



**FORUM**  
INTERNATIONAL ACCOUNTING

**INTERNATIONAL ACCOUNTING SECTION  
OF THE AMERICAN ACCOUNTING ASSOCIATION**

**NO. 56**

**FALL 1995**

**EDITOR: Ross Tondkar**  
Virginia Commonwealth University  
**ASSOCIATE EDITOR: Mike Kennelley**  
Florida State University

**CHAIRPERSON'S MESSAGE**

The theme of my term as chair of the IAS will be to create momentum by implementing some of the excellent studies done in the past years. One of the deficiencies we have is our practice of extensive turning over of the membership of our committees. We tend to start all over, analyzing what we should be doing—as opposed to doing what past committees have analyzed.

As a result, I am going to devote my year as Chair to using our committees to emphasize the “4 Thrusts”:

**Thrust 1—“Internet”**-Designed to create a system whereby all International Accounting Section members will be able to communicate with each other in a swift, cost efficient manner. Members interested in this facility should communicate with:

M.R. Mathews  
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Massey University  
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Fax: (64) 6 350 5608  
Phone: (64) 6 356 9099  
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**Thrust 2—“Academic/Practices Partnership”** - This thrust is designed to bring together section members interested in developing contacts with people in the accounting profession in practice. Section members should communicate with:

William Decker  
Coopers & Lybrand, LLP  
1251 Avenue of the Americas  
New York, NY 10020  
Fax: (212) 536-2589  
Phone: (212) 536-2799  
Email: josnossn@reach.com



*Walter O'Connor*

**Thrust 3—“Research”** - This thrust is designed to unite members interested in pursuing research on topics in which they share common interest.

Members here should contact:

Grace Pownall  
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1602 Mizell Drive  
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**Thrust 4—“Out Reach”**-Designed to make sure our members outside the United States are connected with the members in the United States so that we benefit from each others' efforts in exchanging ideas on teaching international accounting. Members interested should contact:

Manny Tipgos  
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4201 Grant Line Road  
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I will be pleased to amplify on these brief descriptions. They are only intended to whet your interest in these 4 Thrusts which I will be emphasizing during my one year in office.

I suggest you communicate with the people I have asked to head up these Thrusts by giving them your ideas on how to make our efforts as meaningful as possible for our members.

Walter O'Connor

## INTERNATIONAL ACCOUNTING SECTION 1995-96 OFFICERS

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*(Continued on page 4)*

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(Continued from page 3)

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**EDITOR'S NOTE**

The deadlines for future issues of  
*International Accounting Forum* are:

1996 Spring Issue—January 1, 1996

1996 Summer Issue—May 1, 1996

Send news items to:

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**TO ALL MEMBERS**

**Request for Internet (Email) Addresses**

The International Accounting Section is currently compiling internet (Email) addresses for all its members. In light of this, please send your internet address to Tim Sale at:

Timothy J. Sale  
Department of Accounting and Business Law  
College of Business Administration  
University of Cincinnati  
Cincinnati, OH 45221-0211

Phone: (513) 556-7062  
Fax: (513) 556-4891  
Email: sale@ucbeh.uc.edu

**SERVICE RECORD UPDATE**

The By-Laws changes approved at the Section Business Meeting in Orlando, Florida, require that the Chair-Elect maintain a service record of the Section Membership. Service records are considered by the Nominations Committee in developing slates of nominees for Section Office.

Please send a cumulative record of your Section Service as of August 31, 1995, to Q. Finley Graves, Chair-Elect of the Section:

O. Finley Graves  
School of Accountancy  
University of Mississippi  
University, MS 38677  
Fax: (601) 232-7483

This information will be put on a diskette and updated annually.

## By-Laws

# INTERNATIONAL ACCOUNTING SECTION of the AMERICAN ACCOUNTING ASSOCIATION

as amended through August 15, 1995

### Section I: NAME

The association of the members of the American Accounting Association interested in International Accounting shall be known as the International Accounting Section of the American Accounting Association (herein referred to as the Section).

### Section II: MEMBERSHIP

In accordance with AAA policy, the membership of the Section consists of:

- (1) Members,
- (2) Life members,
- (3) Emeritus members, or
- (4) Associate members of the AAA.

There shall be no company, library, or organization memberships within the Section.

### Section III: PURPOSE

The purpose of the Section is specified in a separate statement of Objectives. The Objectives are adopted and may be changed by vote of a majority of members present at the annual meeting.

### Section IV: OFFICERS

- A. The officers of the Section are the chairperson, two vice-chairpersons, the secretary, and the treasurer; together they form the Executive Board. The chair of the Advisory Board shall participate in Executive Board activities in a non-voting, advisory role.
- B. Election of Officers  
The officers shall be elected at the annual meeting by a simple majority of the members present.
- C. Filling Vacancies  
In the event the chairperson of the Section is unable to serve, his/her duties shall be assumed by the academic vice-chairperson, who is the chairperson-elect. In the event the vice-chairpersons, secretary, or treasurer are unable to serve, the chairperson shall, in consultation with the chairs of the Nomination Committee and Advisory Board, appoint a member of the Section to complete the unexpired term until an election can be held at the next annual meeting.
- D. Compensation  
Section officers shall not receive any compensation in the form of honoraria, professional fees, stipends, etc. from the AAA or the Section for the performance of their duties. Section officers may be reimbursed from

funds under the control of the Section for certain expenses incurred in connection with their duties.

1. Requests for reimbursement must be submitted to and approved by the treasurer before being sent to the AAA for disbursement.
  2. The standard AAA expense reimbursement policy shall apply.
- E. Terms in Office and Functions of the Officers
1. Chairperson—The chairperson shall serve a one-year term. The main duties of the chairperson are:
    - a. To direct the affairs of the Section and carry out policies and programs formulated by the Section members at the annual meeting;
    - b. To preside at the annual Section meeting;
    - c. To preside over the meetings of the Executive Board and committee chairs;
    - d. To appoint Section committees or task forces;
    - e. Upon invitation, to work with the AAA concerning international matters at regional meetings of the Association;
    - f. When requested, to cooperate with the AAA concerning matters relating to Section activities at the AAA annual meeting; and
    - g. To report as needed to the AAA Executive Committee regarding Section activities.
  2. Vice-Chairpersons—The Section shall have two vice-chairpersons; one shall be selected from the group of accounting academicians (i.e., those members of the Section at colleges and universities), the other from the group of accounting practitioners (i.e., those members of the Section not at colleges and universities). Both vice-chairpersons shall be elected for a one-year term; the academic vice-chairperson shall be elected as chairperson-elect. The chairperson-elect shall automatically become the chairperson of the Section in the following year. The practice vice-chairperson is eligible for re-election for a second one-year term.
    - a. The main duties of the academic vice-chairperson and chairperson-elect are:
      1. To direct the affairs of the Section in the event the chairperson is unable to serve;

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2. To preside at the annual Section meeting if the chairperson is unable to preside;
  3. To perform whatever duties the chairperson may assign;
  4. To maintain the Section's service record of the committee activities of members;
  5. To act as the Section's archivist; and
  6. To prepare a budget for the next fiscal year and a projected three-year budget in cooperation with the Section treasurer.
- b. The main duties of the practice vice-chairperson are:
1. To provide liaison with accounting practitioners;
  2. To direct the affairs of the Section in the event the chairperson and the chairperson-elect are unable to serve;
  3. To preside at the annual Section meeting if the chairperson and the chairperson-elect are unable to preside; and
  4. To perform whatever duties the chairperson may assign.
3. Secretary—The secretary shall be elected for a two-year term and is eligible for re-election for two additional one-year terms. The main duties of the secretary are:
- a. To supervise the keeping of records of the Section's annual meeting and the meetings of the Executive Board;
  - b. To send minutes of the meetings to members of the Executive Board and committee chairs, within a timely period, for their review by a specified date;
  - c. To send minutes of the meetings to the newsletter editor for publication in the newsletter after the review period has expired;
  - d. To provide information to members and others;
  - e. To work in liaison with the AAA Executive Director regarding questions of the Section membership; and
  - f. To maintain and distribute, as needed, a handbook describing the duties of persons holding positions in the Section and a timetable for activities and reports.
4. Treasurer—The treasurer shall be elected for a two-year term and is eligible for re-election for two additional one-year terms. The main duties of the treasurer are:
- a. To work with the AAA Executive Director concerning questions of collection and disbursement of Section funds;
  - b. To send copies of the monthly financial reports received from AAA to the Executive Board and Advisory Board chair;
  - c. To have primary responsibility for preparing an annual and a three-year projected budget, in cooperation with the chairperson-elect, and prepare semi-annual and annual financial reports for the Section. The semi-annual and annual financial reports shall be sent to all members of the Executive Board, the Advisory Board chair, and committee chairs prior to the Executive Board meetings and annual meeting and shall be presented by the treasurer at each meeting; and
  - d. To review all requests for reimbursement, based on budgetary authority, and send the approved requests to the AAA for disbursement. In the event that a reimbursement request is not provided for in the budget, the Treasurer will request review and approval by the Executive Board: unless the amount involved is less than \$1,000 and already approved by the Section chairperson.
- F. Executive Board—The main duties of the Executive Board shall include:
1. Assisting the treasurer and the chairperson-elect in preparing an annual budget for the following year and a projected three year budget; the annual budget shall include, among other items, the types of officers' expenses that will be reimbursed, the number of continuing education programs that will be funded by the Section, the projected costs of the mid-year and annual meetings, and the projected costs of publications;
  2. Appointing the editor of the newsletter; and
  3. Approving special Section publications (other than the newsletter or journal) before they are published.

