woodruff (1997) maybe consistent with this result, where he argued that the next major source for competitive advantage likely will come from more outward orientation toward customers.

Regarding the competitive advantage of general performance, as in Table 7, all three explanatory variables which are competitor cost assessment, competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on competitive advantage of general performance Jordanian manufacturing companies. Kumar et al. (2011) referred that the sustained advantage in business performance from having a market orientation is greater for the firms that are early to develop a market orientation. This result is consistent with this study, since the general performance contains indicators such as strategic advantages, market share, and sustainability of acquired advantage

Finally, taken together all indicators of the competitive advantages of Jordanian manufacturing companies as dependent variable, the results presented in tables 8 reveal that all of explanatory variables have a statistically significant positive effect on competitive advantages of general performance of Jordanian manufacturing companies. Consistent with this result, Chiekezie et al. (2014) suggested that manufacturing firms should give priority to SMA and it sub-divisions especially CFA to enhance its competitive edge over competitors.

XI. Conclusion

This study aimed to explore the extent to which the competitor accounting within the area of SMA was used by the Jordanian manufacturing companies. It also aimed at examining the influence of competitor accounting on the competitive advantage of these companies. The study revealed that the Jordanian manufacturing companies have good positions of competitive advantages compared to the competitors. It is also found that competitor accounting techniques were used by the Jordanian manufacturing companies. The results also reveal that competitor accounting techniques contribute significantly and explain a high percentage of variation of competitive advantages of Jordanian manufacturing companies.

The findings show that two of explanatory variables which are competitive position monitoring, and competitor appraisal based on published financial statements have a statistically significant positive effect on all indicators of competitive advantages of the Jordanian manufacturing companies, whether it was financial performance, products, customers, general performance, or the combination of all these four variables. It also found that the third explanatory variable, which is competitor cost assessment, does not has a statistically significant effect on competitive advantages of product and customers in Jordanian manufacturing companies.

However, some prior studies revealed that competitor accounting techniques have positive effect on competitive advantages, but no one study found the relationship between competitor accounting techniques as group and competitive advantages. This was regardless of whether it was competitive advantage of financial performance, products, customers, general performance or overall competitive advantages. Despite that all items of competitor accounting found having an influence on general competitive advantages of Jordanian manufacturing companies, this study suggested that these companies should pay more attention to competitor cost assessment to enhance their competitive advantages. In context of cost-benefit approach, this study also recommends Jordanian manufacturing companies to continue adopting all of strategic management accounting techniques in the future.

References Références Referencias

1. Aghamirian, B., Dorri, B., & Aghamirian, B., (2015).Customer Knowledge Management Application in Gaining Organization's Competitive Advantage in Electronic Commerce. Journal of Theoretical and Applied Electronic Commerce Research, 10(1), 63-78.
2. Akenbor, C. O. & Okoye, E. I. (2012). The Adoption of Strategic Management Accounting in Nigerian Manufacturing Firms. An International Journal of Arts and Humanities, 1(3), 270-287
3. Alsoboa, S. S. & Aldehayyat, J. S. (2013). The impact of competitive business strategies on managerial accounting techniques: A study of Jordanian public industrial companies. International Journal of management, 30(2), 545-555.
4. Alsoboa, S. S., Al Khattab, A. & Al-Rawad, M. (2015). The extent to which the Jordanian Private Industrial Companies use SMA techniques. European Journal of Business and Management, 7(7), 456-465.
5. Anatan, L. (2014). Factors influencing supply chain competitive advantage and performance. International Journal of Business and Information, 9(3), 311-334.
6. Anderson, D.R., Sweeney, D. J., & Williams, T.A. (2008). Statistics for business and economics, 10th edition, Thomson South-Western, USA.
7. Ashrafi, R. & Mueller, J. (2015). Delineating IT Resources and Capabilities to Obtain Competitive Advantage and Improve Firm Performance. Information Systems Management, 32(1), 15-38.
8. Avella, L., Fernandez, E., & Vazquez, C.J., 2001. Analysis of manufacturing strategy as an explanatory factor of competitiveness in the large Spanish industrial firm. International Journal of Production Economics, 72 (2), 39–157.
9. Baporikar, N. (2014). Organizational parries and facilities embedding knowledge strategy, 150-173. In Michael A Chilton and James M Bloodgood, "Knowledge Management and Competitive Advantage: Issues and Potential Solutions", IGI Global, USA.

10. Barney, J. B. (1986). Organizational Culture: Can It Be a Source of Sustained Competitive Advantage? The Academy of Management Review, 11(3), 656-665.
11. Barney, J. B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17, 99_120.
12. Barney, J. B. (2002). Gaining and Sustaining Competitive Advantage, 2nd ed, NJ: Prentice-Hall.
13. BPP Professional Education, 2005, CIMA Management Accounting: Business Strategy, London: BPP Publishers.
14. Breznik, L. & Lahovnik, M. (2014). Renewing the resource base in line with the dynamic capabilities view: a key to sustained competitive advantage in the IT industry. JEEMS, 19(4), 453-485.
15. Bromwich, M. (1990). The case for strategic management accounting: the role of accounting information for strategy in competitive markets. Accounting, Organizations and Society, 15(1), 27-46.
16. Buchnowska, D. (2011). Customer knowledge management models: Assessment and proposal, research in systems analysis and design: Models and methods, Lecture Notes in Business Information Processing, 93(1), 25-38.
17. Campbell, B. A., Coff, R., & Kryscynski, D. (2012). Rethinking sustained competitive advantage from human capital. Academy of Management Review, 37(3), 376-395.
18. Chiekezie, N. R., Egbunike, P. A. & Odum, A. N. (2014). Adoption of competitor focused accounting methods in selected manufacturing companies in Nigeria. Asian Journal of Economic Modelling, 2(3): 128-140.
19. CIMA; The Chartered Institute of Management Accountants. (2008). management accounting risk and control strategy, P3, Post Exam Guide November 2008.
20. Coff, R. W. 1997. Human assets and management dilemmas: Coping with hazards on the road to resource-based theory. Academy of Management Review, 22: 374–402.
21. Cravens, K.S. & Guilding, C. (2001). An Empirical Study of the Application of Strategic Management Accounting Techniques. Advances in Management Accounting, 10, 95-124.
22. Dunković, D., Jurić, D. & Nikolić, T. (2009). Marketing aspects in strategic management accounting. Interdisciplinary management research, IV, Faculty of Economics Osijek & Hochschule Pforzheim University, STR, 739-750.
23. Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? Strategic Management Journal, 21(10-11), 1105-1121.
24. Fiol, M. (2001). Revisiting an identity-based view of sustainable competitive advantage. Journal of Management, 6, 691–699.
25. Forsman, H. (2013). Environmental innovations as a source of competitive advantage or vice versa? Business Strategy and the Environment. 22(5), 306-320.
26. Ghemawat P. E. & Rivkin J. W. (1999). Creating competitive advantage. In Strategy and the Business Landscape: Text and Cases, Ghemawat P. with Collis D, Pisano G, Rivkin (ed.). Addison-Wesley: Reading, MA; 49–74.
27. Guilding, C. (1999). Competitor-focused accounting: an exploratory note. Accounting, Organization and Society, 24(7), 583-595.
28. Guilding, C., Cravens, K. S. & Tayles, M. (2000). An International Comparison of Strategic Management Accounting Practices. Management Accounting Research, 11(1), 113-135.
29. Hair, J., Wolfinbarger, M., Money, A., Samuel; P., & Page, M. (2015), Essential of Business Research Methods, 3rd ed., New York Routledge, USA.
30. Heinen, C. & Hoffjan, A. (2005). The Strategic Relevance of Competitor Cost Assessment – an Empirical Study of Competitor Accounting. JAMAR, 3(1), 17-34.
31. Hesford, J.W. (2001), An Empirical Investigation of Accounting Information Use in Competitive Intelligence, Proceedings, American Accounting Association, Annual Meeting, Atlanta.
32. Hesford, J.W., (2008). An empirical investigation of accounting information use in competitive intelligence. Journal of Competitive Intelligence and Management, 4(3), 17-49.
33. Kohler, H. (2000). Statistics for business and economics, Thomson learning, Inc., USA.
34. Kumar, V., Jones, E., Venkatesan, R., & Leone, R.P. (2011). Is market orientation a source of sustainable competitive advantage or simply the cost of competing? Journal of Marketing, Vol. 75 (January 2011), 16-30.
35. Li, S., Nathan, B. R. Nathan; T. S. & Rao, S. S. (2006). The impact of supply chain management practices on competitive advantage and organizational performance, Omega 34: 107-124.
36. Lord, B.R. (1996). Strategic management accounting: the emperor's new clothes? Management Accounting Research, 7 (3), 347-366.
37. Narasimhan, R. & Schoenherr, T. (2012). The effects of integrated supply management practices and environmental management practices on relative competitive quality advantage. International Journal of Production Research, 50(4), 1185-1201.
38. Ndwiga, N.M. (2011). The role of management accounting in creating and sustaining competitive advantage. a case study of equity bank, Kenya.

Master of commerce, University of South Africa, June 2011.
39. Nik Hassan, N-H., Nik Muhammad, N-M. & Ismail, Z. (2011). Strategic management accounting practice in malaysia: case of manufacturing sector, Journal of Finance, Accounting and Management, 2(2), 23-38.
40. Okoye, E. I. & Akenbor, C. O. (2008). Strategic management accounting practices in a competitive environment: a theoretical exposition. ABSU journal of management science, 4(2), 1-18.
41. Pilinkiene, V., Kurschus, R-J., & Auskalnyte, G. (2013). E-business as a source of competitive advantage. Economics and Management, 18(1), 77-85.
42. Popovski, V. & Nikolic, S. (2014). The significance of the organizational knowledge for acquiring competitive advantage on the telecommunication market in the republic of Macedonia. Economic Development No.1-2/2014, 31-47.
43. Porter, E. M., 1980. Competitive Strategy: Techniques for Analyzing Industries and Competitors, New York, Free Press.
44. Porter, E. M. (1998). Competitive advantage: Creating and sustaining superior performance, New York, Free Press.
45. Qun, T. & Sousa, C. M. P. (2015). Leveraging marketing capabilities into competitive advantage and export performance. International Marketing review, 32(1). 78-102.
46. Roslender, R. & Hart, S., 2003, In search of strategic management accounting: theoretical and field study perspectives, Management Accounting Research 14, 255-279.
47. Rickwood, C.P., Coates, J.B., & Stacey, R.J. (1990). Stapylton: strategic management accounting to gain competitive advantage. Management Accounting Research, 1(1), 37-49.
48. Schilke, O. (2014). On the contingent value of dynamic capabilities for competitive advantage: the nonlinear moderating effect of environmental dynamism. Strategic Management Journal, 35, 179-203.
49. Simmonds, K. (1986). The accounting assessment of competitive position. European Journal of Marketing, 20(1), 16-31.
50. Sorensen, D. (2006). The automotive development process, a real options analysis. DUV, Gabler edition wissenchaft, Frankfurt,
51. Talaja, A. (2012). Testing VRIN framework: resource value and rareness as sources of competitive advantage and above average performance. Management, 17(2), 51-64.
52. Woodruff, R. B. (1997). Customer value: The next source for competitive advantage, Journal of the Academy of Marketing Science, 25(2), 139-153.

