

**HAVE YOU SEEN? .....**

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Editorial Note: If you have an abstract or know of an abstract that would be of interest to the members of the AAA International Accounting Section, please email the reference information and abstract to Chris Hodgdon at [chodgdon@bsad.uvm.edu](mailto:chodgdon@bsad.uvm.edu).

**Ahmed, Kamran, Jayne M. Godfrey, and Norman M. Saleh, “Market perceptions of discretionary accruals by debt renegotiating firms during economic downturn,” *The International Journal of Accounting* (Volume 43, Issue 2, 2008): 114-138.**

This study addresses how a stock market prices earnings components around a sudden and severe economic downturn. In particular, the study examines the market valuation of discretionary accruals for debt renegotiating Malaysian firms during the Asian financial crisis. Our analysis shows that negative discretionary accruals for debt renegotiating firms are associated with higher market values of equity and are not related to the firms' future earnings. These findings are consistent with investors placing a positive value on the probability that negative accruals increase the likelihood that concessions can be extracted from lenders during renegotiation. In contrast, discretionary accruals for a control sample of non-debt renegotiating firms are not significantly associated with stock prices but are positively associated with future earnings.

**Bae, Kee-Hong, Hongping Tan, and Michael Welker, “International GAAP Differences: The Impact on Foreign Analysts,” *The Accounting Review* (Volume 83, Issue 3, 2008): 593-628.**

This paper investigates the relation between differences in accounting standards across countries and foreign analyst following and forecast accuracy. We develop two measures of differences in generally accepted accounting principles (GAAP) for 1,176 country-pairs. We then examine the impact of these measures of accounting differences on foreign analysts. In so doing, we utilize a unique database that identifies the location of financial analysts around the world, creating a sample that covers 6,888 foreign analysts making a total of 43,968 forecasts for 6,169 firms from 49 countries during 1998–2004. We find that the extent to which GAAP differs between two countries is negatively related to both foreign analyst following and forecast accuracy. Our results suggest that GAAP differences are associated with economic costs for financial analysts.

**Barth, Mary E., Wayne R. Landsman, and Mark H. Lang, “International Accounting Standards and Accounting Quality,” *Journal of Accounting Research* (Volume 46, Issue 3, 2008): 467–498.**

We examine whether application of International Accounting Standards (IAS) is associated with higher accounting quality. The application of IAS reflects combined effects of features of the financial reporting system, including standards, their interpretation, enforcement, and litigation. We find that firms applying IAS from 21 countries generally evidence less earnings management, more timely loss recognition, and more value relevance of accounting amounts than do matched sample firms applying non-U.S. domestic standards. Differences in accounting quality between the two groups of firms in the period before the IAS firms adopt IAS do not account for the post-adoption differences. Firms applying IAS generally evidence an improvement in accounting quality between the pre- and post-adoption periods. Although we cannot be sure our findings are attributable to the change in the financial reporting system rather

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than to changes in firms' incentives and the economic environment, we include research design features to mitigate effects of both.

**Beckman, Judy, Christina Brandes, and Brigitte Eierle, "German Reporting Practices: An Analysis of Reconciliations from German Commercial Code to IFRS or US GAAP," *Advances in International Accounting* (Volume 20, 2007): 253-294.**

This paper presents the results of research analyzing reconciliations of net income and stockholders' equity from reports prepared according to Germany's Commercial Code (HGB) to either International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (US GAAP). We describe the distribution of the reconciling items and assess their value relevance to firm market values 3 months after the financial statement date. The work helps to identify many issues not apparent from research that focuses only on promulgated accounting standards. Among other things, the research presented in this paper demonstrates that, when reconciling to IFRS or US GAAP, German companies must reverse significant software and film licensing revenue. Other areas of significant difference, not surprisingly, show greater conservatism in reporting under HGB than IFRS or US GAAP, particularly in asset capitalizations and write-offs as well as in accruals of provisions and reserves. The latter category is value relevant to the firms' market values after controlling for all other categories of reconciling items from HGB to either IFRS or US GAAP, indicating that German markets value these companies' provisions and accruals under the German reporting system.