## Section V: ADVISORY BOARD

- A. The officers of the Section shall be guided in their duties by an Advisory Board. The Advisory Board will consist of twelve members.
1. The immediate past-chairperson and the immediate past practice vice-chairperson of the Section automatically become members of the Advisory Board for three-year terms;
  2. In addition, two members are nominated each year by the Nominations Committee for three-year terms. At least one member of the Advisory Board should reside outside the United States. A member who would be concurrently serving on the Executive Board may not be nominated for Advisory Board membership;

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3. The Advisory Board candidate who receives the most votes by the Nominations Committee shall be nominated to be the Advisory Board chair; and
  4. Advisory Board membership will automatically be canceled should an Advisory Board member be elected to the Executive Board.
- B. The main duties of the Advisory Board include:
1. Reviewing the By-Laws and Objectives annually and recommending any changes to the membership at the Annual Meeting;
  2. Acting as a Strategic Planning Committee for the Section. The Strategic Planning Committee shall develop and update a strategic plan for the Section and shall map Section activities to meet the plan;
  3. Carrying out any other activities appropriate to an oversight role, as determined by the Advisory Board chair; and
  4. Advisory Board members who do not respond to reasonable and timely requests by the Board chair to carry out their assigned duties may be asked by the Board chair, following consultation with the other, active, Advisory Board members, to submit their resignations from the Board to the Board chair. If no response is received by the chair within 30 days, resignation will be assumed to be in effect. In case of dispute, the Chair will request the active members of the Board to convene a special Committee of the Board, which will exclude the Chair, to consider the matter. This committee will select its own chair, who will report back the findings to the Advisory Board chair, together with recommended further action.

### Section VI: COMMITTEES

- A. The chairperson of the Section shall appoint committees and task forces to carry out specific projects that are either authorized by the By-Laws or that the chairperson views as essential to accomplish the Objectives of the Section. The length of service on committees depends on the special task; however, the length of service shall normally be one year.
- B. Standing committees for the Section are: the Executive Board, the Nominations Committee, the Membership Committee, the Education Committee, the Research Committee, the Publications Committee, and the Program Committee(s).
- C. Committee Responsibilities:
  1. The chairperson of each committee shall send a written report to the Executive Board prior to all scheduled meetings and at other times requested by the Executive Board or Chairperson of the Section;

2. The chairperson of each committee shall make an oral and/or written report to the membership at the annual business meeting; and
  3. The chairperson of each committee is required to provide the academic vice-chairperson with an evaluation of the service of the committee members before the end of the Section chairperson's term. The academic vice-chairperson will use the information to update the Section service record.
- D. The Publications Committee
1. The committee shall consist of eight members:
    - a. Four voting members appointed by the Nominations Committee for two year terms. Two new members of the Publications Committee shall be appointed by the Nominations Committee each year;
    - b. Two voting members appointed by the Chairpersons of the Section for two year terms. One new member shall be appointed by the Chairperson of the Section each year; and
    - c. The journal and newsletter editors who will serve as ex-officio, non-voting members.
  2. The committee shall be chaired by the member of the committee who is in his/her second year of service and who was appointed by the Chairperson of the Section.
  3. The committee is responsible for developing the editorial policies for the Section journal for approval by the Executive Board. Neither the Executive Board nor the Publications Committee has authority to make editorial decisions.
  4. The committee shall select one nominee for journal editor, by majority vote, and forward the nomination to the Nominations Committee in the year the current journal editor's term expires. The Nominations Committee may accept the recommendation or nominate another individual.

### Section VII: NOMINATIONS

- A. The Nominations Committee of the Section shall consist of the two most recent past chairpersons, the chairperson of the Advisory Board and three other members to be selected by the membership in the regular election process. The most senior past-chairperson of the Section shall chair the committee. Nominations may be submitted to the Nominations Committee by any member of the Section until February 1.
- B. The Nominations Committee must, by majority vote, recommend a single slate of nominations, by March 1, for vice-chairpersons, secretary, treasurer, Advisory Board members, Advisory Board chairperson, two members of the Publications Committee, the journal editor (if the editor's term is expiring), and the

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Nominations Committee for the next year at the annual Section meeting.

- C. The Nominations Committee shall request a copy of the Section's service record from the academic vice-chairperson to aid it in making the nominations.
  1. The academic vice-chairperson must have served as secretary, treasurer, or chair of at least two Section committees in the past five years.
  2. The secretary, treasury and the at large members of the Nominations Committee must have served as chair of at least two Section committees in the past five years.
  3. Each year two members of the Advisory Board are nominated by the Nominations Committee for a three year term. Advisory Board nominees must be qualified to serve in an oversight and advisory capacity, based on prior, senior level appropriate experience. This experience shall include, but not be limited to, and as a minimum, Section experience at a leadership level (for example: past Officer, committee chair, head of ad hoc project). Such qualifications should be specified in the nominations material provided to members of the Nominations Committee to assist them in the selection process.

## Section VIII: REVENUES

### A. DUES

1. The Section shall charge dues, the amount to be approved by a majority vote of Section members present at the annual Section meeting. All members shall be notified in advance of a proposed dues increase by an announcement in the summer issue of the newsletter or other appropriate medium such as direct mail. Dues shall not exceed one-half of the national membership dues of the AAA unless prior approval is obtained from the AAA Executive Committee.
  2. Dues are payable on January 1.
  3. Section dues shall be collected by the AAA administrative office. All funds shall be kept in the AAA bank account and disbursed only upon authorization from the treasurer of the Section. Requests for reimbursements must be sent to the treasurer for approval. The treasurer will send the approved requests to the AAA for disbursement as provided for in Section IV.4.d.
- B. The Section may charge registration fees at any special Section or regional meetings that are not held in conjunction with the AAA annual meeting.
  - C. The Section is authorized to receive gifts and grants for special purposes, subject to the policies and procedures of the AAA Executive Committee.

- D. Section activities funded from sources not controlled by the AAA should be disclosed in a footnote to the Section financial statements.

## Section IX: PUBLICATIONS

- A. The Section shall publish a newsletter three times per year and a journal two times per year in the long run. The printing and mailing of these publications shall be done with the assistance of the administrative office of the AAA in order to minimize expenses.
- B. The Executive Board of the Section shall be responsible for appointing an editor for the Section newsletter.
  1. The newsletter editor is appointed for a three-year term and is eligible to be reappointed for a second three-year term.
  2. The newsletter editor is responsible for the administration, content, and publication of the newsletter.
  3. The items published in the newsletter shall include, among others, as appropriate, and on a timely basis:
    - a. The By-Laws, Objectives, and Financial Statements of the Section; and
    - b. The minutes of the annual business meeting and Executive Board meetings after they have been reviewed as specified in Section IV.3.c.
- C. The Nominations Committee shall be responsible for nominating an editor for the Section journal based on recommendations received from the Publications Committee.
  1. The journal editor is elected for a three-year term and is eligible to be reappointed for a one-year term with annual one-year reappointments limited to a maximum of three years.
  2. The editor's main responsibilities include:
    - a. The administration, content, and publication of the journal;
    - b. Reporting to the Executive Board and the membership as to the status and current activities of the journal; and
    - c. Appointing an Editorial Review Board. The members of the Editorial Review Board are appointed for a one-year term with annual one-year reappointments limited to a maximum of three years.
- D. The Section may print special publications in the form of booklets, rosters of members, monographs, study materials, teaching aids, etc. from its own funds. These publications must be approved by the Publications Committee and the Executive Board before they are published. These publications are to be distributed free of charge to Section members. The Section Executive Board shall determine a price to be charged for publications for persons not members of the Section.

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Typically, a discount on that price is provided for members of the AAA who are not members of the Section.

**Section X: ANNUAL MEETING**

- A. The Section shall hold an annual meeting, normally in conjunction with the AAA annual conference.
- B. A quorum for the conduct of business at the annual meeting shall consist of the members present.
- C. All members shall be notified of the annual meeting in advance by an announcement in the summer issue of the newsletter or other appropriate medium, such as direct mail.

**Section XI: AMENDMENTS**

- A. The Advisory Board shall review the By-Laws and Objectives annually and shall determine if revisions will be recommended.
- B. Proposed amendments to the By-Laws and Objectives shall be prepared by the Advisory Board and presented to the Executive Board for review. Proposed amendments shall be submitted to the membership prior to the Annual Meeting through an announcement, published in the summer newsletter or other appropriate medium such as direct mail.
- C. The members present at the Annual Meeting may approve proposed amendments by a simple majority.

**INTERNATIONAL ACCOUNTING SECTION  
STATEMENT OF CASH FLOWS  
September 1994–August 1995**

	<u>94/95 IAS CASH FLOW TOTALS</u>
<b>CASH INFLOW:</b>	
Temp. Restr. Dues Rev.	\$6,265.00
Dues-Full Members	8,093.00
Dues-Associates	534.00
Sale of Publications	414.40
IAS Meeting Registration	4,150.00
CPE Courses	1,325.00
Contributions	500.00
	<u>21,281.40</u>
<b>CASH OUTFLOW:</b>	
Newsletter	
Postage	7.00
Mailing	3,706.32
Printing	3,174.69
AAA Staff	473.00
Misc.	0.00
Total Newsletter	<u>7,361.01</u>
IAS Meeting	
Audio Visual	1,322.06
Hotel/Food	6,960.85
Speakers	204.00
Travel	428.08
Postage	29.88
Printing	233.78
Misc.	1,200.00
Total Meeting	<u>10,378.65</u>
Conferences/Symposiums	
AAA Annual Meeting	523.75
Misc. Postage	1,812.98
Misc. Other	2,554.72
Committee	372.34
Awards	767.50
CPE Expenses	2,851.70
Total Cash Outflow	<u>30,622.65</u>
<b>NET CHANGE</b>	<u>(9,341.25)</u>
Beginning Balance	<u>25,891.24</u>
<b>ENDING BALANCE</b>	<u>\$16,549.99</u>

**NOMINATIONS FOR  
FOUNDING EDITOR**

**of the**

*Journal of International Accounting Research*

The Publications Committee of the International Accounting Section of the American Accounting Association seeks nominations for the founding Editor of the *Journal of International Accounting Research*. The founding Editor's term of office is three years renewable, with mutual consent, for up to three additional one-year terms.

Nominations (or self-nominations) will be accepted through November 30, 1995. Please send nominations (and vita if possible) to:

Professor John L. Kramer  
Fisher School of Accounting  
University of Florida  
P.O. Box 117166  
Gainesville, FL 32611-7166

Phone: (904) 392-8878

Fax: (904) 392-7962

Email: jkramer@dale.cba.ufl.edu

**INTERNATIONAL ACCOUNTING SECTION  
1996 BUDGET**

Income:			
Dues			\$14,500
Sale of Publications			450
Contributions			<u>500</u>
Subtotal			15,450
Mid-Year Meeting:			
Income:			
Registration (80 registrants @ \$75.00 each)		\$6,000	
CGA Contribution	\$5,000		
(less coordinators' travel)	<u>(1,800)</u>	3,200	
Expenses:			
Hotel, Audio/Visual, Food	6,000		
Postage/Printing	<u>260</u>	<u>(6,260)</u>	2,940
Expenses:			
Newsletter		6,500	
Committees			
Outstanding Educator (plaque)		100	
Outstanding Dissertation (plaque, check)		600	
Research and Publications*		2,600	
Section Service (co-sponsored meeting with AAANZ)		2,000	
AAA Annual Meeting			
Luncheon Speaker Expenses		175	
Luncheon Speaker Gift		150	
Other Luncheon Guests		200	
Plaque for Outgoing Chair		100	
Officer Travel		2,600	
Other Expenses			
Co-Sponsorship IAAER Meeting		2,000	
Miscellaneous		<u>1,365</u>	<u>(18,390)</u>
		\$	0

\*\$2,000 for publication of Kubin bibliography via computer disk and \$600 for hard copies of Kubin bibliography.

