



University of  
Massachusetts  
Amherst

## Lease Accounting Proposal: Awareness Issues and Estimated Impacts

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Authors	Jiang, Lan;Schmidgall, Raymond S
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## Authors' Reply to Reviewers' Comments

To make the reviewer comments available to all reviewers, we have repeated the comments from all reviewers below. We have responded to the comments offered by each reviewer where appropriate and have indicated the changes made to the manuscript. We are grateful for your astute and relevant comments.

Yours Sincerely,  
The authors

<b>Reviewer 1's comments</b>	<b>Authors' Reply</b>
<p>Overall, the reviewer considers the authors significantly over-promised and under-delivered. The nature of their sample does not allow them to rigorously test their hypotheses. However, I do see possibility of a descriptive and exploratory study. Therefore, I recommend a major revision and resubmit.</p>	<p>Thanks for your comments and for taking time to do this review. The authors have rewritten the manuscript into a descriptive and exploratory study, which mainly shows snapshots of the awareness issues and the estimated impacts of the lease accounting proposal.</p>
<p>Specifically, 1) The introduction is superficial. It is unclear why respondents should know about the proposed lease rule changes.</p>	<p>The introduction has been revised based on the reviewer's comments. The purpose of the study is stated clearly at the beginning of the introduction, and the rationale is also clearly stated---understanding the changes being proposed to lease accounting will be helpful for financial executives making leasing decisions.</p>
<p>2). Further, the authors failed to construct credible nulls for their SIT inspired hypotheses. Does it make sense that everybody would form the same expectation about the proposed lease rule change? The hypothesis development is very loosely done. In particular, the authors did not have any control group but still argued to test for "group-typical"?</p>	<p>Since the limited sample size, the revised manuscript only focuses on the descriptive statistics section, thus the SIT section and hypotheses are removed.</p>
<p>3). The survey items appear to be selected to the authors' liking. They are not built upon prior literature and some critical variables are clearly missing, such as education and gender, to just name two.</p>	<p>Actually, the survey items were selected based on prior literature, which may not clear stated in the previous version. And the survey items had been approved through the pilot study which was also noted in the manuscript.</p>

<p>However, as I mentioned previously, this paper can be rewritten in a descriptive and exploratory fashion with simply objectives to show snapshots of the expected impacts of the proposed lease rule change and awareness issues as they relate to some identification variables. I found it very interesting that both seasoned managers and accounting professionals valued the impact of the lease rule change significantly lower than others.</p>	<p>Thanks to the suggestion, the authors also realized the sample issue and other limitation of the study design, thus the authors have rewritten the manuscript into a descriptive study.</p>
<p><b>Reviewer 2's comments</b></p>	<p><b>Authors' Reply</b></p>
<p>This is a study conducted to measure the awareness of proposed changes in accounting for leases, using social identity theory. The accounting proposals have not been passed, approved or issued, but at this time, are mere proposals.</p>	<p>Thanks for your comments and for taking time to do this review. Although the proposal has not yet been final approved, some decisions have already been made by the FASB and the IASB in their last meeting (January 30, 2013): i.e. How to identify separate lease components within a contract; How to determine the nature of the underlying asset for classification purposes when one lease component contains the right to use more than one asset.</p>
<p>The number of respondents to this survey and the fact that 74% of the respondents are the controller of only a single property brings into serious question the validity of any of the conclusions that the authors make. It is of very limited interest to know that 48 controller's of a single property have some awareness of these proposals.</p>	<p>The sample is randomly selected from the HFTP membership list (with IT members excluded). The authors believe, just because those respondents are the controller of only a single property, their opinions and decisions are significant to their property.</p>
<p>To further suggest that the results have "significant impact for practitioners, researchers, and other parties of interest" is just not accurate and is exaggerated. To suggest further, that based on the results, hiring and recruiting processes should change is also not substantiated.</p>	<p>The implication section has been rewritten. The suggestions on hiring and recruiting processes have been removed.</p>
<p>If the standards had actually been passed or issued (rather than proposed) and if the study included many more respondents, then the results and the conclusions might be of some interest.</p>	<p>According to the Project Update "Leases—Joint Project of the FASB and the IASB", several decisions have been made with revision of the proposal. It is only a matter of time to see the final proposal come out.</p>