**Borkowski, Susan C., "The history of PATA and its effect on advance pricing arrangements and mutual agreement procedures," *Journal of International Accounting, Auditing and Taxation* (Volume 17, Issue 1, 2008): 31-50.**

In its 25 years of existence, the Pacific Association of Tax Administrators (PATA) has attempted to protect tax revenues and combat tax evasion techniques (including transfer pricing) by transnational corporations (TNCs). To that end, the tax authorities of its four member countries (Australia, Canada, Japan and the United States) have met at least annually to exchange information and identify specific deterrents to tax evasion activities that could be implemented quickly. Recently, PATA has released several documents to assist both tax authorities and TNCs in the area of advance pricing agreements, mutual agreement procedures, and transfer-pricing documentation. The study looks at the PATA's influence on tax authorities and TNC behavior in these and other areas.

**Callaghan, Joseph H., Mohinder Parkash, and Rajeev Singhal, "The impact of the Multi-jurisdiction Disclosure System on audit fees of cross-listed Canadian firms," *The International Journal of Accounting* (Volume 43, Issue 2, 2008): 99-113.**

The Multi-jurisdiction Disclosure System (MJDS), a treaty between Canada and the United States (U.S.), was intended to facilitate the cross-listing of a firm's securities in the neighboring country. Under this system, eligible Canadian companies are allowed to use home-country documents to meet U.S. disclosure requirements and these documents are generally not reviewed by the Securities and Exchange Commission (SEC). We posit that the single-reporting requirement and lower SEC scrutiny may result in lower audit fees for MJDS firms. Based on audit-fee disclosures mandated by the SEC rule-making authority granted by the Sarbanes-Oxley Act of 2002, we find a negative association between audit fees paid by U.S. cross-listed Canadian companies and their use of the MJDS. This result suggests that the lower audit fees provide an economic incentive to use the MJDS. Thus, our study provides evidence that the implementation of the MJDS

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may help facilitate cross-border listings by reducing audit costs. Additionally, this study confirms, for Canadian firms, some of the audit-fee determinants reported in earlier studies.

**Chen, Lucy Huajing, and Heibatollah Sami, “Trading Volume Reaction to the Earnings Reconciliation from IAS to U.S. GAAP,” *Contemporary Accounting Research* (Volume 25, Issue 1, 2008): 15-53.**

This paper examines trading volume reaction to the reconciliation of IAS-based earnings to U.S. GAAP-based earnings. The sample includes foreign firms listed in the United States that use IAS as their primary reporting standards and reconciled their earnings to U.S. GAAP during the period of 1995–2004. The research question is of particular interest to policy makers, especially the SEC, when evaluating the necessity of reconciling the earnings from IAS to U.S. GAAP. We find that the absolute magnitude of earnings reconciliation is significantly and positively associated with abnormal trading volume both in the U.S. markets and in the local markets around Form 20-F filing dates. This supports the assertion that earnings reconciliation provides additional information content to investors beyond that provided by IAS earnings. We also find limited evidence that investors use book value reconciliations in their trading decisions. These findings also hold for various event windows. Additional analyses after the Core Standards Project and for several model specifications generally show a stronger and faster reaction in the U.S. markets than in the local markets. Our results have implications for recent SEC consideration of eliminating the reconciliation requirement for foreign firms that use IFRS in preparing their financial statements.

