27 Articles

FORUM
INTERNATIONAL ACCOUNTING

INTERNATIONAL ACCOUNTING SECTION
OF THE AMERICAN ACCOUNTING ASSOCIATION

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Virginia Commonwealth University
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Florida State University

NO. 57 **SPRING 1996**

CHAIRPERSON'S MESSAGE

When I took over the Chairman's role of the Section, I indicated that my year was going to be a year of implementation. Many of my predecessors generated a number of excellent ideas via the committee network. Many committee members worked arduously to analyze issues and synthesize ideas for solutions.

Walter O'Connor

Wonderful work by wonderful people. But as Lou Holtz, the coach of the Notre Dame football team is reputed to have said, "When all is said and done... more is said than done!"

So in the last *Forum*, I promised to focus on one thing: I-M-P-L-E-M-E-N-T-A-T-I-O-N. To do so, I asked all our committee members to focus on "4 Thrusts" in fulfilling their charge in the 1995-1996 year. You may remember, they were:

THRUST I: Communication Among Members–create an Internet among IAS members

THRUST II: Partnership with Professional Accountants

THRUST III: Cross Border Link-ups of IAS Members for Research

THRUST IV: Teaching International Accounting

In this report I would like to give you a mid-year report on our activities to address these thrusts.

Regarding the *Internet Thrust*, Teresa Conover has developed a home page which will be accessible to Section members by the end of my year in office. The page will contain information on the Section that can be accessed by any Section member. It will contain information on the Section seminars, officers, chairpersons, regional coordinators, areas of international accounting research and teaching. In short, the type of information that must be obtained by trying to remember who has the Section "memory" on what you want to know.

Furthermore, Lee Radebaugh, Reg Mathews and Tim Sale are developing a system for Section members to communicate with each other via the Internet. More information on this will be communicated via e-mail and the home page.

As time goes on, my successors may wish to put the *Forum* on the home page and update it more frequently— and less expensively— than we can do with the printed page.

Our *Outreach Thrust* was moved forward by Manny Tipgos during his lecture trip to the Philippines last summer. Working on Finley Grave's task force last year, Manny thought there were a number of ways in which we could reach out to our members who are outside the United States. This has led to our being invited to co-sponsor an international accounting conference with our counterpart section of the Accounting Association of Australia and New Zealand (AAANZ) in Australia on July 4–7 this year.

In the same vein, we have agreed to co-sponsor the international accounting conference with IAAER on May 24–25 in England. This is consistent with the closer working relationship the AAA is planning with IAAER and fits nicely in our Section attempts to do more for our members outside the United States.

I do hope our United States' members will take advantage of attending both of these conferences to meet with our non-United States members and develop link-ups for more research and teaching opportunities in the area of international accounting.

The *Research Thrust* could not have had a better kick off than the creation of our new *Journal of International Accounting Research*. Jack Kramer, Chairman of the Publications Committee, has coordinated well with Grace Pownall of the Research Committee to begin formulating the steps to implement the charge of producing a high quality journal of which we all can be proud.

Some people have warned me about the lack of quality in some international accounting publications which

(Continued on page 2)

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Sarasota, FL 34233-2399

Chairperson's Message
(Continued from page 1)

already exist. This is caused by the fact that some people have only joined the international bandwagon now that it has become popular. I assured those people that—as the area section that was interested in international accounting before it became so popular—we are dedicated to quality in research. This will be Priority One for our first edition.

The External Relations Committee provided comments to the IASC on E 50 - an exposure draft on Accounting for Intangibles.

The *Practice/Academe Thrust* is off to a flying start through the efforts of Bill Decker, our Vice Chairman-Practice. Bill has been working with me to develop three programs that will bring together academic and practitioner thinking on what should constitute international accounting. With his reputation in international accounting, he has been able to develop three presentations:

- The first will be at our Section Mid-Year Meeting in Vancouver on March 29-30 which is being co-sponsored by the CGA Canada Research Foundation;
- The second is on how practitioners view the contents of international accounting courses. Hans Dykxhoorn is scheduling this for the Midwest region in April;
- The third will be an all day conference in New York in early June on the IOSCO agreement to accept IASC standards for future securities registrations. This will tie into arrangements we have made for a senior executive from IOSCO to speak at our Section luncheon in Chicago in August.

An ambitious agenda—yes! But it has been made possible by a lot of members working together to implement the hard work that was done in the past. This is going to be a great year for the International Accounting Section.

Walter O'Connor

INTERNATIONAL FEDERATION OF SCHOLARLY ASSOCIATIONS OF MANAGEMENT

3rd IFSAM WORLD CONFERENCE
JULY 8–11, 1996

The Third IFSAM World Conference is open to all fields of management. The increasing role of intangibles in competitive strategies and management of business calls for a specific treatment by scholars in various fields of research. To advance this agenda, the Third IFSAM World Conference will highlight the management of intangibles. For more information contact:

Professor Yvon PESQUEUX
HEC - 1 avenue de la Libération
78351 Jouy-en-Josas Cedex-France
Fax: (33) 1 39677086

THE ACADEMY OF ACCOUNTING HISTORIANS

1996 RESEARCH CONFERENCE

December 5–7, 1996
Cleveland, Ohio

The Centennial Anniversary of the First CPA Examination
A Century of Professional Progress

The Academy of Accounting Historians will hold its 1996 Research Conference at the Cleveland Marriott Society Center, Cleveland, Ohio on December 5-7, 1996. Papers are invited which analyze or explore topics such as:

- the CPA exam as a suitable measure of entry level competence and as a determinant of the educational content of accounting programs;
- the schism between theory and practice as reflected in the training of American practitioners, the content of the CPA exam, and U.S. practice;
- comparison of the certification exams in the U.S. and abroad;
- the relationship of the AICPA and NASBA;
- the effects of the industrial revolution and the information age on the profession;
- the evolution of professionalism in accounting; and
- expectations of accounting information users: 1900 vs 2000.