This page is intentionally left blank

Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 15 Issue 3 Version 1.0 Year 2015
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Accounting and Fiscal Aspects Related to Certification Expenditure in Compliance with the ISO

By Nicolai Jieri

Academy of Economics, Moldova

Introduction- With the globalization phenomenon and with the accelerated pace of development of the modern economy from the last decades it becomes increasingly important not only the volume of the products and services from the world market, but a special focus is placed on the quality. To ensure comparability on the global economic space in 1947, ISO- (International Organization for Standardization) was founded - a network of institutions in more than 150 countries with the headquarter in Geneva, which implemented from its establishing over 15,000 standards for agriculture, trade, construction, technical and medical equipment.

GJMBR - D Classification : JEL Code: M40

IMPACTOFFIRMSEARNINGSANDECONOMICVALUEADDEDONTHEMARKETSHAREVALUEANEMPIRICALSTUDYONTHEISLAMICBANKSINBANGLADES

Strictly as per the compliance and regulations of:

Accounting and Fiscal Aspects Related to Certification Expenditure in Compliance with the ISO

Nicolai Jieri

I. Introduction

With the globalization phenomenon and with the accelerated pace of development of the modern economy from the last decades it becomes increasingly important not only the volume of the products and services from the world market, but a special focus is placed on the quality. To ensure comparability on the global economic space in 1947, ISO- (International Organization for Standardization) was founded - a network of institutions in more than 150 countries with the headquarter in Geneva, which implemented from its establishing over 15,000 standards for agriculture, trade, construction, technical and medical equipment. **"Why is the ISO certification important?"**, This is the first question that companies ask themselves, the answer is clear and of great interest in the existing state of affairs of development of the current economy: *keeping market position and conquering new market niches; improving the quality of the products and services delivered to customers; economic benefits generated by decreasing the share of defective products, lowering customers migration to other companies; fulfillment of the conditions for participation in the auction.*

Therefore in accounting often some difficulties can occur at the recognition, measurement and recording of these expenditures. In this context, we further propose some methods which reflect these expenditures related **to ISO certification** based on some examples:

E.g. 1 On 03(day)/07(month)/2014 the entity "Omega" LLC has entered into a contract with the "Consulting" LLC, empowered to carry out implementation of quality management ISO 9001: 2008. Cost of services is 84000 MDL, VAT is included, the whole package of services (training of staff, preparation of documents, internal audit) within 5 months. So entity will reflect:

Table 1

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting the service cost excluding VAT	70000	713	521
2.	Reflecting VAT on services	14000	534.4	521
3.	Payment of the debt related to provided services	74000	521	242

We note that the entity "Omega" recognized these expenses during the current reporting period, but if we include the condition: the entity's accounting policies stated that these preliminary expenditures for certification which exceed the significance threshold, which is 35000 MDL, will be recognized as a prepaid expenditure, knowing the information that these types of certificates are usually issued for a period of three years, it is needed to spread the costs in accordance with the straight-line method throughout the period of usage, so for the No.2 operation we reflect:

* Dt 171 Ct 521- 68055,56 MDL (70000- 1944,44);
* Dt 261 Ct 171- 23333,33 MDL (70000: 3 years), reflecting rate for the year 2015;
* Dt 713 Ct 261- 1944,44 MDL (23333,33 : 12 months), current expenditures .

According to the first method of reflecting the expenses recognized only in a reporting period, if the sum of the revenue is not significant there will be some fiscal losses which must be carried forward in the future according to art. 32 of the Fiscal Code. In the second case we have a more complicated reflection but also a more accurate one, both in terms of accounting and fiscality.

After we have carried out the registration of the preliminary certification expenditures we will analyze the

Author: second year student, faculty of "Accounting" Goup CON 132. Scientific coordinator: Cuşmăunsă Rodica, PhD in Economics, university lecturer.

Global Journal of Management and Business Research (D) Volume XV Issue III Version I Year 2015

records and recognition of the quality certificates according to ISO, once they are issued for a period of three years the entity may recognize:

* Long-term anticipated expenses with their shift to current spending related to the reporting period;
* Intangible assets, reflecting amortization;

In either case, both the basis for apportionment for costs and amortization will be the period of validity of the certificate.

E.g. 2 Entity "Alfa" has implemented quality management and has entered into a contract to conduct the external audit with the international organization of accreditation "Gama". The cost of services is 3000 euro, at the official rate 19.3684MDL. The certificate was received for a period of 3 years.

Table 2

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting the cost of services (3000e * 19,3684)	58105,20	171	521
2.	Payment of the debt related to provided services	58105,20	521	243

In this example we will find a correct registration from the perspective of accounting but some fiscal issues may occur, these services will not be with VAT since they are intended for certification. Another important point here is withholding payment from the income for a nonresident in accordance with art. 91-92 of FC (Fiscal Code) in the amount of 12% from the paid sum and the presentation by the end of the month in which the payment was made with INR-14 form to the tax body.

In accounting practice many entities choose to recognize the quality certificates as intangible assets, which does not contradict the new NSC(National Standard of Accounting) "Tangible and intangible assets"

In the example 1 and 2 we will assign the costs for certification to the creation of an intangible asset:

Table 3

No.	The content of economic operation	Sum, MDL	The correspondence of accounts	
			Debit	Credit
1.	Reflecting preliminary certification service cost	70000	111	521.1
2.	Reflecting the cost of external audit services	58105,20	111	521.2
3.	Commissioning the intangible asset	128105,2	112	111
4.	The calculation of the amortization (128105.2 MDL: 3 years : 12 months)	3558,48	713	113

The process of obtaining a certificate in accordance with ISO is not a simple one, it must comply with certain requirements set out by these standards, the economic entity can receive also a refusal to the request of obtaining a certificate, in such a situation the entity shall reflect:

* Dt 713 Ct – 171, 261 or 111 the amount of the total expenditures incurred by the economic entity.

Bibliographic Sources

1. Ţiriulnicova N., "Учет и налогообложение затрат на внедрение ISO" ,"Contabilitate şi audit" № 9, 2014 ;
2. S.N.C. "Cheltuieli", în vigoare 01.01.2014;
3. S.N.C. "Imobilizări corporale şi necorporale", în vigoare 01.01.2014.

Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 15 Issue 3 Version 1.0 Year 2015
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Effects of Expected Stock Returns and Stock Prices Volatility on Corporate Operational Risk (Tehran Stock Exchange)

By Khalil Vaziri & Abbas Adham

Islamic Azad University, Iran

Abstract - The investors tend to investing in companies which have low risk and high expected efficiency and upstream shares price turbulence and in this regard the operational risk is a factor which results in the decrease of above criteria and confronts the company with the risk of bankruptcy, hence the investors have less motive for investing and the company has no choice but to use the financial leverages optimally in order to provide financially and in this situation the company's shares price is without fluctuation and stays in the lowest price. In this study the researcher has used the correlation approach-post events in the range of 1392-1388- to investigate the effects of operational risk (bankruptcy risk) on the turbulence of shares price, the expected efficiency of the shares and since the operational risk variable is not normally distributed, the data attribute is changed from gradation to order and finally the Logistic Regression Test is used for testing the hypotheses of the research.

GJMBR - D Classification : JEL Code: H54

IMPACTOFFIRMSEARNINGSANDECONOMICVALUEADDEDONTHEMARKETSHAREVALUEANEMPIRICALSTUDYONTHEISLAMICBANKSINBANGLADES

The Effects of Expected Stock Returns and Stock Prices Volatility on Corporate Operational Risk (Tehran Stock Exchange)

Khalil Vaziri [α] & Abbas Adham [σ]

Abstract- The investors tend to investing in companies which have low risk and high expected efficiency and upstream shares price turbulence and in this regard the operational risk is a factor which results in the decrease of above criteria and confronts the company with the risk of bankruptcy, hence the investors have less motive for investing and the company has no choice but to use the financial leverages optimally in order to provide financially and in this situation the company's shares price is without fluctuation and stays in the lowest price. In this study the researcher has used the correlation approach-post events in the range of 1392-1388- to investigate the effects of operational risk (bankruptcy risk) on the turbulence of shares price, the expected efficiency of the shares and since the operational risk variable is not normally distributed, the data attribute is changed from gradation to order and finally the Logistic Regression Test is used for testing the hypotheses of the research. The results of this study indicates the effects of operational risk on the expected efficiency of the shares and the turbulence of shares price so that with the increase of operational risk, the expected efficiency of shares has decreased and the turbulence of shares price has decreased.

I. Introduction

Investment plays a decisive role in economic growth. One of the main objectives of countries is to achieve economic growth and sustainable development. Investment in the economics literature is considered as a vessel of life for an economic system and establishing it as the most important determinant of economic growth and development has been emphasized.

Given the importance of the stock exchange in the financial market, its performance and analysis of key factors on investments in securities, theoretically and in practice can be a significant important issue for investors and capital market analysts. On the other hand, given that the most important determinant factors on investment include venture capital and investment returns and knowing the factors affecting them.

The introduction to the concepts of risk and return, and their relationship to each other, helps us to identify the most important sources of investment risk, measures of risk and knowledge of pricing and pricing mechanisms (evaluation) of assets, which can have a significant impact on the consciousness of investors and analysts and capital market participants. In this regard, this article addressed this issue and provides a comprehensive analysis of the role of investment and the stock exchange and risk and return assets, to investigate the relationship between accounting data and financial ratios and risk and return(Tehrani and Chitsazan (2004) p.27-37).

Author α: Department of Accounting, Rasht Branch, Islamic Azad University, Rasht, Iran. e-mail: vazirikhlila@gmail.com
Author σ : Department of Acconting, Bandar Anzali Branch, Islamic Azad University, Bandar Anzli, Iran.

II. Statement of Problem

Due to the increasing development of our economy and economic growth, the need to invest more in different parts of the business has been increased and governments try to gain greater domestic and foreign investment in its economy. Therefore, one of the indicators of progress and development is the investment growth. Here, investing in the Stock Exchangehas a special place for investors who are interested in investing in small and large scale are expected to improve efficiency (Izadi Nia et al., 2007, p. 2).

The role of accounting information in forecasting stock returns in financial management is accepted as a hypothesis and one of the purposes of accounting information is to help users to predict future cash flows input to business units and consequently the expected return on investment. Some of the variables affecting the efficiency of the Company's shares on the stock market are related financial information made through the calculation network. This information effect is very complex and to some extent unknown. Economic environment includes all the factors affecting accounting network usage and capital markets. In this environment all the components interact with each other in communication and interaction (Galileans, 2010, p. 2).

Managers, analysts, and investors turned their attention to the largest companies' reported earnings. Managers benefit from maintaining the growing trend of interest because their bonus depends on the amount of corporate profits. Financial analysts engaged in business of processing and interpretation of data and understanding the information content of earnings as an essential part of this process. Accounting is useful for

Global Journal of Management and Business Research (D) Volume XV Issue III Version I Year 2015

investors to estimate the expected value and risk and return portfolio (Raei and Saeedi, 2004).