**Choi, Jong-Hag, Jeong-Bon Kim, Xiaohong Liu, and Dan Simunic, “Audit Pricing, Legal Liability Regimes, and Big 4 Premiums: Theory and Cross-country Evidence,” *Contemporary Accounting Research* (Volume 25, Issue 1, 2008): 55-99.**

In this paper, we first develop a model in which national legal environments play a crucial role in determining auditor effort and audit fees. Our model predicts that: (1) audit fees increase monotonically with the strength or strictness of a country’s legal liability regime; (2) given a legal liability regime, Big 4 auditors charge higher audit fees than non-Big 4 auditors; and (3) the Big 4 fee premium is lower in countries with strong legal regimes than in countries with weaker legal regimes. We then test the model’s predictions using a large sample of audit clients from 15 countries with different legal regimes where audit fee data are publicly available. The results of our cross-country regressions are consistent with the above three predictions, and are robust to a variety of sensitivity checks. In addition, our hypotheses are all consistent with the pattern of auditor effort (measured by labor hours) observed in proprietary data sets from four countries whose legal regimes vary. Finally, we find that the effects of a legal regime on audit pricing and the Big 4 premium are more salient for the small client segment than for the large client segment. Overall, our results indicate that a country’s legal environment plays an important role in determining auditor effort, audit fees, and the fee spread between Big 4 and non-Big 4 auditors.

**Dobler, Michael, “Incentives for risk reporting — A discretionary disclosure and cheap talk approach,” *The International Journal of Accounting* (Volume 43, Issue 2, 2008): 184-206.**

This paper adopts and reviews discretionary disclosure and cheap talk models to analyze risk reporting incentives and their relation to regulation. Given its inherent discretion, risk reporting depends on disclosure incentives. To assess these incentives the analytical models consider risk reporting as an endogenous feature, thereby providing a benchmark to discuss regulatory attempts. Particularly, discretionary disclosure models refer to verified disclosure, e.g., on risk factors or risk management, whereas cheap talk models refer to unverified disclosure, like managerial forecasts on the impact of risk factors. This provides an analytically-based framework for discussion. Unlike prior literature, (continued on page 40)

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which focuses on disclosure cost, I argue that uncertainty of information endowment and issues of credible communication can explain restricted risk reporting observed empirically. Linking regulatory attempts to these restrictions implies that regulation may mitigate the incentives-driven restrictions to some extent, but can have adverse effects on risk reporting. I particularly discuss the link between effective risk monitoring and the precision of risk reporting; the ex post assessment and usefulness of managerial forecasts on impacts of risk factors; the claimed decreasing cost of capital by mandatory risk reporting; and the threat of self-fulfilling prophecies. While the discussion has implications for both specific risk reporting requirements and empirical research, overall results suggest that we should not overestimate the informativeness of risk reporting even in a regulated environment.

**Francis, Jere R., and Dechun Wang, “The Joint Effect of Investor Protection and Big 4 Audits on Earnings Quality Around the World,” *Contemporary Accounting Research* (Volume 25, Issue 1, 2008): 157-191.**

The association of a country’s investor protection regime with the quality of reported earnings is examined for a large sample of firms from 42 countries. Three attributes of earnings are evaluated: the magnitude of signed abnormal accruals, the likelihood of reporting losses, and accounting conservatism (timely loss recognition). We find that earnings quality increases for firms with Big 4 auditors when a country’s investor protection regime gives stronger protection to investors; specifically, signed abnormal accruals are smaller, there is a greater likelihood of reporting losses, and accounting conservatism is greater. In contrast, earnings of firms with non-Big 4 auditors are largely unaffected by different investor protection regimes. The study adds to a growing body of research showing that accounting practices are influenced by a country’s institutions. However, our results differ from prior studies by demonstrating that country-level effects on earning quality are mediated by audit enforcement, and in particular the incentives of Big 4 auditors to perform higher quality audits in countries with stricter investor protection regimes.

**Fung, Hung-Gay, Wai K. Leung, and Jiang Zhu, “Rights Issues in the Chinese Stock Market: Evidence of Earnings Management,” *Journal of International Financial Management & Accounting* (Volume 19, Issue 2, 2008): 133–160.**

Using 665 rights offerings of Chinese firms, we demonstrate positive but diminishing price effects of successive announcements at the board meeting, the shareholders' meeting, the prospectus release date, and the ex-rights date, but negative abnormal returns before the ex-rights date. Public investors value the participation from shareholders of state and legal-person shares in the rights offerings, which seem to be linked to the future firm performance. The results overall supports the hypothesis that Chinese company earnings are considerably manipulated in the rights issue process.