The deadline for submitting completed papers is June 15, 1996. Four copies of the double-spaced completed papers should be sent to:

Professor Kathleen E. Sinning
3182 Haworth College of Business
Western Michigan University
Kalamazoo, Michigan 49008-3899
Phone: (616) 387-5259
Fax: (616) 387-5710

All papers will be double blind reviewed. Authors will be notified of the status of their papers by **September 1, 1996.**

EDITORS' NOTE

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

1996 Summer Issue—May 1, 1996
1996 Fall Issue—September 1, 1996

Send news items to:
Ross Tondkar
Editor, *International Accounting Forum*
School of Business
Virginia Commonwealth University
Richmond, VA 23284-4000
Phone: (804) 828-7156
Fax: (804) 828-8884

TENTATIVE PROGRAM

Mid-Year Meeting of the American Accounting Association International Accounting Section

"Focus on Teaching and Emerging Research Areas"

Co-Sponsored by CGA Canada

March 29–30, 1996 — Renaissance Vancouver Hotel Harbourside

Friday, March 29, 1996

1:00—4:00 P.M.

Forum on International Accounting—A Practice Perspective—*Port of San Francisco & New York*

William Decker, Vice Chairperson, Practice AAA/IAS, Coopers & Lybrand, LLP, New York, NY

4:15—5:45 P.M.

Plenary Session—*Harbourside Ballroom II*
Panel of International Accounting Journal Editors

Panelists:
- Richard Briston—*Journal of Business Finance & Accounting*
- David Cooper—*Critical Perspectives in Accounting*
- * Hans Dykxhoorn—*Journal of International Accounting, Auditing & Taxation*
- Helen Gernon—*Accounting Horizons*
- Walter O'Connor—*Perspectives on IAS new Section Journal*
- Stephen Salter—*Advances in International Accounting*
- * Peter Walton—*European Accounting Review*

Moderator:
Donna Street, James Madison University

6:00 P.M.

"City Lights"—IMAX 3D film of Canada and dinner at the world famous Prow Restaurant

Saturday, March 30, 1996

7:30—8:30 A.M.

Continental Breakfast—*Harbourside Foyer*

8:30—10:00 A.M.

Concurrent Sessions—*Harbourside Ballroom II & III*

* Lessons from the Trenches—Teaching International Accounting
  - Kathleen Bindon, University of Alabama
  - Carol Houston, San Diego State University
  - Judith Ramaglia, Pacific Lutheran University
  - Zelma Rebmann-Huber, Simon Fraser University

NAFTA/APEC Emerging Issues
- Mitch McGhee, Texas A&M International University
- David Sharp, University of Western Ontario
- Judy Tsui, City University of Hong Kong

10:00—10:15 A.M.

Coffee Break

10:15—11:45 A.M.

Concurrent Sessions—*Harbourside Ballroom II & III*

Utilizing International Cases in the Teaching of Accounting: A Cross-National and Cross-Area Perspective

Panelists:
- Jamie Elliott, London Business School
- Martha Louder, Texas A&M University
- Stephen Salter, Texas A&M University
- James Schweikart, University of Richmond
- David Sharp, University of Western Ontario

* Emerging Research Topics in International Accounting
  - Mary Flanigan, Longwood College
  - Don Herrmann, Oregon State University
  - Michele Wingate, University of Colorado at Denver

12:00—1:45 P.M.

Luncheon—*Port of San Francisco, New York & Hong Kong*

Speaker—Joseph Lloyd-Jones, University of Ottawa, IFAC Education Representative from Canada

2:00—3:30 P.M.

Concurrent Sessions—*Harbourside Ballroom II & III*

Comparative Annual Reports: Class Assignments and Major Projects
- Ajay Adhikari, American University
- Cheryl Fulkerson, University of Texas at San Antonio
- Rasoul Tondkar, Virginia Commonwealth University

* Web Workshop
  - Teresa Conover, University of North Texas
  - James Conover, University of North Texas
  - Lee Radebaugh, Brigham Young University
  - Tim Sale, University of Cincinnati

6:00 P.M.

Optional Dinner Excursions

CALL FOR PAPERS

Professionalism and Ethics Committee
Symposium on Ethics Research in Accounting

Scope and Aims of Symposium:

The Professionalism and Ethics Committee of the American Accounting Association invites papers for a Symposium on Ethics in Accounting. The purpose of the symposium is to explore the philosophical/sociological theories that may relate to the ethical practice of accounting, including alternative views such as feminist ethics, critical theory, etc. This symposium seeks original contributions that examine ethical issues facing practitioners, educators, scholars and the public. The focus is on theoretical research papers (including the relationship between theory and practice) rather than empirical research studies. The committee also invites submissions with a theoretical or applied emphasis for a poster session.