III. Definition of key Terms

a) Return on investment (ROI)

It is the benefit and profit from an investment. Invest in real assets such as property following the allocation of resources and equipment and financial assets such as securities that the rate of return commensurate with the expected risk.

b) Total efficiency

Efficiency is the ratio of total income (losses) from investments in a given period to the total investment employed for the acquisition of the earnings in the same period. Investment income will be earned in two ways:

1. Change in value and the price of spended capital such as shares purchased.
2. Dividends accrued as a result of investment to the capital as stock dividends.

c) Expected stock returns

In this study, the Expected stock return is calculated by the formula:

Systematic method is based on the assumption that investors take measures to invest with analysis of economic conditions, industry conditions and the state investment company. (Website of management of investment culture development, Tehran Stock Exchange)

d) Operational Risk

In the diagram, the investment future is determined through the study of past behavior, and portfolio theory. First, efficient capital markets and market information are available to all people, and secondly, the return on investment with the same risk, are same.

IV. Past Returns

a) Future Returns

Past performance is measured by the ratio of return on investment and the better use of the group's adjusted ROA. (ROA) This ratio is calculated as follows:

To test the relationship between operational risk and stock return rate, we are looking for works of intense risk use. We assess the severity of operational risk using the model same as the model of Chernoby which uses the Pucin model for assessing the severity of the predicted value of the company's financial operational risk events in a month.They discovered that the macro-economic variables are significant determinants of operational risk. However, with an emphasis on by examining operational risk for financial companies and non-financial companies we extend the existed literature.

V. The Standard Capital Asset Pricing Model (CAPM)

The investments have risks primarily due to the volatility of the return on their investment. Financial economists presented different models to measure the risk. Capital market theory with the expansion of portfolio theory extracts amodel for pricing risky assets.

The final output of portfolio theory is a model for pricing risky assets. The final output of this theory is called the capital asset pricing model and makes it possible to determine the rate of risky assets. The main factor leading to the development of capital market theory is the concept of a risk-free asset.

Such assets have zero correlation with other risky assets and its return ratio are risk-free (Brown and Railey, 2000) and generally it can be said that pricing model of capital markets was developed based on the theory of capital asset.

In fact, general equilibrium theories as the capital market theory (CMT) with models of the capital market line (CML), securities output line (SML) and capital asset pricing model (CAPM) were used to assist us in understanding market behavior (Raie and Talangoru, 2004). Capital Asset Pricing Model (CAMP) and capital market theory (CMT) as equilibrium models have practical benefits in providing a measure of systemic risk and valuation of securities and are standard for performance measurement. (Farrell, 1997)

VI. Research Method

In this study, the relationship between operational risks with a variable yield, stock price volatility were explored and debated in the field of investment.

a) Research Hypotheses

1. There is no significant relationship between the stocks expected return and corporate operational risk.
2. There is no significant relationship between the the stock price volatility and the operational risk of the companies.

b) Results and Finding

The descriptive data were analyzed by SPSS software. The statistical indicators were examined in terms of mean and variance and standard deviation, as shown in Table 1.

Table 1: Descriptive statistics of variables five years

Type of variable	Variable	N	Max	Min	Mean	SD	Variance
Independent variable	Stock expected return	130	-53.24	699.21	47.12	94.31	8895.14
	prices volatility	115	-3.81	6.55	3.28	1.62	2.62
Intermediary variables	(MVM)Natural log of stock rpice	130	9.97	14.24	11.92	1.02	1.05
	(BM) Book to market value	126	-29.91	2.51	-1.75	6.42	41.27
	(ROE) Percent return on investment	130	-1040.82	2829.31	45.23	270.19	73004.60
	Company's age	130	73.00	468.00	187.81	95.73	9163.33
	Financial leverage	130	0.19	3.64	0.89	0.75	0.56
Dependent variable	Opertoinal risk (cardinal)	130	-185.29	326.70	-1.94	118.17	13965.26
	Operational risk (ordinal)	130	1.00	2.00	1.32	0.47	0.22

Stock expected return variables had the lowest and highest ratio of -53.24 and 699.21, the mean of 47.12 with a standard deviation of 94.31.

Stock price volatility had the lowest and highest ratio of -3.81 and 6.55, with a mean of 3.28 and standard deviation of 1.62.

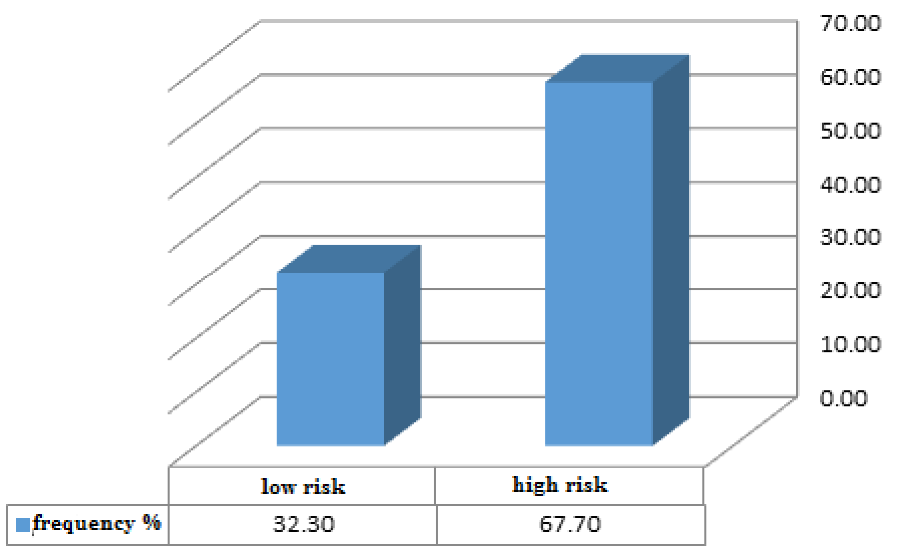
Operational risk and the dependent variable (according to ratings) had the lowest and highest ratio of of -185.29 and 326.70, the mean of -1.94 and the standard deviation of 118.17.

According to the result in Table 1, the dependent variable of operational risk based is explained on corporate default risk using Zimiskji model. In this model, if the score of operational risk is less than 0.5, the default risk is high and if it is more than 0.5, the default risk is low. Therefore, based on these data, the model range has become the order of ranking.

The results of the descriptive analysis of the results of operational risk variables based on descriptive data are shown in Table 2.

Table 2 : Descriptive analysis of operational risk

Operational risk	frequency	Frequency percent
high	88	67.7
low	42	32.3



c) Results of testing the hypotheses

i. *The first hypothesis*

Hypothesis 1: there is a significant relationship between the stock expected return and operational risk the companies.

Since the dependent variable is ordinal and has a value of 0 and 1, therefore the logistic regression was used. The results are shown in Tables 4.

Table 4 : variable frequency values	
The value of the variable	N
High Risk (0)	88
Low risk (1)	42

As can be seen in the table above, 88 companies were high-risk and 42 were low risk companies.

Table 5 : reviews the risk probability.

Table 5 : low risk probability						
Statistics	Beta	SD	Wald statistics	df	p-value	percent
Results	0.729-	0.190	14.702	1	0.000	0.482

As can be seen in Table 5, the probability of lower risk is 48 percent.

Table 6 : shows the Chi-square test results to assess the model fitness.

Table 6 : the Chi-square test (the model fitness)			
	Chi-square	df	Sig.
Step	104.986	6	0.000
Block	104.986	6	0.000
Model	104.986	6	0.000

As can be seen in the table above, the significance level of less than 0.05 indicates the impact of the independent variables on the dependent variable (operational risk) and represents a good fitness for the model.

Nagelkerke R Square coefficient is shown in Table 7 and is equal to the linear regression coefficient of 78.9 percent. That is, 82.9% of the changes in the dependent variable (operational risk) are determined by the independent variables.

Table 7 : Logestic Regression			
Stage	Log likelihood 2-	Cox & Snell R Square	Nagelkerke R Square
first	53.994	0.565	0.789

According to the results of Table 7, the first hypothesis is accepted and it can be said that there is a significant relationship between operational risk and stock expected return.

Table 8 : shows the independent variables in the model and parent test results.

Table 8 : the results of the impact of the independent variables					
Variable- statistics	B	SD	Wald	df	Sig
stock expected return	-.005	.004	1.289	1	.256
Natural log of stock price	-2.876	.976	8.678	1	.003
Book to market value	-.178	.521	.116	1	.733
(ROE)	.001	.001	1.075	1	.300
Companies age	.001	.003	.038	1	.845
Financial leverage	5.145	1.660	9.600	1	.002
Intercept	28.461	10.921	6.792	1	.009

According to the parent statistics and significance level, the natural logarithm of the stock price and financial leverage had the greatest impact on operational risk at the level 5 percent,

The coefficients of the independent variables, the negative coefficient of stock expected return, the natural logarithm of the stock price, the book value to the equity suggested that firms with higher operational risk had lower stocks expected return, the natural logarithm of stock prices and the ratio of book value to market value of equity. Howevere, they have higher financial leverage and return on investment.

d) The Second hypothesis

Hypothesis 2: there is a significant relationship between the price fluctuations and operational risk the companies.

Since the dependent variable is ordinal and has a value of 0 and 1, therefore the logistic regression was used. The results are shown in Tables 14.

Table 14 : variable frequency values

The value of the variable	N
High Risk (0)	88
Low risk (1)	42

As can be seen in the table above, 88 companies were high-risk and 42 were low risk companies.

Table 15 : reviews the risk probability.

Table 15 : low risk probability

Statistics	Beta	SD	Wald statistics	df	p-value	percent
Results	0.729-	0.190	14.702	1	0.000	0.482

As can be seen in Table 10, the probability of lower risk is 48.2 percent.

Table 16 : shows the Chi-square test results to assess the model fitness.

Table 16 : the Chi-square test (the model fitness)

	Chi-square	df	Sig.
Step	70.665	6	0.000
Block	70.665	6	0.000
Model	70.665	6	0.000

As can be seen in the table above, the significance level of less than 0.05 indicates the impact of the independent variables on the dependent variable (operational risk) and represents a good fitness for the model.

Nagelkerke R Square coefficient is shown in Table 17 and is equal to the linear regression coefficient of 78.9 percent. That is, 70.3% of the changes in the dependent variable (operational risk) are determined by the independent variables.

Table 17 : Logestic Regression

Stage	Log likelihood 2-	Cox & Snell R Square	Nagelkerke R Square
First	52.499	0.471	0.703

According to the results of Table 17, the first hypothesis is accepted and it can be said that there is a significant relationship between operational risk and cash assets.

Table 18 : shows the independent variables in the model and parent test results.