**Habib, Ahsan, “The role of accruals and cash flows in explaining security returns: Evidence from New Zealand,” *Journal of International Accounting, Auditing and Taxation* (Volume 17, Issue 1, 2008): 51-66.**

This paper empirically examines the relative and incremental information content of earnings and cash flows and the role of firm-specific contextual factors in moderating information content in New Zealand. Accounting earnings are considered to be the premier information source for decision making and a substantial volume of literature, primarily in the United States, shows that earnings provide superior information to that of cash flows. However, significant reporting differences in New Zealand warrant and investigation of the role of earnings and cash flows to explain security returns. Results show that (a) earnings have higher explanatory power than cash flows, although the difference is not statistically significant, and (b)

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both earnings and cash flows have incremental information content for stock returns. Further analysis shows that the valuation role of earnings and cash flows is moderated by firm-specific factors.

**Lin, Kenny Z., and Ian A.M. Fraser, “Auditors' Ability to Resist Client Pressure and Culture: Perceptions in China and the United Kingdom,” *Journal of International Financial Management & Accounting* (Volume 19, Issue 2, 2008): 161–183.**

Ongoing corporate scandal and audit failure raise serious concerns about the ability of auditors to resist client pressure. Based on a sample of 93 auditors from China and the United Kingdom (U.K.), we analyze the effect of specificity of accounting standard, level of auditor tenure, provision of management advisory services (MAS) and degree of audit market competition on perceptions of auditors' ability to withstand client pressure in audit conflict situations. We draw on cultural differences to explain differences in auditors' perceptions in the respective countries. Our findings are consistent with national cultural characteristics identified in the research literature. We find that U.K. auditors perceive specificity of accounting standards, auditor tenure, MAS and competition as less likely to affect decisions as to whether or not to accept clients' preferred accounting treatments than do their Chinese counterparts. Additionally while Chinese auditors perceive MAS and competition to be significant factors, they perceive accounting standard specificity and auditor tenure to be insignificant. For U.K. auditors, these results are reversed. The results may be relevant to international audit firms operating cross-culturally and seeking to apply common audit procedures or codes of professional conduct in different national settings.

**Mangena, Musa, and Eddie Chamisa, “Corporate governance and incidences of listing suspension by the JSE Securities Exchange of South Africa: An empirical analysis,” *The International Journal of Accounting* (Volume 43, Issue 1, 2008): 28-44.**

We examine the association between corporate governance structures and incidences of listing suspension from the JSE Securities Exchange of South Africa. Using a matched-pairs research design, we compare 81 firms suspended between 1999 and 2005 to an equal number of control firms matched in terms of time, size and industry. Employing a conditional logistic model, we find that the likelihood of suspension is higher in firms with a smaller proportion of non-executive directors, without an audit committee, and with greater block-share ownership and higher gearing (i.e. leverage). Further analysis splitting block-share ownership into institutional and non-institutional investors provides mixed results. While we find a positive association between suspension and non-institutional investors, we observe no association with institutional investors. No association is detected for board size, role duality, directors' share ownership, auditor quality and return on assets. Given the paucity of studies examining listing suspension from stock exchanges and corporate governance mechanisms, these findings contribute to the literature. Additionally, the dearth of research on corporate governance in developing countries suggests that our findings have important implications for policy makers in these countries as they endeavor to improve corporate governance.

**Mashayekhi, Bitu, and Shahnaz Mashayekh, “Development of accounting in Iran,” *The International Journal of Accounting* (Volume 43, Issue 1, 2008): 66-86.**

The main purpose of this paper is to show the origin, growth and practice of accounting in Iran plus analysis of influential factors such as financial markets, tax policies, privatization, membership in the World Trade Organization, foreign investment, and legal systems. Documents of ancient Iran show that in 550 B.C. (Achaemenid era), all records of public revenues and costs were kept soundly and with remarkable accuracy. These documents display the relentless progress and development of (continued on page 42)

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accounting in Iran up until now (pre-Islamic era, post-Islamic era, and contemporary era). During the past two decades, various measures have been adopted to promote and advance accounting in Iran via harmonizing the domestic accounting practices with International norms and standards. Although Iran has employed International Accounting Standards as the basis for developing its National Accounting Standards, there are still some differences between Iranian and international standards, and there are some certain International Accounting Standards that are not applicable in Iran. A host of endemic factors, such as existing laws and rules, religious beliefs, culture, economic and political conditions, have influenced the National Accounting Standards setting processes.