The aim of this symposium is to generate dialogue and to stimulate scholarship about the implications for the accounting profession of the various theories of ethics, ethical behavior and practice. Sessions and other activities will be designed to open discussion and provide a framework on which future research addressing ethics in accounting can be based.

Location and Dates:

The symposium will be held in Chicago immediately prior to the AAA annual meeting. The sessions will start late afternoon on Tuesday, August 13, 1996, and continue all day Wednesday, August 14. The meetings will be held within a short walking distance of the convention hotels.

Registration fee: The registration fee will be set to cover the costs of the conference and will not exceed $100.

Publication Opportunities:

At the author's choice, papers submitted to the conference may be considered simultaneously as submissions at either *Journal of Accounting and Public Policy* (*JAAP*) or *Research on Accounting Ethics*. If a sufficient number of acceptable papers are submitted, the editors of *JAAP* will consider publishing a special issue on accounting ethics. Both journals will use their regular refereeing process in evaluating such papers.

Submission Deadlines:

Complete manuscripts and working papers are welcome. Abstracts of work for the poster session are also welcome. The submission deadline is March 1, 1996. A submission fee of $10 (non-refundable) is required to defray postage, fax and phone charges related to the review of papers. Make checks payable to **BGSU Foundation**. Mail the check and five (5) copies of your submission to:

Mary Schroeder Doucet
Department of AMIS
Bowling Green State University
Bowling Green, OH 43403
Phone: (419) 372-8046
Fax: (419) 372-2875
Email: mdoucet@cba.bgsu.edu

If you are interested in attending the symposium or have any questions, please contact Mary Doucet.

"INTERACTIVE TEACHING AND EMERGING TECHNOLOGIES"

13th International Conference on Case Method Research & Application

June 23–26, 1996
Warsaw, Poland

WACRA, the World Association for Case Method Research & Application, is pleased to announce that *The Warsaw School of Economics* will be the official host of the 13th International Conference on Case Method Research & Application in Warsaw, Poland from June 23–26, 1996.

WACRA '96 is an *interdisciplinary multinational forum* for scholars in the disciplines and professional fields (such as business, education, engineering, law, medicine, public policy, social work) and *practitioners* in business and industry, education and government.

WACRA '96 will provide opportunities for participants to present and discuss completed and on-going research and to learn about teaching using the case method and related instructional approaches (games, simulations and other interactive teaching and learning methods as corollaries to cases) in a variety of educational settings. Participants will have ample opportunity to meet colleagues from around the world with whom they can forge research partnerships.

Conference venue is the WSE—Warsaw School of Economics in the center of Warsaw. The program begins on Sunday, June 23, 1996 with several tracks of interactive, hands-on sessions on case discussion leadership and an interactive, international, interdisciplinary teaching forum. Monday–Wednesday plenary sessions feature recognized international case method experts interacting with conference participants. Conference tracks will include Business disciplines, Education, Human Services, Case Writing, Research, Interactive Workshops and Expert Panel Discussions. The conference will present itself as an international, intercultural, interdisciplinary, interactive and...interesting "life case" of building networks and exchanging ideas and experiences. Special conference events include celebration of June 24 (equivalent of July 4 in the USA or July 14 in France) in "Old Town Warsaw," an evening with Frederick Chopin at Lazienki Garden and a variety of optional pre- and post conference excursions to other parts of Poland, e.g. Cracow, Gdansk and visits to local companies.

For further program details and registration information (including special Swissair plane fares) please contact:

WACRA
World Association for Case Method
Research & Application
23 Mackintosh Ave
Needham (Boston) MA 02192-1218 U.S.A.
Phone: (617) 444-8982
Fax: (617) 444-1548
Email: hklein@bentley.edu

THE ACADEMY OF ACCOUNTING HISTORIANS

1996 Vangermeersch Manuscript Award

In 1988, the Academy of Accounting Historians established an annual manuscript award to encourage young academic scholars to pursue historical research. A historical manuscript on any aspect of the field of accounting, broadly defined, is appropriate for submission.

Eligibility and Guidelines for Submission

Any accounting faculty member, who holds a full-time appointment and who received his/her masters/doctorate within seven years previous to the date of submission, is eligible to be considered for this award. Manuscripts must conform to the style and length of requirements of the *Accounting Historians Journal*. Manuscripts must be the work of one author. Previously published manuscripts or manuscripts under review are not eligible for consideration.

Six copies of each manuscript should be submitted by September 15, 1996 to the Co-Chair of the Vangermeersch Manuscript Award Committee:

Professor John Richard Edwards
Cardiff Business School
Column Drive
Cardiff CF1 3EU
United Kingdom

A cover letter, indicating the author's mailing address, date masters/doctoral degree awarded, and a statement that the manuscript has not been published or is not currently being considered for publication should be included in the submission packet.

Review Process and Award

In addition to the above Co-Chair, the Vangermeersch Manuscript Award Committee includes the following members:

Professors:
Donna L. Street, Co-Chair, James Madison University
Barbara D. Merino, University of North Texas
Patti A. Mills, Indiana State University
Doris M. Cook, University of Arkansas
Garry Carnegie, Deakin University
Mary Stone, University of Alabama

The committee will evaluate submitted manuscripts on a blind review basis and select one recipient each year. The author will receive a $500 stipend and a certificate to recognize his/her outstanding achievement in historical research. The manuscript will be published in the *Accounting Historians Journal* after an appropriate review. The award will be given annually unless the manuscript award committee determines that no submission has been received that warrants recognition as an outstanding manuscript. The award will be presented at the Academy's Research Conference in 1996.