# MINUTES

## International Accounting Section American Accounting Association

Final Meeting of the Executive Board and Committee Chairs 1994-95

Marriott's Orlando World Center Hotel, Chicago Room • August 13, 1995, 10 A.M.–Noon  
James Schweikart, Chair

### Members Present

James Schweikart, Chair; Sidney Baxendale; Maureen Berry; Teresa Conover; Shirley Daniel; John W. Eichenseher; O. Finley Graves; John L. Kramer; Walter O'Connor; Olga Quintana; Stephen Salter; David Senteney; David Sharp; Edward Shoenthal; Rasoul Tondkar.

### Opening Remarks (James Schweikart)

The chair called the meeting to order and discussed the agenda.

### Membership Report (Olga Quintana)

On June 30, 1995 there were 1,439 full members (57% U.S., 43% Non-U.S.) plus 79 associate members; total, 1,518 members.

### Treasury Report (O. Finley Graves)

A cash flow statement for the ten months ended June 30, 1995, was distributed; cash balance, \$20,115. As of August 7, 1995 cash was approximately \$16,500 resulting from payment of expenses related to the *Forum* and London research symposium contribution.

### Year-end Summary and Status Report (James Schweikart)

During the course of the year:

- membership increased by 200,
- the *Forum* was expanded,
- the first annual mid-year meeting was held (82 attendees),
- increased outreach efforts (i.e. the IASC and the IAAER Research Symposium),
- developed a proposal regarding the need for a section journal,
- initiated a project to revise existing by-laws, and
- moved closer to publication of a new international bibliography.

### Publications Committee Report (John Kramer)

The committee chair announced a September 15th due date for review of the bibliography project.

The research monograph, *International Accounting: Research Priorities for the 1990s* was made available on diskette and via the internet. Two bound copies are to be made available to each contributor.

The final report of the committee concluded that there was "sufficient international accounting research to warrant the establishment of an International Section journal." A dues increase of \$8 was recommended.

William Cody (JAI Press) was invited to discuss publishing the journal via JAI. Mr. Cody provided information regarding guaranteed cost per issue, editorial control, policies regarding advertising revenues, back issues, and editor stipend. Mr. Cody then left the meeting.

Discussion continued regarding affiliation with an existing journal, development of a new journal published under the auspices of the AAA, editorial policy, and departmentalization of the journal.

Proposals were made for consideration at the following day's business meeting by the membership:

- the Executive Board of the International Section will propose establishing a section journal,
- the proposed journal will be entitled, *The Journal of International Accounting Research*,
- the editorial policy of the proposed journal will be "publishing articles reporting the results of international accounting research and explaining and illustrating related research methodology,"
- the proposed journal will be published semiannually although one issue per year would be expected for the first two years,
- the editor will be recommended by the Publications Committee to the Nominating Committee, and voted on by the membership of the section for a period of three years with annual one year reappointments limited to a maximum of three years, and
- Section dues to be raised by \$7, be separately accounted for, and used exclusively for the publication of the journal.

### By-Laws Revision (Maureen Berry, Advisory Board Chair)

The Advisory Board was empowered to rewrite the by-laws of the section. The by-laws have not been reviewed in many years and required modification in view of the proposed section journal. The board approved the proposed revisions for presentation to the membership.

### Closing Remarks

James Schweikart thanked members of the Executive Board and committee chairs for their efforts. Stephen Salter spoke for the Executive Board and committee chairs and thanked Jim for his leadership and tireless efforts.

### Adjournment

Business concluded and meeting adjourned at noon.

Edward Shoenthal, Secretary

# MINUTES

## International Accounting Section American Accounting Association

### Annual Business Meeting

Marriott's Orlando World Center Hotel, Crystal A & B • August 14, 1995, 10:15–11:45 A.M.

James Schweikart, Chair

#### Attendance

No formal record of attendance was taken. The secretary maintained a copy of the official AAA membership roster for the section, if needed.

#### Opening Remarks (James Schweikart)

The Chair summarized the accomplishments of the section for the past year, including: nearly 200 member increase; by-laws review; increased liaison with other accounting groups; first mid-year meeting; section journal proposal. The chair dispensed with committee reports announcing that they would be published in the next issue of the *Forum*.

#### Treasurer's Report (O. Finley Graves)

The cash flow summary for the 10 months ended June 30, 1995 was distributed—cash balance, \$20,115. That amount has been reduced to approximately \$16,500, as of August 7, 1995.

#### Section Journal (John Kramer, Chair, Publications Committee)

The Chair of the Publications Committee presented the committee's Final Report. The 39-page report is available upon request. An interim report had been discussed at the mid-year meeting of the Executive Committee and committee chairs in Houston, TX.

The Publications Committee proposed the following:

- that the International Section create a new journal to be published under the auspices of the AAA,
- that the journal format be dependent upon the editor's vision,
- that the journal publish high quality papers covering a wide variety of international accounting issues,
- that the journal be issued two times a year except once a year for the initial two-year period,
- that the journal be entitled *The Journal of International Accounting Research*, and
- that a dues increase of \$7 be approved, and these funds be segregated for the sole purpose of the journal.

Questions regarding overseas distribution, availability on the internet, availability of high quality research, competition with other journals, factors favoring an AAA section journal, availability to non-members, outlet for non-English papers, differences in opinions of quality among countries, were discussed. Consensus was that non-English papers would be considered on the same basis as English; different country opinions on quality would not prevent a good research paper from publication.

Motion presented, seconded, and passed: To create a new International Section journal to be published two times per year in the long run.

Motion presented, seconded, and passed: The new International Section journal will be entitled *The Journal of International Accounting Research*.

Motion presented, and seconded: To increase the dues of the International Section by \$7; these funds be segregated for the sole purpose of the journal. A motion to amend the amount to \$10 was made, and accepted by the mover and seconder. The amended motion was passed.

#### Revision of the By-laws (Maureen Berry, Chair, Advisory Board)

The Chair of the Advisory Board summarized the proposed changes mailed to the membership in July. Discussion concerning inconsistencies and clarifications ensued. Modifications were acceptable to the Advisory Board. The question was called and the revised by-laws, as amended, were passed. (Text of the amended by-laws will be made available to the membership.)

#### Nominations Committee (Teresa Conover for Kathleen Sinning)

The committee submitted the following slate of officers for 1995-96:

- Vice President, Academic and Chairperson-Elect—O. Finley Graves
- Vice President, Practice—William E. Decker
- Treasurer—Rasoul Tondkar
- Secretary—Edward Shoenthal

New members of the Nominations Committee: Abdel Agami, Ajay Adhikari, Carol Houston.

New members of the Advisory Board: Dhia Alhashim (Chair), Richard Briston, Klaus Macharzina.

Nominations were closed. Motion to accept the slate of nominees was proposed, seconded and passed.

#### Closing Remarks (James Schweikart and Walter O'Connor)

James Schweikart, thanked all Board and Committee members for their work and expressed his appreciation for his year as Chair. He then called upon Walter O'Connor, Section Chair 1995-96.

The new chair dedicated the coming year to one of implementation. The areas of member communications, outreach to other accounting organizations, coordination of research efforts among members, and furthering inter-

(Continued on page 13)

## MINUTES

International Accounting Section  
American Accounting Association

Planning Meeting of the Executive Board and Committee Chairs 1995-96

Marriott's Orlando World Center Hotel, Chicago Room • August 13, 1995, 1:00-3:00 P.M.

Walter O'Connor, Chair

### Members Present

Walter O'Connor, Chair; Ajay Adhikari; Dhia Alhashim; Sidney Baxendale; Teresa Conover; Shirley Daniel; O. Finley Graves; John L. Kramer; Grace Pownall; Stephen Salter; David Senteney; David Sharp; Edward Shoenthal; Rasoul Tondkar.

### Opening Remarks (Walter O'Connor)

The chair outlined "four thrusts" for the coming year based upon implementation of prior Section activities.

- **Communication.** Create an Internet network for IAS members. Teri Conover has been designated assistant webmaster in the AAA's overall internet project.
- **Outreach efforts** with professional organizations (e.g. AICPA, IMA, TEI, FEI), and other research organizations (e.g. IAAER, AAANZ). Manny Tipgos will lead this effort.
- Create a **network** to link researchers. Grace Pownall will lead this effort.
- **Promote the teaching of international accounting.** William Decker (Coopers & Lybrand), Vice Chairperson-Practice, has agreed to aid in the development of a pilot course combining academic and professional accountants. He has also agreed to host an international accounting forum marshaling the resources of C&L. It was suggested that the mid-year conference could be a venue for this effort.

### Prior Year Commitments

The chair opened discussion on section projects not yet completed.

- **Bibliography.** John Kramer stated that the final version, nearly 470 pages, covering the period 1982-94, is out for review until September 15th. Discussion ensued concerning format. It was noted that an offer by one CPA firm to fund publication might still be outstanding. Other formats to be considered are availability on diskette, the Internet, or the possibility of funding from the CGA for monograph publication. John Kramer will contact Konrad Kubin.
- The research monograph, *International Accounting: Research Priorities for the 1990s* was published on diskette, and made available on the Internet. Contributing authors will receive two hardbound copies; Stephen Salter agreed to oversee the preparation of the hardbound copies.
- The chair recommended that we participate in the IAAER research symposium, March 1996. A \$2,000 contribution towards the symposium was approved.

- **Continuing Education Seminars.** David Senteney reported that two seminars were held at regional meetings last year. During discussion it was suggested that the courses be structured in a format similar to Fred Choi's annual AAA seminar. It was agreed that regional coordinators make the decision to offer a seminar in their region. Seminar registration fees should be set to cover all costs of the seminar. It was also suggested that Fred Choi's successful seminar be complemented with another allied course at the Annual Meeting.