**Mennicken, Andrea, “Connecting worlds: The translation of international auditing standards into post-Soviet audit practice,” *Accounting Organizations and Society* (Volume 33, Issues 4-5, 2008): 384-414.**

This paper analyses the use and circulation of international auditing standards within a large post-Soviet Russian audit firm, as it faces up to the challenges of international harmonisation. It describes this process as one of “connecting worlds” and translation. In a detailed field study based investigation, it traces various attempts to articulate and link Soviet and post-Soviet worlds, old and new imagined audit worlds. The paper underscores the fragile and precarious nature of international standardisation projects. It shows how ideals of audit universalism and international comparability become enmeshed in, and challenged by, global divisions of audit labour, problems and practices of power and exclusion, and struggles for intra-professional distinction, which in turn undermine as well as promote the connecting of worlds through standards.

**Mensah, Yaw M., and Robert H. Werner, “The capital market implications of the frequency of interim financial reporting: an international analysis,” *Review of Quantitative Finance and Accounting* (Volume 31, Issue 1, 2008): 71-104.**

This study examines empirically the extent to which the frequency of interim financial reporting affects stock price volatility over the course of the fiscal year in four countries with different interim reporting regimes: the United States and Canada with quarterly reporting, and Great Britain and Australia with semi-annual interim reporting. It is hypothesized that, in the tradeoff between timeliness and predictive value of the interim reports, semi-annual interim reporting will lead to lesser price volatility after accounting for other potential influences. These expectations are supported in the results found. Moreover, additional tests conducted on American ADRs of British and Australian companies show that those firms have higher volatility than comparable purely domestic firms on their home stock exchanges.

**Olson, Dennis, and Taisier A. Zoubi, “Using accounting ratios to distinguish between Islamic and conventional banks in the GCC region,” *The International Journal of Accounting* (Volume 43, Issue 1, 2008): 45-65.**

This study determines whether it is possible to distinguish between conventional and Islamic banks in the Gulf Cooperation Council (GCC) region on the basis of financial characteristics alone. Islamic banks operate under different principles, such as risk sharing and the prohibition of interest, yet both types of banks face similar competitive conditions. The combination of effects makes it unclear whether financial ratios will differ significantly between the two categories of banks. We input 26 financial ratios into logit, neural network, and k-means nearest neighbor classification models to determine whether researchers or regulators could use these ratios to distinguish between the two types of banks. Although the means of several ratios are similar between the two categories of banks, non-linear classification techniques (continued on page 43)

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(k-means nearest neighbors and neural networks) are able to correctly distinguish Islamic from conventional banks in out-of-sample tests at about a 92% success rate.

**Piotroski, Joseph D., and Suraj Srinivasan, “Regulation and Bonding: The Sarbanes-Oxley Act and the Flow of International Listings,” *Journal of Accounting Research* (Volume 46, Issue 2, 2008): 383–425.**

In this paper, we examine the economic impact of the Sarbanes-Oxley Act (SOX) by analyzing foreign listing behavior onto U.S. and U.K. stock exchanges before and after the enactment of SOX in 2002. Using a sample of all listing events onto U.S. and U.K. exchanges from 1995–2006, we develop an exchange choice model that captures firm-level, industry-level, exchange-level, and country-level listing incentives, and test whether these listing preferences changed following the enactment of SOX. After controlling for firm characteristics and other economic determinants of these firms' exchange choice, we find that the listing preferences of large foreign firms choosing between U.S. exchanges and the London Stock Exchange's (LSE) Main Market did not change following the enactment of SOX. In contrast, we find that the likelihood of a U.S. listing among small foreign firms choosing between the NASDAQ and LSE's Alternative Investment Market decreased following the enactment of SOX. The negative effect among small firms is consistent with these marginal companies being less able to absorb the incremental costs associated with SOX compliance. The screening of smaller firms with weaker governance attributes from U.S. exchanges is consistent with the heightened governance costs imposed by SOX increasing the bonding-related benefits of a U.S. listing.

