



CALL FOR PAPERS

***PRIVATE FIRM ACCOUNTING RESEARCH:
ISSUES AND PERSPECTIVES***

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Submission deadline: March 31st, 2025

Financial Reporting – Journal of Financial Communication plans to publish an issue dedicated to Private Firms (PFs) Accounting Research. In the last decade, accounting researchers have devoted increasing attention to PFs (Bar-Yosef et al., 2019; Beuselinck et al., 2023). Besides the desire to expand the studies beyond the extensive literature on public firms, there is an emerging need to understand the PFs' characteristics, the accounting consequences of these characteristics (Minnis & Shroff, 2017; Hope & Vyas, 2017), and the differences from public firms' reporting behaviors. The specific agency issues, business contexts, and regulatory settings characterizing PFs make the study of these companies promising and interesting.

The EU setting deserves particular attention. The overwhelming majority of EU firms (around 98%–99%) are private and employ a large portion of EU workers (around 60%). PFs are thus vital to the EU economy. In the EU, much country-level legislation requires PFs to publish at least their annual reports. Most limited-liability firms are subject to specific mandatory requirements (Incollingo & Lionzo, 2023). Even if disclosure requirements (i.e., statement features, valuation approaches, and so on) are differentiated across countries and according to firm size (micro, small, medium, and larger firms), the vast plethora of PFs makes the EU setting an attractive 'laboratory' (Beuselinck et al., 2023) in which to study their reporting behaviors.

Many features differentiate PF's accounting approaches from those of public firms. Exemptions in filing income or cash flow statements and line-item aggregation in balance sheets are not always homogeneous. Furthermore, unlimited-liability firms are not required to publish their financial statements in certain countries. Country-specific rules either permit or prohibit the adoption of IFRS for PFs' consolidated and unconsolidated

financial statements. The valuation approaches in some local rules still differ significantly from the International Financial Reporting Standards (IFRS), particularly in jurisdictions where taxation or credit protection reasons prevail over capital market pressures. In contrast, in other countries, the local Generally Accepted Accounting Principles (GAAP) are very close to the provisions of the IFRS, having introduced for many assets the adoption of fair value or the revaluation model (Incollingo & Lionzo, 2023). The effects of PFs' characteristics on tax behavior, avoidance, and disclosure is also an area of research in which the literature calls for further investigations.

A fruitful research design should consider these differences to shape meaningful and homogeneous samples. Additionally, the heterogeneity in disclosure requirements and data availability could be harbingers of comparative research into the various incentives to increase financial reporting quality. The economic consequences of different accounting requirements might prompt fruitful investigations (Beuselinck et al., 2023). The substantial freedom left to firms about how to aggregate specific line items or whether to publish income or cash flow statements may allow the analysis of the different incentives to which firms respond (Burgstahler et al., 2006), also investigating downward size management to avoid or reduce disclosure requirements (Bernard et al., 2018). Similarly, different provisions for abridged financial statements provide the opportunity to study companies' incentives toward voluntary disclosure. This kind of analysis may also enrich the understanding of the external parties' information needs – such as creditors, competitors, tax authorities, customers, and suppliers – and the ability of different local accounting rules to meet these various needs (Bonacchi et al., 2019).

The study of PFs' reporting behaviors may also require using methodologies that differ from those employed to study public firms. Therefore, methods based on surveys, case studies, and field experiments will also be accepted.

More specifically, we are interested in studies that address the need for:

- Robust results that corroborate those reported so far in the literature about earnings management, earnings smoothing, and the timeliness of loss recognition in PFs;
- The identification of alternative theories that can be used to interpret the reporting environment for PFs better;
- Analysis of how firms respond to incentives in deciding how to aggregate specific line items; whether to publish income or cash flow statements when it is not mandatory; whether to provide information voluntarily when they could publish abridged financial statements;
- Studies on PFs managing size to reduce (or increase) disclosure requirements;
- Studies on tax accounting (tax avoidance, tax behaviors, and disclosure) for PFs;
- Studies on auditing in PFs;

- Understanding the information needs of external parties – such as creditors, competitors, tax authorities, customers, and suppliers – and the ability of different GAAP to meet these needs;
- Analysis of alternative GAAP systems and their economic consequences;
- The effects of combining financial and non-financial information and sustainability reporting in PFs.

Papers exploring further topics related to PFs' economic environment (including, but not limited to, issues connected with auditing, sustainability reporting, or corporate finance) are also welcome.

The submission window is **from December 1, 2024, to March 31, 2025**.

Authors should submit papers using the standard FR submission website and select the option “**SI on Private Firms.**” Papers will enter the review process as soon as they are received. Accepted papers will be published in 2025 (DOI assigned immediately after acceptance).

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