### Mid-year Conference (Teresa Conover)

Location - Vancouver; Date - March 29-31, 1996. The CGA has been very helpful in coordination.

### Journal (John Kramer)

The proposed journal, approved at the closing meeting of the 1994-95 Executive Board, will be presented to the membership, and voted upon at the Business Meeting.

### Budget (O. Finley Graves)

A proposed budget was presented, modified, and approved. A question arose regarding the section's involvement in the reception held for international members at the Annual Meeting. In prior years, the names of this section and the section chair had appeared on the invitation. This is no longer the case. It was unclear whether the section had partially funded the event. The chair agreed to investigate.

### New Business

It was suggested that the section gain greater exposure by actively participating in the AAA Doctoral Symposium.

### Adjournment

Business concluded and meeting adjourned at 3:00 P.M.

Edward Shoenthal, Secretary

Minutes August 14, 1995, 10:15-11:45 A.M.

(Continued from page 12)

national accounting education will be supported. The following events were announced: the Section Mid-year Conference, Vancouver, March 29-31, 1996; the IAAER Research Symposium, London, May 24-25, 1996; the AAANZ Research Conference, New Zealand, July 4-5, 1996. Jayne Godfrey, President of the AAANZ invited all Section members to the symposium.

### Adjournment

Business concluded and meeting adjourned at 11:45 A.M.

Edward Shoenthal, Secretary

## OUTSTANDING INTERNATIONAL ACCOUNTING DISSERTATION AWARD

Mary A. Flanigan was named the recipient of the 1995 Outstanding International Accounting Dissertation Award.

Mary Flanigan, a native of Baltimore, Maryland, now resides in Richmond, Virginia. She received a B.A. in Economics from the College of Notre Dame of Maryland, a B.S. in Business Administration from Towson State University, and an MBA from Loyola College in Maryland. Her Ph.D. was completed at Virginia Commonwealth University. Dr. Flanigan was certified in 1981. Prior to entering academia full time, she served as the controller of an interstate transportation



company. Currently Dr. Flanigan is an assistant professor in the Department of Business at Longwood College, Farmville, Virginia and taught at Towson State and Loyola College previously. She has presented papers at national and regional conventions and has published in *Advances in International Accounting*. She has two sons, Joseph and Mark.

Dr. Ross Tondkar, Professor of Accounting at Virginia Commonwealth University, chaired Dr. Flanigan's dissertation committee.

An abstract of Dr. Flanigan's research follows:

### ABSTRACT

#### **An Empirical Investigation of the Effects of Accounting Diversity on the Selection of Markets for Foreign Bond Issues**

The potential problems resulting from differences in national accounting practices have been a concern in international accounting and finance since the 1960s. The internationalization of the capital markets has provided additional impetus to the need to understand the effects of accounting diversity among nations. This study focused on one sector of the global capital markets, the foreign bonds market. The objective of the study was to determine whether the firm's choice of a capital market for issuing foreign bonds was influenced by the similarity (diversity) of the accounting systems of the issuer country and the country of issue. The main variable of interest for the study was the accounting system (accounting diversity) variable. Salter's (1991) classification was used to operationalize this variable. The variable was measured at two levels: micro-based versus macro-uniform systems, and a nine-cluster classification. A direct relationship between the issuer's type of accounting system and the market country's type of accounting system was hypothesized.

The Adhikari and Tondkar (1992) global stock exchange disclosure indexes were used to measure the extent of a country's disclosure requirement. An inverse relationship was expected between the likelihood of issuing in a market and the difference between the market and issuer's disclosure indexes. Five additional independent variables that might influence the market selection process were also examined. These variables were: the existence of a Parent/Subsidiary in the Market Country, an established Equity Exchange Listing in the Market Country, the Interest Rate, the Market Country Tax Rate, and the Withholding Tax Requirement. Positive relationships were postulated between the likelihood of issuing foreign bonds in the market and the two variables Parent/Subsidiary in the Market country and an established Equity Exchange Listing in the Market country. Inverse relationships were postulated between the likelihood of offering foreign bonds in the market and the variables Interest Rate, Tax Rate, and Withholding Requirement.

The markets examined in the study were the six major foreign bond markets: the United States, Great Britain, the Netherlands, Switzerland, Germany, and Japan. The sample was limited to straight, fixed-rate foreign bonds issued during the period January 1, 1985 to December 31, 1993. Further, bond issues by governments, government agencies, and supnationals were excluded from the study. The final sample included 896 foreign bond issues from seventeen issuer countries.

Logistic regression was used to analyze the relationship between the independent variables and the likelihood of selecting a given market to issue foreign bonds. The primary conclusion was that accounting diversity acts as an artificial barrier in the foreign bonds market. The choice of a market is influenced by the degree of commonality between the issuer's accounting system and the market's accounting system.

The effect of the accounting diversity variable is somewhat mitigated when the issuer has exposure to the market's accounting system requirements through existing equity exchange listing or a related firm in the market. This finding adds further support to the importance of the diversity of accounting systems between the issuer and the market of issue.

Based on the findings, the market-demanded interest rate is not the primary criterion for market selection. Since finance theory postulates that borrowers seek the lowest cost of capital, there must be other non-trivial costs associated with issuing foreign bonds. The results suggest that those other non-trivial costs consist, at least in part, of the restatement/remeasurement costs associated with issuing bonds in a foreign market.

The results indicate that the tax rate of the market country and the withholding requirements imposed on the issuer of foreign bonds may affect the market selection decision in some of the six markets but not in others. The results also indicate that the requirement to withhold may be more important than the rate of required withholding. This implies that the additional costs associated with the withholding of taxes on interest payments may influence the market selection process for foreign bond issues.





## OUTSTANDING INTERNATIONAL ACCOUNTING EDUCATOR AWARD



The 1995 recipient of the Outstanding International Accounting Educator Award is Professor Murray Wells of University of Sydney, Australia.



*Professor O. Finley Graves (left), Chair-Elect, presenting a plaque for the Outstanding International Accounting Educator Award to Professor Murray Wells (right).*

Professor of Accounting and Director of the Graduate School of Business at the University of Sydney, Professor Wells has served on numerous committees of the Australian Society of Certified Practising Accountants (ASCPA) and is currently Consultant Asia (Education). He was the 1993 Australian Accountant of the Year in the category Academia and Government.

On the international scene, Professor Wells has lectured at a number of major universities in the United States, Europe, Asia and the South Pacific and was AAA's International Distinguished Visiting Lecturer in 1986. He has served on several committees of the AAA and the Accounting Association of Australia and New Zealand. Author of more than 60 publications, he was the Editor of "Abacus" from 1974 to 1993 and President of the International Association for Accounting Education and Research from 1987 to 1992. In his various capacities he has been involved with university accounting programs throughout Southeast Asia and the South Pacific and has been instrumental in improving standards of accounting education in the region.

## CALL FOR NOMINATIONS

The Nominations Committee of the International Accounting Section is soliciting nominations for the positions of Academic Vice-Chairperson, Practice Vice-Chairperson, Secretary, and Treasurer for 1996-1997. Nominations for the Advisory Board are also being solicited. The deadline for submitting nominations is February 1, 1996.

Nominations should be sent to:

Professor Frederick D. S. Choi  
New York University  
Stern School of Business  
40 W. 4th Street  
New York, NY 10012  
Phone: (212)998-4010  
Fax: (212)995-4000  
Email: fchoi@stern.nyu.edu

## CALL FOR NOMINATIONS

### Outstanding International Accounting Educator Award

The International Accounting Section of the American Accounting Association invites nominations for its Outstanding International Accounting Educator Award. The general selection criteria are as follows (nominees need not have excelled in all general criteria areas):

The award is made to an individual who has made substantial contributions to international accounting education through scholarly endeavors in research and teaching over a sustained period of time—through publications, educational innovations, research guidance to students, active involvement in the activities of international professional and academic organizations, and serving as an example to others in promoting international accounting education.

The awardee will be honored with a plaque at the Section's annual meeting luncheon. A sketch of his/her accomplishments will also be included in the Section's newsletter, the *Forum*.

Please direct your nominations to:

**Professor David J. Sharp**  
Accounting Faculty  
Business School  
University of Western Ontario  
London, Ontario N6A 3K7 Canada  
Phone: (519)661-3945  
Fax: (519)661-3485  
Email: dsharp@novell.business.uwo.ca

Please include a statement concerning the nominee's contributions to international accounting education, and selected, organized supporting documentation gathered from students, alumni, colleagues and professional organizations as well as other objective data.

**DEADLINE for nominations: March 31, 1996**



## CALL FOR PAPERS

### THE FOURTH CRITICAL PERSPECTIVES ON ACCOUNTING SYMPOSIUM

*Critique and Accounting Change*

NEW YORK CITY

Friday, April 26, to Sunday, April 28, 1996

(Springtime in New York!)

#### Aims, Scope, & Audience

The Critical Perspectives Symposium provides a forum for exploring research on emerging issues in accounting and auditing. It brings together interested faculty, professionals, policy makers, accounting students, and others concerned with professional and regulatory issues in the corporate, university, government and financial sectors.

#### Topics and Themes

The symposium seeks original contributions that examine issues presently facing professionals, educators and scholars. The following are illustrative, but not exhaustive, of the symposium themes:

The New Roles of Academia • Judicial Power & Conflict Adjudication • Race & Multicultural Issues • Poetry of Accounting • The Failure of Financial Institutions • Time & Value • Litigation, Malpractice & Competition • The Impact of Advanced Information Technologies • Social Audits & the State • Ecology & Green Accounting • Gender Relations & Feminist Theories • International Issues • Critical Histories • Pension & Employee Benefits • Auditing as Social Dialogue • Healthcare Issues • Management Accounting Developments • FASB Decision Making • SEC Interface & Regulation • Critical Ethnographies.

#### Sponsors and Participants

Institutional sponsors of previous symposia include Deloitte & Touche, BDP Seidman, The Public Interest Section of the AAA, Hofstra University, Baruch College-CUNY, The Critical Perspectives on Accounting Journal, and SUNY at Albany. Sponsorship is currently being negotiated for the 1996 symposium. To date, the following have agreed to participate: Ed Arrington (Louisiana), Michele Chwastiak (Baruch-CUNY), David Cooper (Alberta), Jesse Dillard (New Mexico), Mary Doucet (Georgia), Marty Freedman (SUNY), Paul Goldwater (Central Florida), O. Finley Graves (Mississippi), Karen Hooks (USF), Linda Kirkham (Manchester), Richard Laughlin (Sheffield), Cheryl Lehman (Hofstra), Patti Mills (Indiana), Bob Nehmer (Georgia), Marilyn Neimark (Baruch-CUNY), Larry Ponemon (Binghamton), Tony Tinker (Baruch-CUNY), Paul Williams (North Carolina).