**Sami, Heibatollah, and Haiyan Zhou, “Do auditing standards improve the accounting disclosure and information environment of public companies? Evidence from the emerging markets in China,” *The International Journal of Accounting* (Volume 43, Issue 2, 2008): 139-169.**

In this paper, we investigate the impact of the implementation of a set of new auditing standards in 1996 on the information environment in the emerging markets in China. Because the implementation of such standards can increase the quality and/or quantity of accounting disclosures, it can be conceptualized as an improvement in the information environment of public companies. We investigate the improvement in accounting disclosure and information environment from both the market perspective and the accounting perspective. First, consistent with the information economics literature (e.g., [Holthausen, R., & Verrecchia, R., (1990). The effect of informedness and consensus on price and volume behavior. *The Accounting Review*, 65, 191–208]), we find that companies experience a significant increase in trading volume and price volatility subsequent to the implementation of the standards. Second, consistent with the literature on earnings management (e.g., [Chen, C. W. K., & Yuan, H. Q., (2004). Earnings management and capital resource allocation: evidence from China's accounting-based regulation of right issue. *The Accounting Review*, 79, 645–665, Jian, M., & Wong, T. J., (2004). Earnings management and tunneling through related party transactions: evidence from Chinese corporate groups. Working Paper, Nanyang Technological University and Hong Kong University of Science and Technology]), we find a decrease in earnings management and, hence, an increase in quality of earnings. Finally, we find a decrease in the synchronicity of stock prices and, hence, an increase in the quality of firm-specific information available to investors, which is consistent with the literature on price synchronicity (e.g., [Morck, R., Yeung, B., & Yu, W., (2000). The information content of stock markets: why do emerging markets have synchronous stock price movements? *Journal of Financial Economics*, 58, 215–260]). Our results have significant implications for standard setters, regulators, researchers, managers, and investors in general and those in the emerging markets in particular.

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**Siregar, Sylvia Veronica, and Sidharta Utama, "Type of earnings management and the effect of ownership structure, firm size, and corporate-governance practices: Evidence from Indonesia," *The International Journal of Accounting* (Volume 43, Issue 1, 2008): 1-27.**

The purpose of this study is to investigate whether companies listed on the Jakarta Stock Exchange (JSE) conduct efficient or opportunistic earnings management and to examine the effect of ownership structure, firm size, and corporate-governance practices on it. Using multiple regressions, we find evidence that the type of earnings management selected by JSE listed firms tends toward efficient earnings management. This evidence is inconsistent with the common view that earnings management in Indonesia is opportunistic. Family ownership has a significant influence on the type of earnings management selected. Firms with a high proportion of family ownership and non-business groups are more inclined to choose efficient earnings management than other types of firms. We find inconsistent evidence with regard to the impact of institutional ownership, firm size, and corporate-governance practices on type of earnings management.

**Tarca, Ann, Phil Hancock, David Woodliff, Philip Brown, Michael Bradbury, and Tony van Zijl, "Identifying Decision Useful Information with the Matrix Format Income Statement," *Journal of International Financial Management & Accounting* (Volume 19, Issue 2, 2008): 184–217.**

We conduct an experiment to investigate the potential benefits of an alternative format for the income statement, the matrix format, initially developed by the International Accounting Standards Board (IASB) and UK Accounting Standards Board in their joint project on performance reporting. Sophisticated financial statement users (financial analysts and professional accountants) and less sophisticated financial statement users (MBA students) were asked to extract information from a set of financial statements that included an income statement either in the IAS 1 format or in the matrix format. We find that the matrix format improves the accuracy with which users extract financial information. This result is driven by greater accuracy, for all user groups, on "below-the-line" items. Furthermore, despite lack of familiarity with the matrix format, its use did not appear to affect the time taken, the ease of extracting financial information, or users' task completion confidence; further experience with the matrix format could lead to benefits along these lines as well. Our findings may assist the FASB and IASB in their joint project on financial statement presentation.