Table 18 : the results of the impact of the independent variables

Variable- statistics	B	SD	Wald	df	Sig
stock expected return	-.005	.004	1.289	1	.256
Natural log of stock price	-2.876	.976	8.678	1	.003
Book to market value	-.178	.521	.116	1	.733
(ROE)	.001	.001	1.075	1	.300
Companies age	.001	.003	.038	1	.845
Financial leverage	5.145	1.660	9.600	1	.002
Intercept	28.461	10.921	6.792	1	.009

According to the parent statistics and significance level, the natural logarithm of the stock price and financial leverage had the greatest impact on operational risk at the level 5 percent, The coefficients of the independent variables, the negative coefficient of stock expected return, the natural logarithm of the stock price, the book value to the equity suggested that firms with higher operational risk had lower stocks expected return, the natural logarithm of stock prices and the ratio of book value to market value of equity. Howevere, they have higher financial leverage and return on investment.

VII. Conclusion

In this part of the research findings are discussed compared to the findings of similar studies. The first hypothesis: One of the basic criteria to decide on the capital market is return on equity. The return on equity is itself has infromational content and most investors use it in financial analysis and predictions. The expected return on equity is a measure of investor sentiment toinvest in the capital market and the effect of this variable is important on operational risk and the default risk of the company.

The results indicated the relationship between the expected return on equity and operational risk based on the default risk. Therefore, the companies with high operational risk have low stock expected returns. In fact, we can say that investors expected low return from these companies. Default risk reflects the company's lack of liquidity. In similar studies, such as the research by Basu (1975), have shown that the P / E ratio and stock returns are positively correlated and companies with higher P / E ratios work more efficiently. Kinny and Mian in their study (1995) showed that the low quality of earnings increases information asymmetry and thus reduces the liquidity of shares. Bahrami (2010) showed that changes in the capital structure had a significant negative correlation with changes in the liquidity of shares. The overall result of this hypothesis with the results of similar studies suggested that companies with high default risk had low earnings quality and liquidity which contributes to a reduction in the expected return on the stock of these companies.

The Second hypothesis

One of the most important factors that determine the price of each option is the stock price volatility. With regard to other constant factors, the greater the probability of the stock price volatility, the prices option will be higher. Conversely, if the stock price volatility is lower, the price option will be lower and the price will be closer to the market line price (Price option).

The results reflected the fact that companies with high operational risk have low stock prices volatility which is because of the lack of incentive for investors to invest in shares of the Company. And so this leads to the low incentive for buying and selling shares in the capital market which is an important sign of a company's stock trading halt. The study by Doust Ashena (2005) showed that turnover of stock and stock return volatility is increased by applying a trading halt and the price discovery process after the trading halt happens on the stock exchange.

Kim et al (2008) studied the limit of the temporary halt in trading compared to the stock prices of Spanish Exchange and cocnluded that the temporary suspension of trading reduces the sales price gap and increases the orders at limit price. Generally, based on the result of the testing this hypothesis, it can be stated that companies with high operational risk and consequently high default risk could reach lower volatility by creating a trade-off in stock market shares which is close to the real price.

References Références Referencias

1. Izadi Nia N., Ramshd M., (2011) the effect of stock features on trading liquidity of the shares in Tehran Stock Exchange, *Accounting progress*, No. 3, pp. 1-27
2. Kazemi H., and Heydari, A. (2012) The relationship between stock liquidity and investment opportunities in the Tehran Stock Exchange, *financial knowledge of securities*, N. 16, pp. 30 -35
3. Saeedi, A. and Dadar A. (2009) the relationship between stock liquidity indicators of earlier liquidity in the Tehran Stock Exchange, *Management Studies*, N.16
4. Rai, R. and Saeedi, A. (2004) Principles of Financial Engineering and Risk Management, SAMT
5. Tehrani, R.,and Chitsazan, H., (2004). The systematic and beta constant process of the companies listed in Tehran Stock Exchange, *Financial Research*, N.17, pp 27-37

Global Journal of Management and Business Research: D
Accounting and Auditing
Volume 15 Issue 3 Version 1.0 Year 2015
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Lobbying in Accounting Standards Setting

By Afzal Ahmad
International Islamic University Chittagong, Bangladesh

Abstract- The paper explores the effects of lobbying on accounting standards. The study investigates the determinants of lobbying and compares the lobbying activity with application to the FASB Statement of Financial Accounting Standards No. 158 and the IASB Statement of Intent issued in 1990. The research concludes that the major determinants of lobbying in the field of accounting standards are the size of lobbying corporations and the perceived effects of the regulations on the economic well-being of the enterprises. The analysis of the specific cases indicates that both firm-level, industry-level and country-level factors contribute to lobbying decisions across firms.

GJMBR - D Classification : JEL Code: M41

Strictly as per the compliance and regulations of:

Lobbying in Accounting Standards Setting

Afzal Ahmad

Abstract- The paper explores the effects of lobbying on accounting standards. The study investigates the determinants of lobbying and compares the lobbying activity with application to the FASB Statement of Financial Accounting Standards No. 158 and the IASB Statement of Intent issued in 1990. The research concludes that the major determinants of lobbying in the field of accounting standards are the size of lobbying corporations and the perceived effects of the regulations on the economic well-being of the enterprises. The analysis of the specific cases indicates that both firm-level, industry-level and country-level factors contribute to lobbying decisions across firms.

I. Introduction

Standard-setters, including the International Accounting Standards Board (IASB), formerly the International Accounting Standards Committee (IASC) and the US Financial Accounting Standards Board (FASB), are committed to protect the interests of investors rather than the interests of corporations and auditors. However, political lobbying can take place due to the self-interest of preparers or governments. Thereby, standard-setters may have incentives to modify their positions and dilute or abandon the principles of the standards (Nobes and Parker, 2008). At the same time, lobbying on behalf of corporations may take place, as suggested by different theories (Nobes and Parker, 2008. Nevertheless, the factors that contribute to lobbying are not univocally identified in literature (Georgiou and Roberts, 2004; Koh, 2011.

The aim of the current paper is to explore the possible determinants of lobbying and its effects on standard setting in accounting. The objectives of the study are to compare the lobbying cases against the IASB and FASB statements and to identify what factors drove the decisions of different parties to lobby in these cases. The paper includes the literature review and the analysis of the lobbying activities with reference to both IASB and FASB cases. Besides, the study explores particular statements of the FASB and IASB and analyses how the specifics of these statements determined the decisions of different parties to lobby for or against the proposed acts.

II. Literature Review

Accounting lobbying can be explained by a number of economic and managerial theories, including the agency theory and stakeholder theory (Hoffman and Zulch, 2014). The agency theory suggests that regulatory agencies that introduce standards include those who are regulated. This implies a conflict of interests between the parties (Mathur et al., 2013). In contrast, the public interest model argues that regulators represent the interests of the society, while the conflict of interest still may take place in the relationships between the regulators and the public (Hoskisson et al., 2011). The stakeholder approach takes into consideration the environment of the firm, including customers, suppliers, and employees. These parties are the stakeholders of the enterprise and lobbying decisions of these parties are determined by the stakeholders who possess power, urgency and legitimacy (Freeman et al., 2010).

The harmonisation efforts of accounting standards that had been undertaken by the IASC faced different barriers, including cultural, economic, political and other factors (Garrido et al,. 2002). In the meanwhile, Larson and Brown (2001) explored the relationships between the harmonisation efforts and accounting standards lobbying. Particularly, the study analysed the effects of the countries' financial accounting standards and the countries' tax rules on lobbyists' position. The research focused on long-term construction contacts and confirmed that lobbying position was associated with the mentioned variables. Every factor could prevent the harmonisation process. However, the research by Koh (2011) analysed the drivers of companies' decisions to lobby and found the factors that contributed to lobbying. The factors included to managers' option compensation and companies' closeness to debt constraints. Besides, smaller companies in a sector with peers who had lobbied, the firms that had board relationships with such firms, and the enterprises that had higher degree of board independence were more likely to lobby.

The research by Georgiou and Roberts (2004) also explored the determinants of lobbying through a logistic regression and concluded that size and previous lobbying experience were the most significant determinants of the decisions to lobby. Furthermore, the firms that lobbied against the proposals had debt covenants in contrast to the companies that lobbied in favour of the proposals. Nevertheless, debt covenants were not able to explain the differences between non-lobbying behaviour and lobbying against. Incentive compensation effects were inherent to the companies that lobbied in favour. It is suggested that the decision to lobby is determined by the economic effects of a particular rule for the company (Deakin, 1989). However, these effects imply managerial perceptions rather than

Author: International Islamic University Chittagong, Chawkbazar, Chittagong, Bangladesh. e-mail: afzaliiuc@gmail.com

actual outcomes. The analysis of the lobbying program by oil and gas enterprises demonstrated that the decision to lobby was associated with the possible effects of accounting methods on the economic well-being of the company and its managers.

The observations about the significance of the effects of regulations on the economic well-being of the firm for lobbying decisions were obtained by the research of Hill et al. (2013). However, the authors performed a cross-industry analysis and found that the variation in lobbying activity across different sectors was large. In addition, companies used multiple channels of possible political influence to affect regulatory and policy outcomes. The potential payoffs from favourable policy and regulations were found to be the most significant determinants of lobbying. At the same time, the research showed that managerial-shareholder agency problems were not associated with the lobbying activities of the politically active enterprise. Some studies explored the lobbying practices under different regulatory regimes, such as the FASB and the IASB (Hodler et al., 2013; Dye and Sunder, 2001). The research by Johnston and Jones (2006) explored not only lobbying in different industries, but also lobbying practices under different accounting standards, including the FASB and the SEC (u meant that FASB and SEC also work as a lobbyist). The authors showed that companies' lobbying expenditures were related to the incentives to lobby on the problems associated with accounting. Specifically, lobbying expenditures were positively related to a company's exposure to amendments in the accounting standards. Nevertheless, this relationship was captured only to occasional lobbyers. Furthermore, the firms that did not have a lobbying department and made income-increasing accounting choices were characterised by higher expenditures on lobbying.

III. Iasb and fasb Lobbying

The analysis covers the investigation of lobbying cases on both IASB and FASB. The exploration of corporate lobbying under the accounting standards set by the IASB shows that company size is associated with lobbying. Empirical findings showed that large corporations were more likely to write comment letters to IASB, as these enterprises were a part of the Forbes Foreign 500, while 23 out of 27 US lobbying companies were comparably large (Larson, 1997). However, the findings also demonstrated that the rate of large enterprises' decisions to lobby was different across countries. The highest percentage of lobbying companies was observed in Australia, Hong Kong and Switzerland. By contrast, such countries as Italy, Spain and Korea had no companies that lobbied, despite having large enterprises listed on the Foreign 500 (Larson, 1997). However, there are some factors that may prevent lobbying, and these factors are not associated with the consent of the IASB. An empirical analysis of UK investment management companies showed that the major factor that inhibited lobbying by the companies was the cost of lobbying. At the same time, the questionnaire survey demonstrated that the participation of the companies in lobbying activities was not low (Georgiou, 2010).