#### CPE Credits and Registration Fee

Participation in past symposia have earned 16 Continuing Professional Education credits. The early-bird registration fee is \$225 (\$260 after February 8, 1996).

#### Location and Dates

The Symposium will be held in New York City on Friday through Sunday April 26-28, 1996, beginning with a reception and registration on Friday evening, and ending early on Sunday afternoon to allow return travel. The registration fee covers the reception, breakfasts, luncheon on Saturday, and all mailing and registration material. The St. Mortiz on the Park is located at: 50 Central Park South, NYC 10019. Tel: (212) 755-5800, Toll Free: (800) 221-4774. FAX: (212) 752-5097. Outside the U.S. call UTEL.

#### Submission Deadlines and Publication Support

Complete manuscripts, working papers, abstracts, and panel proposals are welcome. Early submissions are encouraged. (The deadline is January 15, 1996.) Authors will be advised of the editorial panel's decision within a month of submission, and no later than February 8, 1996. A selection of manuscripts will be published in *Critical Perspectives on Accounting* and *Advances in Public Interest Accounting*. For submission form and other information contact:

Professor Tony Tinker  
Baruch College-CUNY  
Box E-0723

17, Lexington Avenue  
New York, NY 10010  
U.S.A.

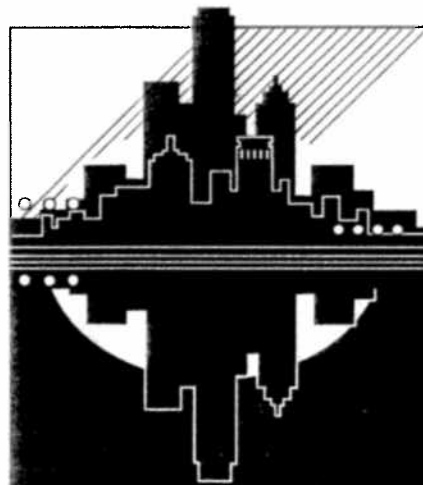
Telephone: (212) 802-6436

FAX: (212) 802-6435

Email: atibb@cunyvm.cuny.edu

Mrs. Nancy Koutsoumadi  
Conference Secretary

Email: akoutsou@interserv.com





### *Advances in International Accounting*

*Advances in International Accounting* (AIIA) is an annual publication of research in international accounting. The journal's purpose is to meet the information needs of both academicians and practitioners.

AIIA invites thoughtful, well-developed articles on any current topic in international accounting, broadly defined. Articles may range from purely empirical to purely theoretical, from practice-based application to the development and testing of theories. Articles must be readable, relevant and reliable. To be readable, articles must be understandable and concise. To be relevant, articles must focus on issues currently facing the international accounting and business community. To be reliable, articles must develop conclusions from sound evidence and/or logic. For empirical reports, sound design and execution are critical. For theoretical arguments, reasonable assumptions and logical development are essential.

AIIA provides authors with timely reviews clearly indicating the status of the manuscript. The results of

initial reviews normally are reported to authors within eight weeks from the date the manuscript is received. Authors are expected to work with the Editor and/or Associate Editor to resolve areas of concern expressed by the reviewers.

Manuscripts should be double spaced with a cover page indicating the author's name and affiliation and should be accompanied by a separate abstract of 100 words or less. Four copies of the manuscript, abstract, and any research instruments, as well as a \$15 submission fee payable to AIIA should be sent to:

Timothy S. Douplik, Editor  
Advances in International Accounting  
College of Business Administration  
University of South Carolina  
Columbia, SC 29208 USA



### **First Joint IAS/IAG International Accounting Conference July 4-5, 1996** **AAA, International Accounting Section and AAANZ, International Accounting Group** **Joint Conference on International Accounting Issues**

This Conference will be a first in cooperation between the International Accounting Sections of these two organizations. The conference will be held over two days on Thursday and Friday, July 4-5, 1996. A welcome reception on the evening of Wednesday, July 3 will launch this historic Joint IAS/IAG Conference. The timing will allow delegates to also attend the AAANZ Conference to be held in Christchurch, New Zealand.

The venue for the Conference is the **Kingfisher Bay Resort and Village on Fraser Island**. Kingfisher Bay, a fully integrated resort with excellent conference facilities, is located on the west coast of Fraser Island just 45 minutes by catamaran from Urangan Harbour following a one hour flight from Brisbane. Fraser Island is World Heritage listed and lies at the southern end of the Great Barrier Reef.

Completed papers, abstracts and proposals for panel discussions are requested on any area of international accounting and should be sent to either:

Rex Corsi  
Faculty of Commerce  
University of Southern Queensland  
Toowoomba QLD 4350  
AUSTRALIA

or

Ian Eddie  
Department of Accounting  
University of New England  
Armidale NSW 2351  
AUSTRALIA

#### **The timetable for this conference is:**

Proposals and abstracts by Monday, November 20, 1995

Completed papers by Monday, February 5, 1996

Notification of acceptance/rejection Monday, April 22, 1996

All papers will be refereed by a Joint Committee of the IAS/IAG.

Make sure that you receive registration details and further information concerning this conference by contacting the above members of the Joint Conference Organizing Committee. Alternatively, if you are in the United States contact: Professor Manuel Tipgos, School of Accounting, Indiana University Southeast, 4201 Grant Line Road, Indiana, USA 47150.

## INTERNATIONAL SECTION NOTABLE DOCTORAL DISSERTATION AWARD

The Dissertation Award Committee of the International Section of the American Accounting Association welcomes applications for its 1996 award. All doctoral dissertations completed between January 1, 1995 and December 31, 1995 in the areas of international accounting, auditing, taxation or systems are eligible for this award. Applicants should send abstracts of their dissertation work, not to exceed ten pages, by February 1, 1996 to:

Dissertation Award  
Carol M. Lawrence  
School of Accountancy  
Middlebush Hall  
University of Missouri-Columbia  
Columbia, MO 65211

Phone: (314) 882-2474  
Fax: (314) 882-0365  
Email: lawrence@bpa.missouri.edu

Award finalists will be asked to submit full dissertations to the committee during March of 1996.

A plaque will be presented to the author of the winning dissertation at the Annual Meeting of the American Accounting Association in Chicago, Illinois, U.S.A., during August of 1996. All reasonable expenses incurred by the winner in travel to and participation in these meetings will be reimbursed by the International Section of the AAA.

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## INTERNATIONAL ACCOUNTING SECTION CO-SPONSORS SYMPOSIUM IN LONDON

On May 13 and 14, 1995, immediately following the Annual Congress of the European Accounting Association in Birmingham, England, the International Accounting Section of the American Accounting Association co-sponsored a symposium in London entitled "From Communism to Capitalism: A Symposium on Accounting in Eastern Europe." Other sponsors included the Centre for International Accounting Research, University of Hull; the Chartered Association of Certified Accountants (UK); and the Universities of Birmingham, Exeter, and Middlesex. Attended by approximately 50 people, the event marked the Section's first effort to act on the recommendations of the Section's Outreach Task Force. The Task Force was organized in 1993 and charged with identifying ways in which the Section might more actively involve its non-U.S. members. Organizers of the symposium included James Schweikart, University of Richmond, IAS Chair; Richard Briston and David Alexander, University of Hull; John Samuels, University of Birmingham; R.S.O. Wallace, University of Middlesex; Clare Roberts, University of Exeter;

## INTERNATIONAL ACCOUNTING SECTION 1996 MID-YEAR MEETING

The 1996 IAS mid-year meeting will be held in Vancouver B.C. March 29-31. Our meeting's sponsor is CGA Canada. We continue to concentrate on the teaching of international accounting, but are including sessions that will be helpful for both your research and teaching interests. We know that the program will benefit all IAS members and hope that many of you attend.

We will open the meeting with a special interest forum on International Accounting presented by William Decker of Coopers & Lybrand on Friday afternoon. Some of the sessions that are planned for Saturday include two of the most popular sessions from last year, Lessons from the Trenches: Teaching International Accounting (coordinated by Carol Houston) and Using Comparative Annual Reports in Teaching Graduate and Undergraduate International Accounting Courses (coordinated by Cheryl Fulkerson). New sessions included this year are Emerging Research Areas in International Accounting (coordinated by Gary Meek), A Review of Available Cases in International Accounting (coordinated by Steven Salter), a NAFTA/Pacific Rim session looking at emerging issues and research opportunities (coordinated by David Sharp and Tsui.), and a workshop titled Using the Internet: Teaching and Research (we plan a live tour of the Web and a visit to the International Accounting Section Home Page!). We will close the meeting on Sunday morning with a panel discussion by the editors of international accounting journals.

Vancouver is a popular and exciting location. At press time we have great room price quotes from some outstanding downtown hotels and hope to finalize plans soon. Once the rates are finalized, we will send the contract to the AAA for signing. By the time you read this newsletter, the AAA should have signed the contract. As the number of rooms will be limited, you may want to Email me to find out the hotel and phone number to make your reservations. My Email address is conovert@cobaf.unt.edu.

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and O. Finley Graves, University of Mississippi. The plenary speaker was Dr. Istvan Friedrich of Monor Telefon Tarsasag, Budapest, Hungary. Other Speakers included Stewart Arnold, University of Hull; Marek Schroeder, University of Birmingham; Maureen Berry, University of Illinois; and Mike Harvey, newly elected Chairman of the Chartered Association of Certified Accountants. Participants included representatives from Poland, Estonia, Russia, and Serbia as well as several Western European countries, South Africa, Kuwait, Japan, Australia, and the U.S. One very special participant was Dean Emeritus Paul Garner, University of Alabama.

## ANNOUNCEMENT

### EIGHTH INTERNATIONAL CONFERENCE ON ACCOUNTING EDUCATION

The Changing World of Accounting:  
Global and Regional Issues

October 23-25, 1997, Paris (France)

The 8th Conference on Accounting Education will be held jointly by the International Association for Accounting Education and Research and the Association Francaise de Comptabilite. The convention will take place immediately before the XVth World Congress of the International Federation of Accountants, October 26-29, in Paris.