EIGHTH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES

October 13–16, 1996
Vancouver, Canada

The Eighth Asian-Pacific Conference on International Accounting Issues will be held October 13-16, 1996, in Vancouver, Canada. The main theme of the conference is "Capital Market Developments and the Role of Accounting." The conference will provide an important forum for the interaction of different ideas and information between academicians and practitioners, in order to enhance the understanding of international accounting issues in various Asian-Pacific countries.

Conference Registration Fee:

Registration fees of US$250 per delegate includes a reception, 2 breakfasts, 2 luncheons, 1 dinner (Banquet and Entertainment), a copy of the proceedings, and a one-day tour.

Best Paper Award:

The four best papers, to be selected by a panel of distinguished reviewers, will each be awarded US$500.

CPE Credits:

Participants in past conferences have earned up to 16 hours of CPE credits.

Conference Hotel and Airlines:

The Conference will be held at the Westin Bayshore Hotel, a five-star hotel in Vancouver. Rate for Single/Double Occupancy is C$125 per night.

Deadline for Paper Submission:

All submissions must be received by May 15, 1996. Notification about the decision will be made by June 30, 1996.

Mail all papers, panel discussion and workshop proposals to:

Professor Ali Peyvandi or Professor Benjamin Tai
Asian-Pacific Conference on International Accounting Issues
The Sid Craig School of Business
5245 North Backer Avenue
California State University, Fresno
Fresno, CA 93740-0007, USA
Phone: (209) 278-2921
(209) 278-2852
(209) 278-2217
Fax: (209) 278-7336
Email: ali_peyvandi@csufresno.edu or
benjamin_tai@csufresno.edu

INTENSIVE SEMINAR AND WORKSHOP ON ADVANCED JAPANESE MANAGEMENT ACCOUNTING PRACTICES

Paris, France
October 28–30, 1996

Seminar and workshop organized by the EIASM (European Institute for Advanced Studies in Management - Brussels) and the ESCP (Paris Graduate School of Management).

Background and Purpose

Many firms today face global competition. This challenge has increased not only the number of competitors, but also the nature and intensity of the competition. If American and European firms are to survive, they must not only become more competitive but must also change their strategies and their assumptions about the nature of competition.

Cost management is a key aspect of such a strategic response. Many Japanese firms are experts at developing low-cost and high-quality products that have the functionality that their customers demand. Their cost management systems begin when products or services are first developed (Target Costing), continue during manufacturing (Kaizen Costing), and end only when the product or service is discontinued. This system permeates suppliers and indeed covers the whole value chain. In addition, Japanese practices in management accounting create significant pressure on individuals throughout the firm to reduce costs by motivating both the workforce and managers through the implementation of mini-profit centers. Through the eyes of the American and European firms, such Japanese approaches raise questions about the possible adaptation of these tools and the adequacy of traditional management accounting techniques.

The knowledge, the use and the adaptation of Japanese approaches to management accounting and of alternative approaches introduced by European and American firms are the main topics of this Seminar and Workshop.

The research questions and discussions in the seminar will focus on case studies highlighting innovative practices and implementation problems. This seminar and workshop will bring together people interested in or working on:

- Strategic cost management and product costing;
- New developments in target costing, kaizen costing, profit centers, motivation and performance measurement;
- Experiences of Japanese and European strategic management accounting;
- The teaching of these management accounting tools;
- Implementative problems and the behavioral aspects of Japanese management accounting;
- Advanced management accounting for manufacturing strategy;
- The process of accounting systems change;
- Cultural aspects of Japanese and European management accounting;
- The impact of technological change on management accounting;
- Integration of accounting information systems with integrated production management systems.

A round table on the applicability of the Japanese approaches to management accounting in a European context and about the diffusion of Western innovations around the world will conclude the Seminar.

The Workshop (October 30, 1996):

The Workshop will provide an opportunity for the other researchers working on these themes to present their own work and research results.

In case you would like to submit a paper for presentation at this workshop, please send an abstract (or even better, a full paper) before May 31, 1996 to Professor P-L Bescos or Professor M. Lebas with a copy to Ms. G. Michelante (full addresses are given below).

Notification of acceptance will be sent by June 30, 1996 and final papers will be requested by September 1st, 1996.

Participation in the Workshop is open to all interested, whether or not they present a paper.

For more details about these activities, please contact:

Ms. Graziella MICHELANTE
EIASM - Conference Department
Rue d'Egmont Straat 13 - 1050 Brussels - BELGIUM
Phone: (32) 25119116
Fax: (32) 25121929

For submission of papers ONLY (Workshop), please contact:

Professor Pierre-Laurent BESCOS
Groupe E.S.C.P. - Departement CCG
79 avenue de la Republique
75543 Paris Cedex 11 - FRANCE
Phone: (33) 149232055
Fax: (33) 143559963
Email: bescos@escp.ccip.fr

NEWS FROM AROUND THE WORLD

Australia

Australian Society of Certified Practising Accountants CPA Program in Postgraduate Courses

A number of Australian universities now offer the CPA Program of the ASCPA as part of a postgraduate degree. This means that ASCPA Associates can study concurrently for a Masters degree and CPA status. The universities concerned are Macquarie University, Charles Sturt University, University of Western Sydney (Nepean), Monash University, Griffith University and Edith Cowan University. A number of universities also offer credits towards postgraduate awards to ASCPA members who have already completed the CPA Program. ASCPA members can obtain further details from their local Society office.