The analysis of the effects of political and lobbying forces on accounting standards in the US with application to the FASB demonstrated that there is no clear conclusion about the opportunities of such forces (Gipper et al., 2013). Particularly, while oil and gas accounting was substantially affected by lobbying in the 1970s, the importance of political forces in general was not captured by the analysis of different empirical studies of lobbying. Nevertheless, in line with lobbying in Europe, company size was positively associated with lobbying activities. This fact could be explained by larger potential costs in the regulatory processes for such enterprises. On the other hand, the size directly influenced a company's influence and the probability of success (Gipper et al., 2013). Nevertheless, the resistance to FASB accounting standards can be determined by different factors beyond the corporate level. Specifically, the empirical study concluded that lobbying determinants could be attributed to the standard, the corporation, and the industry levels (Elbannan and McKinley, 2006). The analysis of these three levels showed that lobbying was associated with the perceived uncertainty introduced by a FASB standard, the information-processing requirements of a standard, the requirements to deviate from institutionalised financial reporting practice, a company's ability to acquire scarce resources, the dependence of the corporation on external stakeholders and the power of the firm over stakeholders, thus confirming the stakeholder theory.

An analysis of the lobbying behaviour in response to a particular act showed the significance of company-level factors. The Statement of Financial Accounting Standards (SFAS) No. 158 was titled "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" and was introduced by the FASB in 2006 (Houmes et al., 2012). The exploration of the enterprises that lobbied in regards to this statement showed that the decision to lobby was associated with the underfunded plans of the companies and the possible effects of the SFAS No. 158 on the adjustments to the balance sheet. Thereby, the differences between recognition and disclosure from the managerial perspective were captured, as lobbying was related to the perception of managers of the relocation of disclosed information in the financial statements and the recognition of the information on the balance sheet (Fried, 2012).

An analysis of IASC/IASB statements also demonstrates the attempts of lobbying. For example, the IASC Statement of Intent issued in 1990 suggested that last-in-first-out principle should not be applied by the companies. However, the principle could be used for income tax purposes in such countries as Italy, Germany, Japan, and South Korea, as the countries had intertwined tax and financial reporting (Whittington, 2007). The delegations from these countries voted against the elimination of the principle. This case confirmed the agency theory, as it demonstrated the presence of the conflict of interest. Besides, the case showed the significance of country-level factors that could determine lobbying decisions in the international settings (Nobes and Parker, 2008).

IV. Conclusion

The paper investigated the determinants of lobbying in the field of accounting standards setting and found that the factor that was most often mentioned in literature and observed in the case studies was the size of the lobbying company. Furthermore, the decision to lobby was determined by the possible effects of the act or statement on the financial performance of the enterprise, according to the perceptions of the managers of this firm. The comparison of the IASB and FASB acts showed that the determinants of lobbying could be related both to the company-specific and country-specific factors. In addition, the literature review indicated the importance of the industry level in terms of the propensity of companies to lobby and the effects of lobbying on standard setting in accounting. The research confirmed both the agency theory and the stakeholder theory. From the agency theory view, lobbying in accounting standards setting takes place when the conflict of interest between the society and the standard setters or companies is observed. From the stakeholder theory perspective, enterprises care about the most powerful and legitimate stakeholders when undertaking lobbying efforts.

References Références Referencias

1. Deakin, E. (1989) "Rational Economic Behavior and Lobbying on Accounting Issues: Evidence from the Oil and Gas Industry", The Accounting Review, 64 (1), pp. 137-151.
2. Dye, R. and Sunder, S. (2001) "Why Not Allow FASB and IASB Standards to Compete in the U.S.?", Accounting Horizons, 15 (3), pp. 257-271.
3. Elbannan, M. and McKinley, W. (2006) "A theory of the corporate decision to resist FASB standards: An organization theory perspective", Accounting, Organizations and Society, 31 (7), pp. 601-622.
4. Freeman, E., Harrison, J. and Wicks, A. (2010) Stakeholder Theory: The State of the Art. Cambridge: Cambridge University Press.
5. Fried, A. (2012) "Disclosure versus recognition: Evidence from lobbying behavior in response to SFAS No. 158", Research in Accounting Regulation, 24 (1), pp. 25-32.
6. Garrido, P., Leon, A. and Zorio, A. (2002) "Measurement of formal harmonization progress: The IASC experience", The International Journal of Accounting, 37 (1), pp. 1-26.
7. Georgiou, G. (2010) "The IASB standard-setting process: Participation and perceptions of financial statement users", The British Accounting Review, 42 (2), pp. 103-118.
8. Georgiou, G. and Roberts, C. (2004) "Corporate lobbying in the UK: an analysis of attitudes towards the ASB's 1995 deferred taxation proposals", The British Accounting Review, 36 (4), pp. 441-453.
9. Gipper, B., Lombardi, B. and Skinner, D. (2013) "The politics of accounting standard-setting: A review of empirical research", Australian Journal of Management, 38 (3), pp. 523-551.
10. Hill, M., Kelly, W., Lockhart, B. and Van Ness, R. (2013) "Determinants and Effects of Corporate Lobbying", Financial Management, 42 (4), pp. 931-957.
11. Hodler, A., Karim, K., Lin, K. and Woods, M. (2013) "A content analysis of the comment letters to the FASB and IASB: Accounting for contingencies", Advances in Accounting, 29 (1), pp. 134-153.
12. Hoffman, S. and Zulch, H. (2014) "Lobbying on accounting standard setting in the parliamentary environment of Germany", Critical Perspectives on Accounting, 25 (8), pp. 709-723.
13. Hoskisson, R., Hitt, M., Ireland, D. and Harrison, J. (2011) Competing for Advantage. 3rd ed. Mason: Cengage Learning.
14. Houmes, R., Boylan, R. and Crosby, W. (2012) "On the value relevance of SFAS No. 158", Research in Accounting Regulation, 24 (2), pp. 112-114.
15. Johnston, D. and Jones, D. (2006) "How does accounting fit into a firm's political strategy?", Journal of Accounting and Public Policy, 25 (2), pp. 195-228.
16. Koh, W.C. (2011) "What drives firms' decisions to lobby and determinants of their lobbying positions: Evidence from firms' comment letter submissions during FASB's stock option expensing proposal in 2004", The International Journal of Accounting, 46 (1), pp. 1-24.
17. Larson, R. (1997) "Corporate Lobbying of the International Accounting Standards Committee", Journal of International Financial Management & Accounting, 8 (3), pp. 175-203.
18. Larson, R. and Brown, K. (2001) "Lobbying of the International Accounting Standards Committee: The Case of Construction Contracts", Advances in International Accounting, 14, pp. 47-73.
19. Mathur, I, Singh, M, Thompson, F. and Nejadmalayeri, A. (2013) "Corporate governance

and lobbying strategies", Journal of Business Research, 66 (4), pp. 547-553.
20. Nobes, C. and Parker, R. (2008) Comparative International Accounting. 10th ed. Harlow: Pearson Education.
21. Whittington, G. (2007) Profitability, Accounting Theory and Methodology. Oxon: Routledge.

Global Journals Inc. (US) Guidelines Handbook 2015

www.GlobalJournals.org

FELLOW OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (FARSB)

Global Journals Incorporate (USA) is accredited by Open Association of Research Society (OARS), U.S.A and in turn, awards “FARSB” title to individuals. The 'FARSB' title is accorded to a selected professional after the approval of the Editor-in-Chief/Editorial Board Members/Dean.

- The “FARSB” is a dignified title which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., FARSB or William Walldroff, M.S., FARSB.

FARSB accrediting is an honor. It authenticates your research activities. After recognition as FARSB, you can add 'FARSB' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, and Visiting Card etc.

The following benefits can be availed by you only for next three years from the date of certification:

FARSB designated members are entitled to avail a 40% discount while publishing their research papers (of a single author) with Global Journals Incorporation (USA), if the same is accepted by Editorial Board/Peer Reviewers. If you are a main author or co-author in case of multiple authors, you will be entitled to avail discount of 10%.

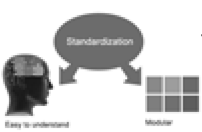
Once FARSB title is accorded, the Fellow is authorized to organize a symposium/seminar/conference on behalf of Global Journal Incorporation (USA).The Fellow can also participate in conference/seminar/symposium organized by another institution as representative of Global Journal. In both the cases, it is mandatory for him to discuss with us and obtain our consent.

You may join as member of the Editorial Board of Global Journals Incorporation (USA) after successful completion of three years as Fellow and as Peer Reviewer. In addition, it is also desirable that you should organize seminar/symposium/conference at least once.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time.This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.

The FARSB can go through standards of OARS. You can also play vital role if you have any suggestions so that proper amendment can take place to improve the same for the benefit of entire research community.

As FARSB, you will be given a renowned, secure and free professional email address with 100 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders,Auto-Responders, Email Delivery Route tracing, etc.



The FARSB will be eligible for a free application of standardization of their researches. Standardization of research will be subject to acceptability within stipulated norms as the next step after publishing in a journal. We shall depute a team of specialized research professionals who will render their services for elevating your researches to next higher level, which is worldwide open standardization.

The FARSB member can apply for grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A. Once you are designated as FARSB, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria. After certification of all your credentials by OARS, they will be published on your Fellow Profile link on website https://associationofresearch.org which will be helpful to upgrade the dignity.

The FARSB members can avail the benefits of free research podcasting in Global Research Radio with their research documents. After publishing the work, (including published elsewhere worldwide with proper authorization) you can upload your research paper with your recorded voice or you can utilize chargeable services of our professional RJs to record your paper in their voice on request.

The FARSB member also entitled to get the benefits of free research podcasting of their research documents through video clips. We can also streamline your conference videos and display your slides/ online slides and online research video clips at reasonable charges, on request.

The FARSB is eligible to earn from sales proceeds of his/her researches/reference/review Books or literature, while publishing with Global Journals. The FARSB can decide whether he/she would like to publish his/her research in a closed manner. In this case, whenever readers purchase that individual research paper for reading, maximum 60% of its profit earned as royalty by Global Journals, will be credited to his/her bank account. The entire entitled amount will be credited to his/her bank account exceeding limit of minimum fixed balance. There is no minimum time limit for collection. The FARSC member can decide its price and we can help in making the right decision.

The FARSB member is eligible to join as a paid peer reviewer at Global Journals Incorporation (USA) and can get remuneration of 15% of author fees, taken from the author of a respective paper. After reviewing 5 or more papers you can request to transfer the amount to your bank account.

MEMBER OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (MARSB)

The ' MARSB ' title is accorded to a selected professional after the approval of the Editor-in-Chief / Editorial Board Members/Dean.

The “MARSB” is a dignified ornament which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., MARSB or William Walldroff, M.S., MARSB.

MARSB accrediting is an honor. It authenticates your research activities. After becoming MARSB, you can add 'MARSB' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, Visiting Card and Name Plate etc.

The following benefitscan be availed by you only for next three years from the date of certification.

MARSB designated members are entitled to avail a 25% discount while publishing their research papers (of a single author) in Global Journals Inc., if the same is accepted by our Editorial Board and Peer Reviewers. If you are a main author or co-author of a group of authors, you will get discount of 10%.

As MARSB, you will be given a renowned, secure and free professional email address with 30 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders,Auto-Responders, Email Delivery Route tracing, etc.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time.This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.