The theme of the conference is "The Changing World of Accounting: Global and Regional Issues" and deals with the following subjects:

Comparative Accounting Systems  
Managerial Accounting in Multinational Corporations  
Cultural Influences on Accounting  
International Accounting Harmonization  
Impact of International Accounting Differences  
Stock Markets and Accounting Diversity  
Comparative Auditing Systems  
International Financial Reporting Issues  
Accounting and the Environment  
Accounting Education in Developing Countries  
Accounting Education in Changing Economies  
Implementing Advanced Technologies in Accounting Education  
New Curricula in Accounting Education  
Teaching Innovation in Accounting Education  
Information Technologies in Accounting Education

#### Rules for Manuscript Submission:

1. Papers must be written in English.
2. Authors must list the major topic(s) under which their paper falls.
3. Papers must not have been published or accepted for publication elsewhere.
4. Each paper must contain a title with all co-authors listed and an abstract. To facilitate blind reviews do not identify authors after the cover page.
5. The abstract should be presented uniformly: 8 1/2 x 11 (or A4), typed, single-spaced, 10-point, maximum 400 words, headed by title, author(s) and affiliation(s).
6. Papers must be typed, double spaced, Helvetica, New York, Palatino or Times, 12-point, and between 15 and 20 pages long. Footnotes should be started on a separate page and are included in the total page length indicated.
7. Margins are to be 1 1/2 inches (or 2.5-3 cm) left margin, 3/4 of an inch (or 2 cm) right margin and 1 inch (or 2.5 cm) for the top and bottom.
8. Papers must be received for review by December 31, 1996. Earlier submission is encouraged. Received papers will be acknowledged. Abstracts of papers,

without the full paper, will also be considered but priority will be given to complete papers.

9. Three copies of the papers (or abstracts) must be submitted. No submission by fax will be accepted.
10. Authors will be notified of decisions by February 28, 1997. A final version of the accepted papers must be submitted in the specified format by March 31, 1997. Further instructions will be given to authors of accepted papers. All abstracts will be published in the proceedings.
11. At least one author of accepted papers must register for the conference in order for the paper to appear in the proceedings.

All submissions should be made to:

Professor Jean-Claude Scheid  
INTEC - CNAM  
292, rue Saint-Martin  
75141 PARIS CEDEX 03  
France

Telephone: (33) 140 27 21 73  
Fax: (33) 142 71 67 01  
(Email): burlaud@cnam.fr

#### CALL FOR PAPERS

The annual meeting of the Northeast Regional Meeting of the AAA will take place on April 18-20, 1996 in New York City. Members of the International Accounting Section are cordially encouraged to participate. Three copies of papers should be sent by November 1, to co-ordinators:

Professors Paul Brown and Alex Dontoh  
Department of Accounting, Tax and Business Law  
40 W. 40th St.  
New York University  
New York, NY 10012-1118

Proposals for panels and CPE sessions should also be sent to the above coordinators. More information about the meeting appears in the October issue of the *Accounting Education News* or contact the International Section coordinator:

Professor David Sharp  
Business School  
University of Western Ontario  
London Ontario, N6A 3K7 CANADA  
Email: dsharp@novell.business.uwo.ca

## HAVE YOU SEEN...?

by  
Mike Kennelley, Florida State University

**"ABC in FRANCE,"** by P. Bescos and C. Mendoza, *Management Accounting* [April 1995]: 33-39.

Few companies in France are using activity-based costing (ABC). This paper uses a U.S. subsidiary located in France and a French parent based in France as illustrations to clarify the reasons for resistance to or acceptance of the ABC approach.

**"Political Risk Assessment and Disclosure in Annual Financial Reports: The Case of the Persian Gulf War,"** by H. Meier, S. Tomaszewski, and R. Tobing, *Journal of International Accounting Auditing & Taxation* [Vol. 4 No. 1]: 49-68.

This paper focuses on current practices of political risk evaluation and disclosure by management and auditors. Disclosure about effects of the Gulf War in corporate annual reports serves here as a case in point. Current accounting and auditing guidelines on the treatment of uncertainties and contingencies provide a background for in-depth analysis of annual reports of U.S. companies operating in Kuwait before and during the war. Results indicate minimal war-related disclosure in consolidated financial statements accompanied by total absence of segmental disclosure. It is most likely that auditors did not challenge management representation because of the materiality doctrine.

**"Occupational Licensure in the Accounting Profession Effects of Public Regulation on Accountants' Earnings,"** by J. Schaefer and M. Zimmer, *Journal of Applied Business Research* [Vol. 11 No. 2]: 9-16.

This paper examines the effects of CPA licensure requirements on earnings in the accounting profession. Using micro data from the U.S. Census, the authors estimate a model of individual earnings in which explicit controls are included for occupational requirements in the accountant's state of residence. Two findings are noteworthy. First, states which require additional credit hours beyond the four-year degree appear to be characterized by higher earnings. Second, states which do not have experience requirements are associated with lower earnings. The subject appears fruitful for further research.

**"On the Regional Approach to Accounting Principles Harmonization: A Time for Latin American Integration?"** by J. Rivera and A. Salvá, *Journal of International Accounting Auditing & Taxation* [Vol. 4 No. 1]: 87-100.

In the majority of countries outside of the United States, accounting principles are issued by a professional accounting organization vested with official authority—granted or recognized by the government—to promulgate accounting standards. The accounting standards might

have developed from within the country or been adopted from foreign standards and adapted to the specific circumstances of the country's economy. Examples of both approaches are found in Latin American countries. This phenomenon produces areas of potential disagreement when accounting norms are examined on a comparative level. To improve the level of accounting harmonization in Latin America, a model of accounting standard setting similar to that followed in the European Union is proposed for the Latin American region.

**"The Chameleon of Accountability: Forms and Discourses,"** by A. Sinclair, *Accounting Organizations and Society* [Vol. 20 No. 2/3, 1995]: 219-237.

Accountability is a cherished concept, sought after but elusive. New models of administrative reform promise to provide heightened accountability through managerial controls. Interviews with 15 Chief Executives of Australian public sector organisations reveal the chameleon quality of accountability. Accountability is subjectively constructed and changes with context. Five forms of accountability identified in the interviews are explored: political, public, managerial, professional and personal. Two discourses of accountability are also identified: a structural and a personal discourse. CEOs experience an accountability which encompasses multiple and conflicting meanings. The paper argues for a new conception of accountability and new approaches to enhancing it. Imposing managerial controls is less likely to be effective than informing the process by which administrators construct and enact a sense of being accountable.

**"The Impact of Manufacturing Flexibility on Management Control System Design,"** by M. Abernethy and A. Lillis, *Accounting, Organizations and Society* [Vol. 20 No. 4, 1995]: 241-258.

Despite anecdotal evidence questioning the relevance of management accounting in firms pursuing "new" manufacturing strategies, the exact nature and role of accounting information for controlling manufacturing activities has received little empirical attention. This study examines the impact of manufacturing flexibility on the design of management control systems. In particular, the authors examine the implications of flexibility on the use of efficiency-based performance measurement systems and the use of integrative liaison devices. Data was collected through semi-structured interviews from general managers in manufacturing firms in Melbourne, Australia. These interview data were used to develop measures for the constructs of interest. Exploratory analysis of the data indi-

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cates that integrative liaison devices are a critical form of control in managing the implementation of flexible manufacturing strategies. However, the role of accounting or other efficiency-based performance measures declines in those firms with a commitment to manufacturing flexibility.

**"Conditional-Normative Accounting Methodology: Incorporating Value Judgments and Means-End Relations of an Applied Science,"** by R. Mattessich, *Accounting, Organizations and Society* [Vol. 20 No. 4, 1995]: 259-284.

The growing interest in ethical and other normative aspects of accounting promotes the search for an empirical-scientific methodology capable of handling normative issues. On the one side, traditional normative accounting theories have been rejected as unscientific, on the other side, "positive accounting theory" emphasizes the positive instead of the normative aspects of our discipline. Thus accounting possesses only a well-publicized positive methodology but no equally recognized normative counterpart (as has positive economics in normative economics, physics in engineering, biology in medicine, etc.). This *expository* paper attempts to fill the gap by outlining the methodological basis for a conditional-normative accounting theory which recognizes different information goals (norms) but enables the formulation of empirically confirmable relations between those goals and the means to achieve them. Such a theory is *objective* insofar as it (i) discloses the underlying value judgments and (ii) empirically tests whether the recommended means lead to the desired ends. The paper discusses past efforts and the present status of this methodology as well as future requirements. It not only draws attention to the relative neglect of policy analysis and purpose-oriented thinking, but shows the way to a synthesis of the normative and the positive approach to accounting.

**"Market Reaction to Analysts' Multi-Year Forecast Revisions: A Non-Parametric Approach,"** by Y. Lui, *British Accounting Review* [Vol. 27 No. 1, 1995]: 35-44.

Using a non-parametric approach, this study examines how the stock market in Hong Kong reacts to analysts' multi-year forecast revisions. The results show that the market reacts to both 1-year-ahead and 2-year-ahead forecast revisions. Even when the effect of one horizon's forecast revisions is controlled for, stock returns are still significantly associated with the forecast revisions of another horizon. This suggests that earnings forecasts for different horizons have information content on their own and incremental information relative to each other. The findings also show that the Hong Kong market is concerned with multi-year ahead forecasts and not myopic.

**"Questioning the Assumed Homogeneity of the Behavioural Environment of Accounting Firms: Some**

**Exploratory Empirical Evidence,"** by T. Fogarty, *British Accounting Review* [Vol. 27 No. 1, 1995]: 45-59.

By not considering firm differences, past behavioural accounting research implicitly assumes that important differences do not exist among these firms. Based on a survey of staff auditors in the USA, this study identifies significant differences in the relationships between outcomes and antecedent processes across the major accounting firms. Future progress in understanding this work environment may depend upon challenging the assumed homogeneity among these organizations.

**"Differential Information and the Underpricing of Initial Public Offerings: Australian Evidence,"** by J.C.Y. How, H.Y. Izan, and G.S. Monroe, *Accounting and Finance* [Vol. 35 No. 1, 1995]: 87-105.