Russia

Recent developments in Russia have led to an increasing presence of Big 6 CPA firms. The need to improve accounting and auditing standards for Russian nationals is a growing concern to these firms. Russians studying in the United States have the opportunity to sit for the Certified Public Accountant (CPA) examinations. Russians residing in their homeland, wishing to obtain a similar recognition, have found that they can sit for the British Chartered Accountants (CA) examination.

Last August, Ms. Veronica Misiutina became one of first Russians (and the first Russian women) to pass the CA exam. Ms. Misiutina, a native Muscovite, graduated from the Moscow Finance Institute in 1993. She is a tax manager at Price Waterhouse, Moscow.

United States

Association of Chartered Accountants of the United States Presents 1995 International Accounting & Auditing Education Award

New York—The Association of Chartered Accountants in the United States (ACAUS) announced that the winner of its tenth annual International Accounting and Auditing Education Award was Professor Marilyn Taylor Zarzeski of the University of Central Florida. The $2,500 award was presented by Professor Maurice P. Corrigan, Chairman of the judges panel, to Professor Zarzeski at ACAUS's annual dinner at the Rainbow Room, Rockefeller Centre in Manhattan on October 11, 1995.

The academic paper which won Professor Zarzeski the ACAUS award is entitled "International Accounting Standards: Regulatory-Driven Versus Market-Driven?" and examines the relationship between the level of disclosure in business annual reports and specific market and cultural forces. The results of the study show that companies, on average, disclose significantly more public information when they have (1) higher foreign sales, (2) lower debt ratios, (3) larger total assets and (4) less secretive home cultures. In addition, when firms from secretive cultures are more internationally dependent, their disclosure behavior is significantly different from their home culture.

The results of this empirical study are important because they suggest that international accounting harmonization may be difficult since culture underlies accounting disclosure behavior. However, the results also imply that firms operating in the international marketplace are spontaneously disclosing higher levels of public information. These findings may be useful to the International Organization of Securities Commissions in its effort to harmonize the financial reporting of companies listing on foreign stock exchanges. Although culture permeates accounting disclosure, there is evidence that firms in the international marketplace may be willing to adhere to a mandated set of minimal accounting disclosures in order to compete for international resources.

For a copy of the winning paper please contact Mark Merryweather at (212) 885-8308.

FOR IMMEDIATE RELEASE!!!

Homepage for International Accounting Section

The International Accounting Section now has a homepage operating on the World Wide Web. The URL (address) for the page is as follows:

http://www-lan.unt.edu/cobabak/www/acct/faculty/conovert/iasweb/index.htm

You can also access the IAS page through the AAA Homepage. The URL for the AAA Homepage is:

http://www.rutgers.edu/Accounting/raw/aaa/aaa.htm

HAVE YOU SEEN...?

by
Mike Kennelley, Florida State University

"International Accounting Harmonization: American Hegemony or Mutual Recognition With Benchmarks?" by C. Hoarau, *The European Accounting Review* [Vol. 4 No. 2]: 217–233.

This article will show that international accounting harmonization is predominantly harmonization with the Anglo-Saxon accounting model and [disregards] the economic, social and cultural environment of other accounting systems. It intends to show that in France international harmonization has broken down the homogeneity of the accounting model. This process has resulted in a reduction of the social functions of accounting. Finally, it seeks to suggest an approach towards harmonization that will be more respectful of different identities: the mutual recognition of accounting standards with benchmarks.

"The European Union: Regulation Moves Financial Reporting Toward Comparability," by K. R. Bindon and H. Gernon, *Research in Accounting Regulation* [Vol. 9]: 23–48.

This paper examines the question of why the European Union (EU) took a mutual recognition approach to the harmonization of financial reporting practices. The EU had available the option to issue legally binding Directives to enhance the comparability of these reporting practices. The paper explores and explains why achieving comparability of financial reporting practices could not be expected to result from the Directives. The persistent underlying differences in cultural attitudes, accounting values and individual regulatory environments across the 12 member states of the EU are examined. This paper integrates selected pieces from the pattern research literature with selected pieces from the environmental analysis research literature to offer an innovative interpretation as to why financial reporting diversity continues to exist in the European Union.

"Advanced Cost Management Systems: An Empirical Comparison of England, France, and the United States," by M. Yakhou and V. P. Dorweiler, *Advances in International Accounting* [Vol. 8]: 99–127.

This study provides evidence of the extent to which management accounting innovations are being used in practice. It also discusses the implementation issues regarding these innovations.

"Barriers to Portfolio Investments in Emerging Stock Markets," by A. Demirgüç-Kunt and H. Huizinga, *Journal of Development Economics* [Vol. 47 No. 2]: 355–374.

This paper investigates the significance of non-resident taxation and other investment costs in determining equity returns in emerging stock markets. Capital gains taxes on non-residents are shown to significantly increase required pre-tax equity returns, which is consistent with a generally limited creditability of foreign capital gains taxes in the capital exporting countries. Most countries tax inflationary as well as real capital gains, which means that inflation can have an independent positive impact on the required equity return. Required returns are shown to decline with the level of stock market development, as measured by stock market capitalization relative to gross domestic output.