The MARSB member can apply for approval, grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A.

Once you are designated as MARSB, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria.

It is mandatory to read all terms and conditions carefully.

Auxiliary Memberships

Institutional Fellow of Open Association of Research Society (USA)-OARS (USA)

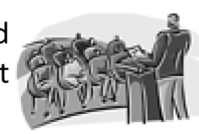
Global Journals Incorporation (USA) is accredited by Open Association of Research Society, U.S.A (OARS) and in turn, affiliates research institutions as “Institutional Fellow of Open Association of Research Society” (IFOARS).

The “FARSC” is a dignified title which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., FARSC or William Walldroff, M.S., FARSC.

The IFOARS institution is entitled to form a Board comprised of one Chairperson and three to five board members preferably from different streams. The Board will be recognized as “Institutional Board of Open Association of Research Society”-(IBOARS).

The Institute will be entitled to following benefits:

The IBOARS can initially review research papers of their institute and recommend them to publish with respective journal of Global Journals. It can also review the papers of other institutions after obtaining our consent. The second review will be done by peer reviewer of Global Journals Incorporation (USA)
The Board is at liberty to appoint a peer reviewer with the approval of chairperson after consulting us.
The author fees of such paper may be waived off up to 40%.



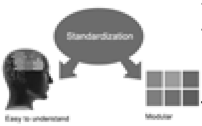
The Global Journals Incorporation (USA) at its discretion can also refer double blind peer reviewed paper at their end to the board for the verification and to get recommendation for final stage of acceptance of publication.

The IBOARS can organize symposium/seminar/conference in their country on behalf of Global Journals Incorporation (USA)-OARS (USA). The terms and conditions can be discussed separately.

The Board can also play vital role by exploring and giving valuable suggestions regarding the Standards of “Open Association of Research Society, U.S.A (OARS)” so that proper amendment can take place for the benefit of entire research community. We shall provide details of particular standard only on receipt of request from the Board.

The board members can also join us as Individual Fellow with 40% discount on total fees applicable to Individual Fellow. They will be entitled to avail all the benefits as declared. Please visit Individual Fellow-sub menu of GlobalJournals.org to have more relevant details.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



After nomination of your institution as "Institutional Fellow" and constantly functioning successfully for one year, we can consider giving recognition to your institute to function as Regional/Zonal office on our behalf.
The board can also take up the additional allied activities for betterment after our consultation.

The following entitlements are applicable to individual Fellows:

Open Association of Research Society, U.S.A (OARS) By-laws states that an individual Fellow may use the designations as applicable, or the corresponding initials. The Credentials of individual Fellow and Associate designations signify that the individual has gained knowledge of the fundamental concepts. One is magnanimous and proficient in an expertise course covering the professional code of conduct, and follows recognized standards of practice.

Open Association of Research Society (US)/ Global Journals Incorporation (USA), as described in Corporate Statements, are educational, research publishing and professional membership organizations. Achieving our individual Fellow or Associate status is based mainly on meeting stated educational research requirements.

Disbursement of 40% Royalty earned through Global Journals : Researcher = 50%, Peer Reviewer = 37.50%, Institution = 12.50% E.g. Out of 40%, the 20% benefit should be passed on to researcher, 15 % benefit towards remuneration should be given to a reviewer and remaining 5% is to be retained by the institution.

We shall provide print version of 12 issues of any three journals [as per your requirement] out of our 38 journals worth $ 2376 USD.

Other:

The individual Fellow and Associate designations accredited by Open Association of Research Society (US) credentials signify guarantees following achievements:

- The professional accredited with Fellow honor, is entitled to various benefits viz. name, fame, honor, regular flow of income, secured bright future, social status etc.

- In addition to above, if one is single author, then entitled to 40% discount on publishing research paper and can get 10%discount if one is co-author or main author among group of authors.
- The Fellow can organize symposium/seminar/conference on behalf of Global Journals Incorporation (USA) and he/she can also attend the same organized by other institutes on behalf of Global Journals.
- The Fellow can become member of Editorial Board Member after completing 3yrs.
- The Fellow can earn 60% of sales proceeds from the sale of reference/review books/literature/publishing of research paper.
- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in–depth understanding of the application of suitable techniques to a particular area of research practice.

Note :

"

- In future, if the board feels the necessity to change any board member, the same can be done with the consent of the chairperson along with anyone board member without our approval.
- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of "Difference of Opinion [if any]" among the Board members, our decision will be final and binding to everyone. "

Process of submission of Research Paper

The Area or field of specialization may or may not be of any category as mentioned in 'Scope of Journal' menu of the GlobalJournals.org website. There are 37 Research Journal categorized with Six parental Journals GJCST, GJMR, GJRE, GJMBR, GJSFR, GJHSS. For Authors should prefer the mentioned categories. There are three widely used systems UDC, DDC and LCC. The details are available as 'Knowledge Abstract' at Home page. The major advantage of this coding is that, the research work will be exposed to and shared with all over the world as we are being abstracted and indexed worldwide.

The paper should be in proper format. The format can be downloaded from first page of 'Author Guideline' Menu. The Author is expected to follow the general rules as mentioned in this menu. The paper should be written in MS-Word Format (*.DOC,*.DOCX).

The Author can submit the paper either online or offline. The authors should prefer online submission.Online Submission: There are three ways to submit your paper:

(A) (I) First, register yourself using top right corner of Home page then Login. If you are already registered, then login using your username and password.

(II) Choose corresponding Journal.

(III) Click 'Submit Manuscript'. Fill required information and Upload the paper.

(B) If you are using Internet Explorer, then Direct Submission through Homepage is also available.

(C) If these two are not convenient, and then email the paper directly to dean@globaljournals.org.

Offline Submission: Author can send the typed form of paper by Post. However, online submission should be preferred.

MANUSCRIPT STYLE INSTRUCTION **(Must be strictly followed)**

Page Size: 8.27" X 11'"

- Left Margin: 0.65
- Right Margin: 0.65
- Top Margin: 0.75
- Bottom Margin: 0.75
- Font type of all text should be Swis 721 Lt BT.
- Paper Title should be of Font Size 24 with one Column section.
- Author Name in Font Size of 11 with one column as of Title.
- Abstract Font size of 9 Bold, "Abstract" word in Italic Bold.
- Main Text: Font size 10 with justified two columns section
- Two Column with Equal Column with of 3.38 and Gaping of .2
- First Character must be three lines Drop capped.
- Paragraph before Spacing of 1 pt and After of 0 pt.
- Line Spacing of 1 pt
- Large Images must be in One Column
- Numbering of First Main Headings (Heading 1) must be in Roman Letters, Capital Letter, and Font Size of 10.
- Numbering of Second Main Headings (Heading 2) must be in Alphabets, Italic, and Font Size of 10.

You can use your own standard format also.
Author Guidelines:

1. General,

2. Ethical Guidelines,

3. Submission of Manuscripts,

4. Manuscript's Category,

5. Structure and Format of Manuscript,

6. After Acceptance.

1. GENERAL

Before submitting your research paper, one is advised to go through the details as mentioned in following heads. It will be beneficial, while peer reviewer justify your paper for publication.

Scope

The Global Journals Inc. (US) welcome the submission of original paper, review paper, survey article relevant to the all the streams of Philosophy and knowledge. The Global Journals Inc. (US) is parental platform for Global Journal of Computer Science and Technology, Researches in Engineering, Medical Research, Science Frontier Research, Human Social Science, Management, and Business organization. The choice of specific field can be done otherwise as following in Abstracting and Indexing Page on this Website. As the all Global

Journals Inc. (US) are being abstracted and indexed (in process) by most of the reputed organizations. Topics of only narrow interest will not be accepted unless they have wider potential or consequences.

2. ETHICAL GUIDELINES

Authors should follow the ethical guidelines as mentioned below for publication of research paper and research activities.

Papers are accepted on strict understanding that the material in whole or in part has not been, nor is being, considered for publication elsewhere. If the paper once accepted by Global Journals Inc. (US) and Editorial Board, will become the copyright of the Global Journals Inc. (US).

Authorship: The authors and coauthors should have active contribution to conception design, analysis and interpretation of findings. They should critically review the contents and drafting of the paper. All should approve the final version of the paper before submission

The Global Journals Inc. (US) follows the definition of authorship set up by the Global Academy of Research and Development. According to the Global Academy of R&D authorship, criteria must be based on:

1) Substantial contributions to conception and acquisition of data, analysis and interpretation of the findings.

2) Drafting the paper and revising it critically regarding important academic content.

3) Final approval of the version of the paper to be published.

All authors should have been credited according to their appropriate contribution in research activity and preparing paper. Contributors who do not match the criteria as authors may be mentioned under Acknowledgement.

Acknowledgements: Contributors to the research other than authors credited should be mentioned under acknowledgement. The specifications of the source of funding for the research if appropriate can be included. Suppliers of resources may be mentioned along with address.

Appeal of Decision: The Editorial Board's decision on publication of the paper is final and cannot be appealed elsewhere.

Permissions: It is the author's responsibility to have prior permission if all or parts of earlier published illustrations are used in this paper.

Please mention proper reference and appropriate acknowledgements wherever expected.

If all or parts of previously published illustrations are used, permission must be taken from the copyright holder concerned. It is the author's responsibility to take these in writing.

Approval for reproduction/modification of any information (including figures and tables) published elsewhere must be obtained by the authors/copyright holders before submission of the manuscript. Contributors (Authors) are responsible for any copyright fee involved.

3. SUBMISSION OF MANUSCRIPTS

Manuscripts should be uploaded via this online submission page. The online submission is most efficient method for submission of papers, as it enables rapid distribution of manuscripts and consequently speeds up the review procedure. It also enables authors to know the status of their own manuscripts by emailing us. Complete instructions for submitting a paper is available below.

Manuscript submission is a systematic procedure and little preparation is required beyond having all parts of your manuscript in a given format and a computer with an Internet connection and a Web browser. Full help and instructions are provided on-screen. As an author, you will be prompted for login and manuscript details as Field of Paper and then to upload your manuscript file(s) according to the instructions.

To avoid postal delays, all transaction is preferred by e-mail. A finished manuscript submission is confirmed by e-mail immediately and your paper enters the editorial process with no postal delays. When a conclusion is made about the publication of your paper by our Editorial Board, revisions can be submitted online with the same procedure, with an occasion to view and respond to all comments.

Complete support for both authors and co-author is provided.

4. MANUSCRIPT'S CATEGORY

Based on potential and nature, the manuscript can be categorized under the following heads:

Original research paper: Such papers are reports of high-level significant original research work.

Review papers: These are concise, significant but helpful and decisive topics for young researchers.

Research articles: These are handled with small investigation and applications

Research letters: The letters are small and concise comments on previously published matters.

5.STRUCTURE AND FORMAT OF MANUSCRIPT

The recommended size of original research paper is less than seven thousand words, review papers fewer than seven thousands words also.Preparation of research paper or how to write research paper, are major hurdle, while writing manuscript. The research articles and research letters should be fewer than three thousand words, the structure original research paper; sometime review paper should be as follows:

Papers: These are reports of significant research (typically less than 7000 words equivalent, including tables, figures, references), and comprise:

(a)Title should be relevant and commensurate with the theme of the paper.