This paper provides evidence on underpricing in Australia using 340 industrial initial public offerings over the period 1980 to 1990. It aims to explain why underpricing is consistent with rational behaviour by focusing on differential information across IPO firms. The authors measure differential information along two dimensions, the quality and the quantity of information. The authors propose that the quality of information is reflected in the reputation of independent advisers to the preparation of the issuing firm's prospectus. Three such independent external advisers are examined: the investigating accountant, the underwriter, and the expert. The results provide strong support for the reputation effect of the underwriter on underpricing. Although there is evidence showing a negative relation between underpricing and the reputation of the investigating accountant and the expert, it is not significant. Results also support the differential quantity of information hypothesis. Firms with more information available are, on average, less underpriced.

**"Foreign Listing Location: A Study of MNCs and Stock Exchanges in Eight Countries,"** by S. M. Saudagaran and G. C. Biddle, *Journal of International Business Studies* [Vol. 26 No. 2]: 319-341.

This study aims to enhance our understanding of multiple listings by addressing the *where* question related to foreign listings. It examines factors that influence firms' choices of foreign stock exchanges. Based on a sample of 459 internationally traded MNCs, with at least one foreign listing on one of nine major stock exchanges (in eight countries) at year-end 1992, the study finds strong evidence that foreign listing locations are significantly influenced by 1) financial disclosure levels, and 2) the level of exports to a given foreign country.

**"Cultural Influence on the Development of Accounting Systems Internationally: A Test of Gray's [1988] Theory,"** by S. B. Salter and F. Niswander, *Journal of International Business Studies* [Vol. 26 No. 2, 2nd Quarter 1995]: 379-397.

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This paper attempts to test the theory developed by Gray [1988] linking accounting values and systems with Hofstede's [1980] cultural constructs. Based on data from twenty-nine countries, it finds that while Gray's [1988] model has statistically significant explanatory power, it is best at explaining extant professional and regulatory structures from a cultural base. This paper further finds that both the development of financial markets and levels of taxation enhance the explanations offered by Gray [1988].

**"A Survey of Activity-Based Costing in the U.K.'s Largest Companies,"** by J. Innes and F. Mitchell, *Management Accounting Research* [Vol. 6 No. 2, 1995]: 137-153.

This paper contains the results of a 1994 survey of activity-based costing (ABC) in the U.K.'s largest 1000 companies. The survey was designed to ascertain the adoption rate of ABC in these companies, the specific applications of ABC, the views of users on the success and importance of ABC, the views of non-ABC users on ABC and the possibilities of future research. The results indicate that although ABC is now used by a significant number of large companies its impact is often restricted in scope and it has also been rejected by a sizeable number. The majority of companies have still to come to a decision on its use. Among users it is applied throughout all of the core areas of management accounting. There is thus potential for considerable growth in its adoption among non-users. It is an on-going development which gives considerable opportunity for researchers interested in change to pursue work on this topic in a variety of the sub-areas of management accounting.

**"Performance Measurement Systems, Incentive Reward Schemes and Short-Termism in Multinational Companies: A Note,"** by J. Coates, T. Davis, and R. Stacey, *Management Accounting Research* [Vol. 6 No. 2, 1995]: 125-135.

This paper seeks to examine the propensity for short-termism within the corporate performance measurement systems of large U.K., U.S. and German multinationals. The research proceeds by means of a field survey methodology involving visits to 45 corporate entities comprising 15 large multinational parent groups and 30 lower-tier divisions and subsidiaries, equally represented in each of the three countries. Attention is focused on how the incorporation of managerial incentive schemes may reinforce a potential bias towards short-termism through interaction with the corporate performance measurement system. While features of the performance systems used by these firms in the three countries appeared to be similar, interesting differences in emphasis emerge from the way in which managerial incentives are used in relation to the corporate performance measurement system.

**"An Empirical Assessment of IASC's Proposed Goodwill Amortization Requirement,"** by Z. Wang, *The Inter-*

*national Journal of Accounting* [Vol. 30 No. 1, 1995]: 37-47.

A recent International Accounting Standards Committee (IASC) statement of intent (1990) proposes to restrict the goodwill amortization period to less than five years, which is significantly shorter than the 40-year amortization period currently used by many US firms under APB No. 17. Using a cross-sectional equity valuation model, this study documented consistent evidence indicating that the reported goodwill under APB No. 17 has been significantly understated relative to its market value and has been more understated than other assets reported in financial statements. The evidence is consistent with the view that in a successful business the value of goodwill does not decline because it is being continuously maintained. A direct implication of the findings is that the five-year amortization period proposed by IASC not only will cause the reported goodwill to be more severely understated, but will also make the reported goodwill less consistent with other assets in the financial statements.

**"The Incidence, Nature, and Impact of Extraordinary Items on Earnings: An Exploratory Study for Hong Kong,"** by M. Lynn and P. McGuinness, *The International Journal of Accounting* [Vol. 30 No. 1, 1995]: 62-82.

This study compares the treatment of extraordinary items in Hong Kong to what has been learned elsewhere. Extraordinary items occur frequently in this setting with an occurrence rate ranging from 25 to 36 percent across all listed companies over a five-year reporting period. Most items have a positive impact on income and arise from property sales in an ebullient market. Evidence of smoothing of income and of the "big bath" phenomenon (see for example, Elliot and Shaw (1988)) found elsewhere is not evident here. Also rejected is the "large company" thesis which claims larger businesses will attempt to defer or conceal income due to political pressures. In sum, due to an array of social, commercial, and tax considerations, Hong Kong companies attempt to maximize current income. In short, success is celebrated rather than punished in the laissez-faire business environment of Hong Kong. Finally, proposed changes to corporate reporting in Hong Kong mean that extraordinary items will soon be all but eliminated. While the exclusion of such items will not make any significant difference to overall income figures, the proposed changes will allow a more detailed and meaningful analysis of corporate income to be made bearing in mind the rather liberal usage of extraordinary income to date in the Territory.

**"Standard Setting and Economic Consequences: An Ethical Issue,"** by P. Collett, *ABACUS* [Vol. 31 No.1, March 1995]: 18-30.

This article examines difficulties associated with the Australian Conceptual Framework requirement that standard setters have to take into account the economic conse-

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quences of their decisions, particularly in relation to the possibility that qualitative criteria such as representational faithfulness might have to be sacrificed in the process. By identifying and assessing the ethical implications of the standard setting task, these difficulties are shown to be avoidable.

**"Cultural Relevance of Western Accounting Systems to Developing Countries,"** by N. Baydoun and R. Willett, *ABACUS* [Vol. 31 No. 1, March 1995]: 67-92.

It has been suggested recently that the accounting systems used in developing countries may be irrelevant to their needs because they originate in Western countries with different cultural values. The accounting literature on this point, however, is vague in its assessment of exactly what aspects of Western accounting systems fail to meet the test of relevance. Furthermore, it is not clear whether the differences between the needs of users in various countries are differences in kind or only differences in degree. This article analyzes these issues by introducing technical considerations in addition to the behavioural ones usually discussed and by separating out problems of accounting *measurement* from problems of accounting *disclosure*. This distinction is used to argue that it is the specific disclosure rules of particular calculations inherent in Western accounting systems rather than the transaction cost database that are most likely to fail to satisfy the needs of users in developing countries. The effect of the importation of the French Unified Accounting System to Lebanon is examined and an amended version of the Hofstede-Gray cultural accounting framework is used to clarify the concept of cultural relevance

**"Is the Correlation in International Equity Returns Constant 1960-1990?"** by F. Longin and B. Solnik, *Journal of International Money and Finance* [Vol. 14 No. 1, 1995]: 3-26.

This paper examines the correlation of monthly excess returns for seven major countries over the period 1960-90. The paper reports that the international covariance and correlation matrices are unstable over time. A multivariate GARCH (1,1) model with constant conditional correlation helps to capture some of the evolution in the conditional covariance structure. However tests of specific deviations lead to a rejection of the hypothesis of a constant conditional correlation. An explicit modeling of the conditional correlation indicates an increase of the international correlation between markets over the past thirty years. The study also finds that the correlation rises in periods of high volatility. There is some preliminary evidence that economic variables such as the dividend yield and interest rates contain information about future volatility and correlation that is not contained in past returns alone.

**"The Importance of Reporting Conventions for the Theory of Corporate Taxation,"** by V. Kannianen and J.

Södersten, *Journal of Public Economics* [Vol. 57 No. 3, July 1995]: 417-430.

This paper shows that for the analysis of a tax policy, it is important to be explicit about the reporting convention to which a corporation tax is required (or allowed) to adhere. The paper shows that the corporation tax cannot be used to alter capital formation under uniform reporting, a convention required by the majority of the OECD countries. This tax is, however, a more useful policy tool in those OECD countries that have created the privilege of separate reporting. Fiscal depreciation makes the marginal valuation of equity differ from the marginal valuation of capital. Use of tax allowances directed to investment stimulus operates rather differently under the two reporting conventions.

**"International Repercussions of Source-Based Capital Income Taxation,"** by T. Christensen and S. B. Nielsen, *Journal of Economic Integration* [Vol. 10 No. 1, March 1995]: 87-110.

This paper is concerned with international effects of source-based capital income taxation in a large economy. The authors derive, within the context of a two-country overlapping generations model in continuous time, the implications of such taxation for the world interest rate and for investment, consumption, saving and external balances at home and abroad. Furthermore, it is argued that higher source-based taxes will hurt foreigners alive at the time of the policy change, whereas future citizens abroad stand to benefit. Finally, the effects of source- and residence-based taxes are compared.

**"Monitoring and Coordination in MNCs: Implications for Transfer Pricing and Intra-Firm Trade,"** by S. Donnerfeld and T. J. Prusa, *Journal of Economic Integration* [Vol. 10 No. 2, June 1995]: 230-255.

The ability of multinational corporations (MNCs) to shift profits among divisions has been often perceived as an attempt to avoid taxes. This paper investigates how two factors—(i) the asymmetry of information between the headquarters and the affiliate's managers about local cost conditions and (ii) the limited ability of the headquarters to monitor and control the level of effort exerted by the subsidiary's managers—affect the MNC's efficiency and the level of international trade that is conducted via intra-firm trade. Results imply that transfer price deviations from benchmark standards need not imply that MNCs manipulate transfer prices to avoid taxes but rather reflect the MNC's attempt to coordinate internal activities.

**"Corporate Ownership, Profitability, and Bank-Firm Ties: Evidence from the American Occupation Reforms in Japan,"** by Y. Yafeh, *Journal of the Japanese and International Economies* [Vol. 9 No. 2, June 1995]: 154-173.

