EDITORIAL

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In the third edition of this journal, we are pleased to publish three articles by international authors.

By way of an empirical analysis, **Edita Gimžauskienė** and **Loreta Valančienė** from Lithuania determined the relationship between value creation and the management accounting system using a multi-stakeholder theoretical approach. Value concepts with a multi-stakeholder approach in the management accounting field, have been the subject of recent interest with popular management accounting conceptions such as activity-based costing and balanced scorecard revealing how the changed management accounting role integrates a focus on three key stakeholder groups: employees, customers and shareholders. The results of their research revealed that modern management accounting conceptions might be a precondition for the changing role of management accounting but it depends on the implementation level and the organisation's ability to manage all capacities of these conceptions.

In a second article on value, **Sheila Killian** from Ireland uses evidence from the United Kingdom on tax-based shareholder clienteles demonstrating how added shareholder value can occur through dividend policy. Evidence is presented of two distinct tax-based clienteles in the United Kingdom, with contrasting preferences, one of which was strong enough to influence payout in the firms in which this clientele invested. The implication for South African firms is that, as the tax system changes, the payout preference of shareholders may also change. It is therefore imperative that corporate financial managers react to these clienteles and their requirements.

In his article, **Vivek Arora** from the United States empirically analyses the economic benefits of a transparent South African monetary policy thereby showing that in recent years, South African private sector forecasters have become better able to forecast interest rates, are less surprised by reserve bank policy announcements, and are less diverse in the cross-sectional variety of their interest rate forecasts. He furthermore shows that, in addition, there is some evidence that the accuracy of inflation forecasts has increased. The improvements in interest rate and inflation forecasts have exceeded those in real output forecasts, suggesting that increases in monetary policy transparency are likely to have played a role.

In the remaining two articles by local academics, **Ilsé Botha** enquires whether the financial market leads the business cycle in South Africa. Financial markets play a significant role in an emerging market economy such as South Africa, especially after financial liberalisation thus causing economies to interrelate across borders and between different sectors. The impact of this interrelationship can be captured by taking the different components of the financial market into account and relating these to the real sector, using the coincident indicator. This new indicator for South Africa will be of assistance in making more informed business decisions since it can be used to forecast turning points in the coincident indicator, i.e. the business cycle.

Jesse de Beer lastly investigates the historically realised equity risk premium (ERP) as a guide to future expectations in an emerging market. Efforts to quantify ERP are well rewarded by insights into the stability and dynamics of long-term investment performance but such efforts require the quantification of both historically realised *(ex post)* and expected future *(ex ante)* premiums. Finding an appropriate proxy for the expected *(ex ante)* ERP remains a challenging aspect. One widely used application is the use of long-term averages of observed market premiums as a proxy for expected returns and the aim of her paper is to analyse the appropriateness of the historical methodology of estimating expected ERP in the South African context.