(b) A brief Summary, "Abstract" (less than 150 words) containing the major results and conclusions.

(c) Up to ten keywords, that precisely identifies the paper's subject, purpose, and focus.

(d) An Introduction, giving necessary background excluding subheadings; objectives must be clearly declared.

(e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition; sources of information must be given and numerical methods must be specified by reference, unless non-standard.

(f) Results should be presented concisely, by well-designed tables and/or figures; the same data may not be used in both; suitable statistical data should be given. All data must be obtained with attention to numerical detail in the planning stage. As reproduced design has been recognized to be important to experiments for a considerable time, the Editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned un-refereed;

(g) Discussion should cover the implications and consequences, not just recapitulating the results; conclusions should be summarizing.

(h) Brief Acknowledgements.

(i) References in the proper form.

Authors should very cautiously consider the preparation of papers to ensure that they communicate efficiently. Papers are much more likely to be accepted, if they are cautiously designed and laid out, contain few or no errors, are summarizing, and be conventional to the approach and instructions. They will in addition, be published with much less delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and to make suggestions to improve briefness.

It is vital, that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

Format

Language: The language of publication is UK English. Authors, for whom English is a second language, must have their manuscript efficiently edited by an English-speaking person before submission to make sure that, the English is of high excellence. It is preferable, that manuscripts should be professionally edited.

Standard Usage, Abbreviations, and Units: Spelling and hyphenation should be conventional to The Concise Oxford English Dictionary. Statistics and measurements should at all times be given in figures, e.g. 16 min, except for when the number begins a sentence. When the number does not refer to a unit of measurement it should be spelt in full unless, it is 160 or greater.

Abbreviations supposed to be used carefully. The abbreviated name or expression is supposed to be cited in full at first usage, followed by the conventional abbreviation in parentheses.

Metric SI units are supposed to generally be used excluding where they conflict with current practice or are confusing. For illustration, 1.4 l rather than 1.4 × 10-3 m3, or 4 mm somewhat than 4 × 10-3 m. Chemical formula and solutions must identify the form used, e.g. anhydrous or hydrated, and the concentration must be in clearly defined units. Common species names should be followed by underlines at the first mention. For following use the generic name should be constricted to a single letter, if it is clear.

Structure

All manuscripts submitted to Global Journals Inc. (US), ought to include:

Title: The title page must carry an instructive title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) wherever the work was carried out. The full postal address in addition with the e-mail address of related author must be given. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining and indexing.

Abstract, used in Original Papers and Reviews:

Optimizing Abstract for Search Engines

Many researchers searching for information online will use search engines such as Google, Yahoo or similar. By optimizing your paper for search engines, you will amplify the chance of someone finding it. This in turn will make it more likely to be viewed and/or cited in a further work. Global Journals Inc. (US) have compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Key Words

A major linchpin in research work for the writing research paper is the keyword search, which one will employ to find both library and Internet resources.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy and planning a list of possible keywords and phrases to try.

Search engines for most searches, use Boolean searching, which is somewhat different from Internet searches. The Boolean search uses "operators," words (and, or, not, and near) that enable you to expand or narrow your affords. Tips for research paper while preparing research paper are very helpful guideline of research paper.

Choice of key words is first tool of tips to write research paper. Research paper writing is an art.A few tips for deciding as strategically as possible about keyword search:

- One should start brainstorming lists of possible keywords before even begin searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in research paper?" Then consider synonyms for the important words.
- It may take the discovery of only one relevant paper to let steer in the right keyword direction because in most databases, the keywords under which a research paper is abstracted are listed with the paper.
- One should avoid outdated words.

Keywords are the key that opens a door to research work sources. Keyword searching is an art in which researcher's skills are bound to improve with experience and time.

Numerical Methods: Numerical methods used should be clear and, where appropriate, supported by references.

Acknowledgements: Please make these as concise as possible.

References

References follow the Harvard scheme of referencing. References in the text should cite the authors' names followed by the time of their publication, unless there are three or more authors when simply the first author's name is quoted followed by et al. unpublished work has to only be cited where necessary, and only in the text. Copies of references in press in other journals have to be supplied with submitted typescripts. It is necessary that all citations and references be carefully checked before submission, as mistakes or omissions will cause delays.

References to information on the World Wide Web can be given, but only if the information is available without charge to readers on an official site. Wikipedia and Similar websites are not allowed where anyone can change the information. Authors will be asked to make available electronic copies of the cited information for inclusion on the Global Journals Inc. (US) homepage at the judgment of the Editorial Board.

The Editorial Board and Global Journals Inc. (US) recommend that, citation of online-published papers and other material should be done via a DOI (digital object identifier). If an author cites anything, which does not have a DOI, they run the risk of the cited material not being noticeable.

The Editorial Board and Global Journals Inc. (US) recommend the use of a tool such as Reference Manager for reference management and formatting.

Tables, Figures and Figure Legends

Tables: Tables should be few in number, cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g. Table 4, a self-explanatory caption and be on a separate sheet. Vertical lines should not be used.

Figures: Figures are supposed to be submitted as separate files. Always take in a citation in the text for each figure using Arabic numbers, e.g. Fig. 4. Artwork must be submitted online in electronic form by e-mailing them.

Preparation of Electronic Figures for Publication

Even though low quality images are sufficient for review purposes, print publication requires high quality images to prevent the final product being blurred or fuzzy. Submit (or e-mail) EPS (line art) or TIFF (halftone/photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Do not use pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings) in relation to the imitation size. Please give the data for figures in black and white or submit a Color Work Agreement Form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution (at final image size) ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs) : >350 dpi; figures containing both halftone and line images: >650 dpi.

Color Charges: It is the rule of the Global Journals Inc. (US) for authors to pay the full cost for the reproduction of their color artwork. Hence, please note that, if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a color work agreement form before your paper can be published.

Figure Legends: Self-explanatory legends of all figures should be incorporated separately under the heading 'Legends to Figures'. In the full-text online edition of the journal, figure legends may possibly be truncated in abbreviated links to the full screen version. Therefore, the first 100 characters of any legend should notify the reader, about the key aspects of the figure.

6. AFTER ACCEPTANCE

Upon approval of a paper for publication, the manuscript will be forwarded to the dean, who is responsible for the publication of the Global Journals Inc. (US).

6.1 Proof Corrections

The corresponding author will receive an e-mail alert containing a link to a website or will be attached. A working e-mail address must therefore be provided for the related author.

Acrobat Reader will be required in order to read this file. This software can be downloaded

(Free of charge) from the following website:

www.adobe.com/products/acrobat/readstep2.html. This will facilitate the file to be opened, read on screen, and printed out in order for any corrections to be added. Further instructions will be sent with the proof.

Proofs must be returned to the dean at dean@globaljournals.org within three days of receipt.

As changes to proofs are costly, we inquire that you only correct typesetting errors. All illustrations are retained by the publisher. Please note that the authors are responsible for all statements made in their work, including changes made by the copy editor.

6.2 Early View of Global Journals Inc. (US) (Publication Prior to Print)

The Global Journals Inc. (US) are enclosed by our publishing's Early View service. Early View articles are complete full-text articles sent in advance of their publication. Early View articles are absolute and final. They have been completely reviewed, revised and edited for publication, and the authors' final corrections have been incorporated. Because they are in final form, no changes can be made after sending them. The nature of Early View articles means that they do not yet have volume, issue or page numbers, so Early View articles cannot be cited in the conventional way.

6.3 Author Services

Online production tracking is available for your article through Author Services. Author Services enables authors to track their article - once it has been accepted - through the production process to publication online and in print. Authors can check the status of their articles online and choose to receive automated e-mails at key stages of production. The authors will receive an e-mail with a unique link that enables them to register and have their article automatically added to the system. Please ensure that a complete e-mail address is provided when submitting the manuscript.

6.4 Author Material Archive Policy

Please note that if not specifically requested, publisher will dispose off hardcopy & electronic information submitted, after the two months of publication. If you require the return of any information submitted, please inform the Editorial Board or dean as soon as possible.

6.5 Offprint and Extra Copies

A PDF offprint of the online-published article will be provided free of charge to the related author, and may be distributed according to the Publisher's terms and conditions. Additional paper offprint may be ordered by emailing us at: editor@globaljournals.org .

You must strictly follow above Author Guidelines before submitting your paper or else we will not at all be responsible for any corrections in future in any of the way.

Before start writing a good quality Computer Science Research Paper, let us first understand what is Computer Science Research Paper? So, Computer Science Research Paper is the paper which is written by professionals or scientists who are associated to Computer Science and Information Technology, or doing research study in these areas. If you are novel to this field then you can consult about this field from your supervisor or guide.

TECHNIQUES FOR WRITING A GOOD QUALITY RESEARCH PAPER:

1. Choosing the topic: In most cases, the topic is searched by the interest of author but it can be also suggested by the guides. You can have several topics and then you can judge that in which topic or subject you are finding yourself most comfortable. This can be done by asking several questions to yourself, like Will I be able to carry our search in this area? Will I find all necessary recourses to accomplish the search? Will I be able to find all information in this field area? If the answer of these types of questions will be "Yes" then you can choose that topic. In most of the cases, you may have to conduct the surveys and have to visit several places because this field is related to Computer Science and Information Technology. Also, you may have to do a lot of work to find all rise and falls regarding the various data of that subject. Sometimes, detailed information plays a vital role, instead of short information.

2. Evaluators are human: First thing to remember that evaluators are also human being. They are not only meant for rejecting a paper. They are here to evaluate your paper. So, present your Best.

3. Think Like Evaluators: If you are in a confusion or getting demotivated that your paper will be accepted by evaluators or not, then think and try to evaluate your paper like an Evaluator. Try to understand that what an evaluator wants in your research paper and automatically you will have your answer.

4. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

5. Ask your Guides: If you are having any difficulty in your research, then do not hesitate to share your difficulty to your guide (if you have any). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work then ask the supervisor to help you with the alternative. He might also provide you the list of essential readings.

6. Use of computer is recommended: As you are doing research in the field of Computer Science, then this point is quite obvious.

7. Use right software: Always use good quality software packages. If you are not capable to judge good software then you can lose quality of your paper unknowingly. There are various software programs available to help you, which you can get through Internet.

8. Use the Internet for help: An excellent start for your paper can be by using the Google. It is an excellent search engine, where you can have your doubts resolved. You may also read some answers for the frequent question how to write my research paper or find model research paper. From the internet library you can download books. If you have all required books make important reading selecting and analyzing the specified information. Then put together research paper sketch out.

9. Use and get big pictures: Always use encyclopedias, Wikipedia to get pictures so that you can go into the depth.

10. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right! It is a good habit, which helps to not to lose your continuity. You should always use bookmarks while searching on Internet also, which will make your search easier.

11. Revise what you wrote: When you write anything, always read it, summarize it and then finalize it.

12. Make all efforts: Make all efforts to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in introduction, that what is the need of a particular research paper. Polish your work by good skill of writing and always give an evaluator, what he wants.