This paper uses data from a report submitted to General MacArthur in order to examine the effects of a large

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scale reform in corporate control in Japan following World War II. The analysis indicates that reformed firms tended to perform worse than their industry peers due to diffuse post-reform ownership structure and limited monitoring of managers. Evidence on the reappearance of corporate groups in Japan a few years after the end of the American reforms suggests that the *keiretsu* and their Main Banks are economically rational institutions. Furthermore, Main Banks may have served as a mechanism through which new, post-reform, ownership-monitoring was created.

**"Randomness in Developing Economies: An Investigation,"** by J. L. Urrutia, *The International Journal of Finance* [Vol. 7 No. 1, 1995]: 1078–1091.

Dickey and Fuller (1979, 1981) tests, and Lo and MacKinlay (1988, 1989) variance-ratio methodology are employed to test the hypothesis that equity market prices of developing countries follow random walk processes. The data correspond to weekly price indices for four Latin American countries: Argentina, Brazil, Chile, and Mexico; and four Asian countries: Korea, Malaysia, Taiwan, and Thailand. The Dickey and Fuller tests confirm the random walk hypothesis for all the emerging markets under investigation, except Malaysia. However, the more powerful variance-ratio test tends to reject it. In general, the empirical evidence found against the random walk process of emerging market returns is stronger than that reported for developed markets by other authors, such as Poterba and Summers (1988) and Lo and MacKinlay (1988).

**"Tests of the Value Line Ranking System: Some International Evidence,"** by T. W. Chamberlain, C. Cheung, and C. C. Y. Kwan, *Journal of Business Finance & Accounting* [Vol. 22 No. 4, June 1995]: 575–585.

The opportunity to earn abnormal returns by following the Value Line Investment Survey's US stock recommendations has been discussed by a number of authors. This study examines the question of whether this opportunity extends to Value Line's foreign stock timeliness rankings. The results indicate that while there may be an immediate price reaction when stocks are assigned to the highest or lowest rank, abnormal returns are not sustained. This, moreover, does not appear to be due to unexpected changes in exchange rates.

**"Auditor Switching: The Price of Audit Services,"** by S. Butterworth and K. A. Houghton, *Journal of Business Finance & Accounting* [Vol. 22 No. 3, April 1995]: 323–344.

In this paper, the authors assert that companies try to mitigate the cost of audits by adopting fee minimisation strategies, including audit tendering and the common consequential effect—auditor switching. To test the presence of fee cutting, fees charged by new and incumbent auditors are compared using a regression model of audit fees for 268 Australian companies. Audit fee charged for

initial audits is less than for non-initial audits, but not significantly so. However, the presence of fee cutting does appear to be linked to fees for non-audit services.

**"An Examination of International Equity Markets Using American Depositary Receipts (ADRs),"** by S. E. Webb, D. T. Officer, and B. E. Boyd, *Journal of Business Finance & Accounting* [Vol. 22 No. 3, April 1995]: 415–430.

American Depositary Receipts (ADRs) are dollar denominated receipts for non-U.S. shares traded on major U.S. exchanges that allow investors the opportunity to invest in foreign stocks. Despite evidence that international equity markets are becoming integrated, the paper reports evidence of some international market segmentation with the U.S. market serving as the lead market. ADRs continue to be an important vehicle in providing cost-effective international diversification for domestic investors while serving as a source of international equity capital for foreign firms.

**"Segmental Reporting: A Preparers' Perspective,"** by P. Edwards, *Accounting and Business Research* [Vol. 25 No. 99, 1995]: 151–161.

Following the introduction of Statement of Standard Accounting Practice 25, *Segmental Reporting*, British companies must now report turnover, result and net assets analyzed by geographical segments and business classes. This paper, unlike most previous research into segmental reporting, focuses on the preparers of accounts. The empirical study, based on information obtained by a questionnaire survey, has two objectives. First, to investigate the preparers' perceptions of the usefulness of segmental information and second, to identify which criteria were used to select reportable segments. The results show that the reported selection criteria have discarded or ignored many of the suggestions identified in previous academic literature and in the standard, in favour of pre-existing organizational groupings. The responses also indicate that preparers doubt the usefulness to shareholders of the reported information.

**"The Incidence of Accounting-Based Covenants in UK Public Debt Contracts: An Empirical Analysis,"** by D. B. Citron, *Accounting and Business Research* [Vol. 25 No. 99, 1995]: 139–150.

Accounting-based covenants are of particular interest to accounting researchers in view of their potential to influence management's accounting policy choices and their attitudes to new accounting standards. This exploratory paper provides evidence on the incidence of accounting-based covenants in 108 U.K. public debt contracts for the period 1987–1990. Thirty percent of the agreements contain such covenants, the majority of which are affirmative gearing covenants. Focusing on the institutional differences between the U.K. and the U.S., the paper examines relationships between the presence of accounting-based covenants and (a) characteristics of the issuing firm, and

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(b) other control mechanisms included in the debt agreement. U.K. firms raising public debt are of good credit quality and U.K. insolvency procedures afford unambiguous protection to secured creditors. As a result, accounting-based covenants are associated with long-term unsecured debt and with firms having high values for assets-in-place but, in contrast with U.S. findings, are unrelated to gearing. Convertibility appears to reduce the need for accounting-based covenants, especially when the debt is also subordinated. The relationship between accounting-based covenants and security depends on the nature of the security (fixed or floating). Longer term non-convertible debt agreements are, therefore, particularly likely to contain covenants that could influence management's accounting behaviour. This paper provides a starting point for further research into these issues.

**"An Evaluation of the Decision Usefulness of Cash Flow Statements by Australian Reporting Entities,"** by S. Jones, A. Romano, and K. X. Smyrniotis, *Accounting and Business Research* [Vol. 25 No. 98, 1995]: 115-129.

In June 1991, the Australian Accounting Standards Board issued AASB 1026, *Statement of Cash Flows*. Since replacing the funds flow statement, the new accounting standard has become a compulsory part of Australian corporate financial reporting. In contrast to cash flow developments in the U.S. and U.K., the emergence of AASB 1026 has been preceded by almost no significant research attention by Australian academics. This study surveyed the attitudes to cash flow statements of 210 public companies listed on the Australian stock exchange. Findings revealed that there was particularly strong support for the essential provisions of AASB 1026 and the underlying principles of cash flow reporting. The results indicated that the cash flow statement is important for a wide variety of internal and external decision contexts, and appealed to a wide range of users. Furthermore, compared with previous research, the present survey demonstrated that operating profit was not considered by a large number of Australian companies to be a superior measure of business performance to operating cash flow.

**"The Measurement of Harmonisation and the Comparability of Financial Statement Items: Within-Country and Between-Country Effects,"** by S. Archer, P. Delvaille, and S. McLeay, *Accounting and Business Research* [Vol. 25 No. 98, 1995]: 67-80.

This paper reports on an analysis of accounting policy choices made by European companies with an international shareholding. The accounting policies analyzed in depth in this paper comprise the treatment of goodwill and accounting for deferred taxation. In this paper, the van der Tas comparability index is developed by separating the index into two components relating to the within-country (intra-national) effects of domestic standardization and

the between-country (inter-national) effects of harmonization. It is shown in this paper that the value of the index may be interpreted as the probability that two companies selected at random will report financial information that is comparable, and that the lowest level of comparability exists when the accounting methods are assumed to distributed equi-probably over the companies, the outcome of a random selection of accounting policies. The paper also considers the problems of non-disclosure, and a comprehensive "disclosure-adjusted" comparability index is proposed.

## ANNOUNCEMENT

### The Academy of Accounting Historians TAX HISTORY RESEARCH CENTER FELLOWSHIPS

The University of Mississippi

The Tax History Research Center (THRC), which is sponsored by the Academy of Accounting Historians and housed at the University of Mississippi, is offering research fellowships of up to \$1,000 for individuals wishing to conduct research at the THRC. The grant can be used only for lodging at the Alumni House Motel at the University of Mississippi during the time the researcher is working at the THRC. Based on current room rates, the grant would pay for up to four weeks of lodging at Ole Miss. Applications should be submitted at least two months in advance of the projected visit. Applications should include a cover letter and an approximately one-page proposal explaining how the resources of the THRC would be useful in the applicant's research.

Both post-doctoral and pre-doctoral fellowships will be considered. Fellowships would be particularly suitable for those on sabbatical or summer leave. For more information, call Dr. Tonya Flesher at (601) 232-5731 (office) or (601) 234-3969 (home).

The THRC has an extensive collection of tax services, Congressional committee reports, books, journals, and other publications dating back to 1909, dealing with the federal income tax. Some state materials, primarily theoretical or policy oriented, are also available.

Fellowship applications should be sent to :

Dr. Tonya K. Flesher, Director  
Tax History Research Center  
School of Accountancy  
University of Mississippi  
University, MS 38677

CONFERENCE ANNOUNCEMENT AND CALL FOR PAPERS

International Accounting Research:  
Multinational Enterprises and Global Change  
May 24-25, 1996

Warwick Business School, University of Warwick, England

CONFERENCE THEMES:

**International Disclosure Issues**

- Cultural Perspectives
- Voluntary Disclosures by Multinationals
- Segment Reporting
- Environmental Disclosures and Social Reporting

**International Financial Statement Analysis**

- Problems of Accounting Diversity
- Impact of Accounting Differences on Reported Results
- Stock Market Responses in a Multi-Reporting Context
- Foreign Stock Exchange Listing Behaviour

**International Accounting Harmonisation & Regulation Issues**

- Harmonisation Measurement Issues
- Impact of IASC on Multinational
- Global Stock Exchange Co-ordination & IOSCO

**Managerial Accounting by Multinationals**

- Cultural Perspectives
- Strategic Accounting
- Design of Planning and Control Systems
- Performance Measurement Issues

**Multinational Reporting Problems**

- Foreign Currency Translation
- Consolidation, Goodwill, Intangibles, Financial Instruments

Papers selected for the Conference will also have the opportunity to be considered for Fast-track publication in the *Journal of International Financial Management and Accounting*. Deadline for submission of completed papers is December 31, 1995. Submit 3 copies (and also early indications of interest, including offers to participate as a discussant or session chair) to:

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Printed in the USA

Non-Profit Org.  
U.S. Postage  
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PERMIT NO. 169  
Sarasota, Florida

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