"Tests of Random Walk and Market Efficiency for Latin American Emerging Equity Markets," by J. L. Urrutia, *The Journal of Financial Research* [Vol. 18 No. 3]: 299–309.

Variance-ratio methodology is used to test the hypothesis that Latin American emerging equity market prices follow a random walk. The data are monthly index prices in local currency from December 1975 to March 1991 for Argentina, Brazil, Chile and Mexico. The variance-ratio tests reject the random walk hypothesis. However, runs tests indicate that Latin American equity markets are weak-form efficient. These empirical findings suggest that domestic investors might not be able to develop trading strategies that would allow them to earn excess returns.

"Economic News and Equity Market Linkages Between the U.S. and U.K.," by K. G. Becker, J. E. Finnerty, and J. Friedman, *Journal of Banking & Finance* [Vol. 19 No. 7]: 1191–1210.

The source of equity market linkages between the U.S. and U.K. is investigated by focusing on intraday price movements of stock index futures contracts. The study documents heightened U.K. return volatility at 11:30 a.m. and 1:30 p.m. GMT, which corresponds to regular macroeconomic releases in the U.K. and U.S., respectively. The response of U.K. equities in the half-hour surrounding the U.S. announcements is significant and similar to price movements for U.S. equities to the same announcements. These results support the hypothesis that the documented international equity market linkages are attributable to reactions of foreign traders to public information originating from the U.S.

"The Japanese and US Stock Prices: A Comparative Fundamental Analysis," by J. J. Choi, *Japan and the World Economy* [Vol. 7 No. 3]: 347–360.

The Japanese stock market is noted for its high valuation level compared to other advanced stock markets. Previous work attributes this valuation disparity to institutional factors. This paper examines the fundamental deter-

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Have You Seen...? *(Continued from page 8)*

minants of the relative valuation of Japanese and U.S. stocks within a simple comparative valuation model. It estimates the impact of fundamental economic variables on relative stock price indices. Among the notable findings is the role of exchange rates, retained earnings and the effect of regulatory changes as determinants of relative stock valuation between the two countries. The cost of capital is seen to exert only a minor influence.

"Trading Hours, Information Flow, and International Cross-Listing," by M. M. Forster and T. J. George, *International Review of Financial Analysis* [Vol. 4 No. 1]: 19–34.

This paper analyzes the volatility of information-related price changes of internationally cross-listed stocks. Among stocks with identical overall listings, the rate of information flow into the prices of Japanese and British stocks during the same hours is significantly less than that of U.S. stocks during NYSE trading hours. The rate of information flow into prices when the NYSE is closed is greater for U.S. stocks cross-listed in Tokyo than for non-cross-listed U.S. stocks, but not for U.S. stocks cross-listed in London. Also, the rate of information flow into the prices of foreign stocks during NYSE trading hours increases as their NYSE volume increases. These results are consistent with the hypotheses that (a) information flows into prices at a greater rate when a stock's primary market is open than when it is closed, even if offshore trading opportunities are available; and (b) foreign trading does facilitate price discovery if there is sufficient trading activity in the foreign market.

"Variance of ADR Returns: Information Effect and Influence of Trading in the U.S. Market," by J. Park, *International Review of Economics and Finance* [Vol. 4 No. 2]: 105–114.

This paper investigates the variance of ADR returns with a focus on information effect and influence of trading in the U.S. market. In the absence of trading of underlying stocks, the average variance of ADR returns decreases to roughly 40 percent of its value on ordinary days. On the other hand, the variance of ADR returns increases significantly on the days after the period when U.S. exchanges are closed, but this increase is not proportionate to the number of trading days corresponding to the underlying stock. These results suggest that while information about the price of the underlying stock is an important source of variability in ADR returns, private information and/or trading noise revealed through trading activities in the U.S. market also has an impact on the variance of ADR returns. In addition, an investigation of the trading volume of ADRs shows that change in the variance of ADR returns is not directly associated with trading volume.

"The Principal Determinants of the Betas of Japanese ADRs," by K. Matsumoto, J. P. Hoban, Jr., and L. Sweeney, *The International Journal of Finance* [Vol. 7 No. 3]: 1313–1330.

This paper presents a model for assessing the determinants of the systematic risk of American depository receipts (ADRs) based on Japanese equity securities. This model relates the beta coefficient in the single index characteristic line model to the slope coefficients of a multifactor characteristic line model based on principal component factor analysis. The study shows that the rates of return on the ADRs have two or three significant explanatory variables depending upon the time period examined. The betas are influenced by the Japanese market, the U.S. market and the yen/dollar exchange rate. The betas are extremely unstable during the study period because, in part, the Japanese firms changed significantly. However, it is clear from the results of this study that the yen/dollar exchange rate also is a determinant of this instability.

"The Impact of Tax Changes on Trading of American Depository Receipts," by U. S. Dhillon and G. G. Ramírez, *Global Finance Journal* [Vol. 6 No. 1]: 65–77.

This study examines the effects of tax changes on price and volume of American Depository Receipts. Using multifactor models, portfolios of British and non-British ADRs are constructed. The study reports that prices increased significantly around the announcement of a 1986 British tax increase. This was accompanied by a marginal decrease in volume. The volume decreased further around the tax rollback. These results are consistent with the hypothesis that transaction costs have a significant influence on prices and trading activity of British ADRs. The further decline in volume on the tax rollback date suggests that marginal investors move to other ADR substitutes when there is government intervention in the marketplace.