13. Have backups: When you are going to do any important thing like making research paper, you should always have backup copies of it either in your computer or in paper. This will help you to not to lose any of your important.

14. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several and unnecessary diagrams will degrade the quality of your paper by creating "hotchpotch." So always, try to make and include those diagrams, which are made by your own to improve readability and understandability of your paper.

15. Use of direct quotes: When you do research relevant to literature, history or current affairs then use of quotes become essential but if study is relevant to science then use of quotes is not preferable.

16. Use proper verb tense: Use proper verb tenses in your paper. Use past tense, to present those events that happened. Use present tense to indicate events that are going on. Use future tense to indicate future happening events. Use of improper and wrong tenses will confuse the evaluator. Avoid the sentences that are incomplete.

17. Never use online paper: If you are getting any paper on Internet, then never use it as your research paper because it might be possible that evaluator has already seen it or maybe it is outdated version.

18. Pick a good study spot: To do your research studies always try to pick a spot, which is quiet. Every spot is not for studies. Spot that suits you choose it and proceed further.

19. Know what you know: Always try to know, what you know by making objectives. Else, you will be confused and cannot achieve your target.

20. Use good quality grammar: Always use a good quality grammar and use words that will throw positive impact on evaluator. Use of good quality grammar does not mean to use tough words, that for each word the evaluator has to go through dictionary. Do not start sentence with a conjunction. Do not fragment sentences. Eliminate one-word sentences. Ignore passive voice. Do not ever use a big word when a diminutive one would suffice. Verbs have to be in agreement with their subjects. Prepositions are not expressions to finish sentences with. It is incorrect to ever divide an infinitive. Avoid clichés like the disease. Also, always shun irritating alliteration. Use language that is simple and straight forward. put together a neat summary.

21. Arrangement of information: Each section of the main body should start with an opening sentence and there should be a changeover at the end of the section. Give only valid and powerful arguments to your topic. You may also maintain your arguments with records.

22. Never start in last minute: Always start at right time and give enough time to research work. Leaving everything to the last minute will degrade your paper and spoil your work.

23. Multitasking in research is not good: Doing several things at the same time proves bad habit in case of research activity. Research is an area, where everything has a particular time slot. Divide your research work in parts and do particular part in particular time slot.

24. Never copy others' work: Never copy others' work and give it your name because if evaluator has seen it anywhere you will be in trouble.

25. Take proper rest and food: No matter how many hours you spend for your research activity, if you are not taking care of your health then all your efforts will be in vain. For a quality research, study is must, and this can be done by taking proper rest and food.

26. Go for seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

27. Refresh your mind after intervals: Try to give rest to your mind by listening to soft music or by sleeping in intervals. This will also improve your memory.

28. Make colleagues: Always try to make colleagues. No matter how sharper or intelligent you are, if you make colleagues you can have several ideas, which will be helpful for your research.

29. Think technically: Always think technically. If anything happens, then search its reasons, its benefits, and demerits.

30. Think and then print: When you will go to print your paper, notice that tables are not be split, headings are not detached from their descriptions, and page sequence is maintained.

31. Adding unnecessary information: Do not add unnecessary information, like, I have used MS Excel to draw graph. Do not add irrelevant and inappropriate material. These all will create superfluous. Foreign terminology and phrases are not apropos. One should NEVER take a broad view. Analogy in script is like feathers on a snake. Not at all use a large word when a very small one would be sufficient. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Amplification is a billion times of inferior quality than sarcasm.

32. Never oversimplify everything: To add material in your research paper, never go for oversimplification. This will definitely irritate the evaluator. Be more or less specific. Also too, by no means, ever use rhythmic redundancies. Contractions aren't essential and shouldn't be there used. Comparisons are as terrible as clichés. Give up ampersands and abbreviations, and so on. Remove commas, that are, not necessary. Parenthetical words however should be together with this in commas. Understatement is all the time the complete best way to put onward earth-shaking thoughts. Give a detailed literary review.

33. Report concluded results: Use concluded results. From raw data, filter the results and then conclude your studies based on measurements and observations taken. Significant figures and appropriate number of decimal places should be used. Parenthetical remarks are prohibitive. Proofread carefully at final stage. In the end give outline to your arguments. Spot out perspectives of further study of this subject. Justify your conclusion by at the bottom of them with sufficient justifications and examples.

34. After conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print to the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects in your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form, which is presented in the guidelines using the template.
- Please note the criterion for grading the final paper by peer-reviewers.

Final Points:

A purpose of organizing a research paper is to let people to interpret your effort selectively. The journal requires the following sections, submitted in the order listed, each section to start on a new page.

The introduction will be compiled from reference matter and will reflect the design processes or outline of basis that direct you to make study. As you will carry out the process of study, the method and process section will be constructed as like that. The result segment will show related statistics in nearly sequential order and will direct the reviewers next to the similar intellectual paths throughout the data that you took to carry out your study. The discussion section will provide understanding of the data and projections as to the implication of the results. The use of good quality references all through the paper will give the effort trustworthiness by representing an alertness of prior workings.

Writing a research paper is not an easy job no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record keeping are the only means to make straightforward the progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear

· Adhere to recommended page limits

Mistakes to evade

- Insertion a title at the foot of a page with the subsequent text on the next page
- Separating a table/chart or figure - impound each figure/table to a single page
- Submitting a manuscript with pages out of sequence

In every sections of your document

· Use standard writing style including articles ("a", "the," etc.)

· Keep on paying attention on the research topic of the paper

· Use paragraphs to split each significant point (excluding for the abstract)

· Align the primary line of each section

· Present your points in sound order

· Use present tense to report well accepted

· Use past tense to describe specific results

· Shun familiar wording, don't address the reviewer directly, and don't use slang, slang language, or superlatives

· Shun use of extra pictures - include only those figures essential to presenting results

Title Page:

Choose a revealing title. It should be short. It should not have non-standard acronyms or abbreviations. It should not exceed two printed lines. It should include the name(s) and address (es) of all authors.

Abstract:

The summary should be two hundred words or less. It should briefly and clearly explain the key findings reported in the manuscript--must have precise statistics. It should not have abnormal acronyms or abbreviations. It should be logical in itself. Shun citing references at this point.

An abstract is a brief distinct paragraph summary of finished work or work in development. In a minute or less a reviewer can be taught the foundation behind the study, common approach to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Yet, use comprehensive sentences and do not let go readability for briefness. You can maintain it succinct by phrasing sentences so that they provide more than lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study, with the subsequent elements in any summary. Try to maintain the initial two items to no more than one ruling each.

- Reason of the study - theory, overall issue, purpose
- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
- Significant conclusions or questions that track from the research(es)

Approach:

- Single section, and succinct
- As a outline of job done, it is always written in past tense
- A conceptual should situate on its own, and not submit to any other part of the paper such as a form or table
- Center on shortening results - bound background information to a verdict or two, if completely necessary
- What you account in an conceptual must be regular with what you reported in the manuscript
- Exact spelling, clearness of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else

Introduction:

The **Introduction** should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable to comprehend and calculate the purpose of your study without having to submit to other works. The basis for the study should be offered. Give most important references but shun difficult to make a comprehensive appraisal of the topic. In the introduction, describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will have no attention in your result. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here. Following approach can create a valuable beginning:

- Explain the value (significance) of the study
- Shield the model - why did you employ this particular system or method? What is its compensation? You strength remark on its appropriateness from a abstract point of vision as well as point out sensible reasons for using it.
- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
- Very for a short time explain the tentative propose and how it skilled the declared objectives.

Approach:

- Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done.
- Sort out your thoughts; manufacture one key point with every section. If you make the four points listed above, you will need a least of four paragraphs.

- Present surroundings information only as desirable in order hold up a situation. The reviewer does not desire to read the whole thing you know about a topic.
- Shape the theory/purpose specifically - do not take a broad view.
- As always, give awareness to spelling, simplicity and correctness of sentences and phrases.

Procedures (Methods and Materials):

This part is supposed to be the easiest to carve if you have good skills. A sound written Procedures segment allows a capable scientist to replacement your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt for the least amount of information that would permit another capable scientist to spare your outcome but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section. When a technique is used that has been well described in another object, mention the specific item describing a way but draw the basic principle while stating the situation. The purpose is to text all particular resources and broad procedures, so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step by step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

- Explain materials individually only if the study is so complex that it saves liberty this way.
- Embrace particular materials, and any tools or provisions that are not frequently found in laboratories.
- Do not take in frequently found.
- If use of a definite type of tools.
- Materials may be reported in a part section or else they may be recognized along with your measures.

Methods:

- Report the method (not particulars of each process that engaged the same methodology)
- Describe the method entirely
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures
- Simplify - details how procedures were completed not how they were exclusively performed on a particular day.
- If well known procedures were used, account the procedure by name, possibly with reference, and that's all.

Approach:

- It is embarrassed or not possible to use vigorous voice when documenting methods with no using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result when script up the methods most authors use third person passive voice.
- Use standard style in this and in every other part of the paper - avoid familiar lists, and use full sentences.

What to keep away from

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings - save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently.You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.

Content

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.
- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

Figures and tables

- If you put figures and tables at the end of the details, make certain that they are visibly distinguished from any attach appendix materials, such as raw facts
- Despite of position, each figure must be numbered one after the other and complete with subtitle
- In spite of position, each table must be titled, numbered one after the other and complete with heading
- All figure and table must be adequately complete that it could situate on its own, divide from text

Discussion:

The Discussion is expected the trickiest segment to write and describe. A lot of papers submitted for journal are discarded based on problems with the Discussion. There is no head of state for how long a argument should be. Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implication of the study. The purpose here is to offer an understanding of your results and hold up for all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of result should be visibly described. Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved with prospect, and let it drop at that.

- Make a decision if each premise is supported, discarded, or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
- Submit to generally acknowledged facts and main beliefs in present tense.

Please carefully note down following rules and regulation before submitting your Research Paper to Global Journals Inc. (US):

Segment Draft and Final Research Paper: You have to strictly follow the template of research paper. If it is not done your paper may get rejected.

- The **major constraint** is that you must independently make all content, tables, graphs, and facts that are offered in the paper. You must write each part of the paper wholly on your own. The Peer-reviewers need to identify your own perceptive of the concepts in your own terms. NEVER extract straight from any foundation, and never rephrase someone else's analysis.

- Do not give permission to anyone else to "PROOFREAD" your manuscript.

- Methods to avoid Plagiarism is applied by us on every paper, if found guilty, you will be blacklisted by all of our collaborated research groups, your institution will be informed for this and strict legal actions will be taken immediately.)
- To guard yourself and others from possible illegal use please do not permit anyone right to use to your paper and files.

Criterion for Grading a Research Paper (Compilation) by Global Journals Inc. (US)

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals Inc. (US).

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

Index

save our planet

Global Journal of Management and Business Research

Visit us on the Web at www.GlobalJournals.org | www.JournalofBusiness.Org
or email us at helpdesk@globaljournals.org

ISSN 9755853