**Teshima, Nobuyuki, and Akinobu Shuto, "Managerial Ownership and Earnings Management: Theory and Empirical Evidence from Japan," *Journal of International Financial Management & Accounting* (Volume 19, Issue 2, 2008): 107–132.**

This paper examines the relationship between managerial ownership and opportunistic managerial behavior relating to earnings management. Economics theory identifies two apparently conflicting effects of managerial ownership on managers' incentives: the incentive alignment effect and the management entrenchment effect. We construct a theoretical model demonstrating the two effects. This model suggests that as managerial ownership increases, earnings management decreases for both high and low levels of managerial ownership, while it increases for intermediate levels of managerial ownership if the sensitivity of the probability of managerial dismissal to the corporate performance is high enough and/or the manager's private benefit derived from managerial position is high enough. In a sample of Japanese firms, we find a significant nonmonotonic relationship between managerial ownership and discretionary accruals, consistent with our model.

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**Wang, Kun, Sewon O, and M. Cathy Claiborne, “Determinants and consequences of voluntary disclosure in an emerging market: Evidence from China,” *Journal of International Accounting, Auditing and Taxation* (Volume 17, Issue 1, 2008): 14-30.**

In this paper we examine empirically the determinants of voluntary disclosure in the annual reports of Chinese listed firms that issue both domestic and foreign shares and determine if the cost of debt capital is related to the extent of voluntary disclosure. We find the level of voluntary disclosure is positively related to the proportion of state ownership, foreign ownership, firm performance measured by return on equity, and reputation of the engaged auditor. There is no evidence, however, that companies benefit from extensive voluntary disclosure by having a lower cost of debt capital.

**Whittington, Geoffrey, “Fair Value and the IASB/FASB Conceptual Framework Project: An Alternative View,” *Abacus* (Volume 44, Issue 2, 2008): 139-168.**

This paper analyses various controversial issues arising from the current project of the IASB and FASB to develop a joint conceptual framework for financial reporting standards. It discusses their possible implications for measurement and, in particular, for the use of fair value as the preferred measurement basis. Two competing world views are identified as underlying the debate: a Fair Value View, implicit in the IASB's public pronouncements, and an Alternative View implicit in publicly expressed criticisms of the IASB's pronouncements. The Fair Value View assumes that markets are relatively perfect and complete and that, in such a setting, financial reports should meet the needs of passive investors and creditors by reporting fair values derived from current market prices. The Alternative View assumes that markets are relatively imperfect and incomplete and that, in such a market setting, financial reports should also meet the monitoring requirements of current shareholders (stewardship) by reporting past transactions and events using entity-specific measurements that reflect the opportunities actually available to the reporting entity. The different implications of the two views are illustrated by reference to specific issues in recent accounting standards. Finally, the theoretical support for the two views is discussed. It is concluded that, in a realistic market setting, the search for a universal measurement method may be fruitless and a more appropriate approach to the measurement problem might be to define a clear measurement objective and to select the measurement method that best meets that objective in the particular circumstances that exist in relation to each item in the accounts. An example of such an approach is deprival value, which is not, at present, under consideration by the IASB.

## **REGIONAL MEETINGS FOR 2008/09**

**Mid-Atlantic— To Be Determined.**

**Midwest—St. Louis, Missouri (Submission Deadline—November 8, 2008)**

**Northeast— Newport, Rhode Island (November 6-8, 2008)**

**Ohio— To Be Determined.**

**Southeast—To Be Determined.**

**Southwest—Oklahoma City, Oklahoma (February 26-28, 2009)**

**Submission Deadline: October 3, 2008**

**Western— To Be Determined.**

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