"Can Small Countries Survive the Future?" by Z. Sardar, *Futures* [Vol. 27 No. 8]: 883–889.

In conventional development literature, small countries are distinguished by their physical size. Countries like the Gambia or Guinea-Bissau are described as facing "small-country problems," i.e. they are unable to sustain themselves. But small doesn't necessarily mean unsustainable. Singapore, by contrast, has one of the highest standards of living in the world. This article argues that geographical and population size are less significant factors in determining viability than social, economic and cultural conditions. The future for "small" countries will only be viable if they can come together on the basis of mutual help and respect.

"The Role of Corporate Groupings in Controlling Agency Conflicts: The Case of *Keiretsu*," by S. P. Ferris, R. Kumar, and A. Sarin, *Pacific-Basin Finance Journal* [Vol. 3 Nos. 2–3]: 319–335.

Jensen and Meckling (1976) suggest that security analysis monitoring serves to reduce the magnitude of agency costs present within the modern corporation. Moyer et al. (1989) provide evidence consistent with this hypothesis for a sample of publicly-traded American firms. This study

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examines the ability of Japanese corporate groupings or *keiretsu* to serve as an alternate mechanism for the control of agency conflicts. The authors find for independent firms in Japan that analyst following is directly related to the potential for agency conflict. Such a relationship is not observed for *keiretsu* firms. Moreover, unlike independent firms, analyst following for *keiretsu* corporations is not related to the informational demands of investors. Overall, evidence indicates that the practices of reciprocal equity ownership and the reliance on a common financier among *keiretsu* member firms mitigate the agency conflicts present within firms and produce more effective ways to channel information between members.

"The Role of the Financial Sector in the Socialist Economies in Transition: The Second 'Primitive Accumulation of Capital'," by C. J. Niggle, *Review of Social Economy* [Vol. 53 No. 3]: 311–331.

This article discusses the functions of financial systems in capitalist economies and the potential role of finance in both encouraging and influencing the development of market-guided economies in the socialist economies in transition. The implications of several types of financial systems such as the German-Japanese universal bank and the U.S.-U.K. narrow bank-equity market models for the nature and characteristics of these economies are considered. The article argues that financial system characteristics and structure will influence distribution and equity in the transitional economies, and that these effects should be considered along with efficiency in the allocation of financial capital in designing financial systems in those economies.

"The French Approach to Financial Accounting and Reporting," by N. Baydoun, *The International Journal of Accounting* [Vol. 30 No. 3]: 222–244.

In recent years, increasing attention has been paid to the causes of differences between the accounting systems of various countries. Efforts have been directed at both regional and international levels to eliminate or reduce these differences. Since the late 1970s the EEC has been trying to harmonize accounting practices in Europe. Narrowing the differences between the accounting systems of Anglo-Saxon countries and those of Continental European countries has arguably been the most difficult problem facing the EEC in its attempt at the harmonization of accounting practices in Europe. Although some results have been achieved, European financial statements are far from being comparable . The purpose of this paper is to examine the French approach to financial accounting and recent changes and to relate this approach to the cultural and environmental factors prevailing in France.

"External Environment, Culture, and Accounting Practice: A Preliminary Test of a General Model of International Accounting Development," by T. S. Doupnik and S. B. Salter, *The International Journal of Accounting* [Vol. 30 No. 3]: 189–207.

Previous theoretical frameworks of accounting development and change are synthesized in a general model of accounting system development. The general model is then subjected to a preliminary empirical test of its explanatory power by examining the relationship between countries' accounting practices and a set of environmental factors and cultural dimensions hypothesized as relevant elements of the model. The results lend support for the general model and provide insight into the importance of various factors in explaining existing accounting diversity worldwide.

"Stock Market Reaction to German Reunification," by J. Sultan, *Journal of Business Finance & Accounting* [Vol. 22 No. 6]: 831–844.

Stock market reaction to the German reunification news is examined within the context of an asset pricing model. With the exception of the S&P 500 Index, news had impacted the Financial Times World Stock Index, the DAX and the U.S. based Germany Fund. In particular, both optimistic and pessimistic news related to reunification were significant determinants of the time varying risk of the World Stock Index returns. Country-specific risk in a diversified global portfolio has important implications for portfolio management.

"The State as Economic Engine: Lessons from the Japanese Experience," by C. J. McMillan, *Journal of Far Eastern Business* [Vol. 1 No. 3]: 1–16.

The historical relationship between business and government in Japan contrasts with the methods and ideological battles to be found in the West, where understanding has continuously lagged behind Japanese practice. Government ministries in Japan have been important to the objectives of technology acquisition, resource allocation and export-orientated growth. They have involved themselves in the microeconomic details of industrial structure, and, following a rigorous investigation of the issues, they have achieved a coordinated and relentless pursuit of specific economic aims. Yet overall state expenditure as a percentage of GDP has remained low, and vigorous competition has always been preferred to centralized blueprints and the selection of single national champions. The cooperative, dualistic relationship between business and government in Japan has correctly assessed and adjusted to the realities of global competition in the ruthless search for sales and productivity. Western perplexity at the workings of the Japanese industrial system has given rise to notions of national uniqueness, but the industrializing countries of East Asia are looking not to the West but to the Japanese mix of market and state.

"Factors Influencing Voluntary Annual Report Disclosures by U.S., U.K. and Continental European Multinational Corporations," by G. K. Meek, C. B. Roberts, and S. J. Gray, *Journal of International Business Studies* [Vol. 26 No. 3]: 555–572.

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This study examines factors influencing the voluntary disclosures of three types of information (strategic, nonfinancial, financial) contained in the annual reports of MNCs from the U.S., U.K. and Continental Europe. While company size, country/region, listing status and, to a lesser extent, industry are the most important factors explaining voluntary disclosures overall, the importance of the factors varies by information type.

"Equity Market Benefits to Disclosure of Geographic Segment Information: An Argument for Decreased Uncertainty," by T. L. Conover and W. A. Wallace, *Journal of International Accounting Auditing & Taxation* [Vol. 4 No. 2]: 101–112.

This article explores the value of releasing geographic segment information and documents empirical evidence showing that there are equity market benefits to releasing such information. The article uses an empirical capital market analysis to evaluate the disclosure practices of U.S.-based multinational firms and finds a positive relationship between the extent of geographic segment information released and the firm's equity market performance. Research into this area is important since both domestic and international standard-setting bodies have shown a renewed interest in geographic segment disclosure.

"An Examination of the Success of the EC Directives to Harmonize Stock Exchange Disclosure Requirements," by A. Adhikari and R. H. Tondkar, *Journal of International Accounting Auditing & Taxation* [Vol. 4 No.2]: 127–146.

This study examines the success of the EC initiative in coordinating stock exchange disclosure requirements by measuring the degree of harmony in the requirements of EC stock exchanges. The study results indicate that EC stock exchange disclosure requirements for nine of the 11 EC stock exchanges examined are largely coordinated in terms of the minimum conditions specified in EC directives. The results, however, also suggest that the successful implementation of EC directives does not necessarily eliminate all of the variation in the disclosure requirements between the different EC stock exchanges, only that it sets a lower bound below which the level of disclosure required by the relevant national standards may not fall. Disclosure requirements of EC stock exchanges are allowed to vary as long as they meet the minimum requirements.

"Recent Evidence on Australian Current Value Accounting Practices: Is the Phoenix Rising from the Ashes?" by S. Jones and K. Love, *Accounting and Business Research* [Vol. 25 No. 100]: 266–284.

There has been a perceptible movement in Australian accounting regulations towards various forms of current value accounting (CVA) in the past five years. These developments could reflect changing commercial attitudes to CVA in Australia. This paper presents evidence about the acceptance of CVA based on a survey of 176 public companies in Australia. It was found that the number of companies preparing comprehensive CVA accounts for external purposes has significantly increased since 1980. Furthermore, the majority of respondents rated a valuation basis other than historical cost as having more relevance to the resource allocation decisions of various users. While it is concluded that current value research is still an important topic for research and debate, the findings indicate that corporate acceptance of CVA will be continually hampered by a number of implementation obstacles.

"Harmonisation of Accounting Measurement Practices in the European Community," by D. Herrmann and W. Thomas, *Accounting and Business Research* [Vol. 25 No. 100]: 253–265.

This study attempts to determine the level of accounting harmonisation in the European Community by examining selected measurement practices from the 1992/93 annual reports of companies from Belgium, Denmark, France, Germany, Ireland, the Netherlands, Portugal and the U.K. Harmonisation is tested using the Chi-square statistic and measured using the *I* index. The Chi-square statistic tests for the equality of the proportions of accounting measurement methods across countries. The *I* index measures the extent of concentration around a particular accounting measurement method. The results reveal that accounting for foreign currency translation of assets and liabilities, treatment of translation differences, and inventory valuation are harmonised, while accounting for fixed asset valuation, depreciation, goodwill, research and development costs, inventory costing, and foreign currency translation of revenues and expenses are not harmonised. The results also demonstrate that the extent of harmonisation is greater among fairness oriented countries than among legalistic countries.

"The Impact of Financial Accounting Practices on the Measurement of Profit and Equity: Australia Versus the United States," by J. Norton, *ABACUS* [Vol. 31 No. 2]: 178–200.

The purpose of this paper is to make a quantitative comparative analysis of differences between Australian financial reporting practices and U.S. GAAP. The empirical data consist of Form 20-F filings for thirteen Australian incorporated companies for the period 1985–1993. Based on prior research, there is a test of the hypothesis that U.S. GAAP is more conservative than Australian financial reporting practice. The results of the empirical analysis offer little support for this hypothesis in the context of the reporting of profit. However, the hypothesis is supported for the reporting of shareholders' equity. The most frequent and material differences in profits relate to asset measurement, equity consolidation and accounting for intangible assets. Generalizations relating to differences in shareholders' equity are more difficult to make.

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STUDIES IN MANAGERIAL & FINANCIAL ACCOUNTING

Application of Fuzzy Sets and the Theory of Evidence to Accounting

We just recently released our first issue of *Application of Fuzzy Sets and the Theory of Evidence to Accounting* published by JAI press under the series, *Studies in Managerial & Financial Accounting.*

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Book reviews serve an important educational purpose in our discipline. Not only do they bring books to the attention of our colleagues, but in many cases they help users in their adoption decisions and provide additional material which enriches course content. As an expert in the area of international accounting, your knowledge and talent is essential to the book review process.

If you are interested in reading, reviewing and having your review published in a forthcoming issue of *Issues in Accounting Education*, please send your name, address, and either your *vita* or a short paragraph outlining your teaching/research area(s) of expertise to:

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Akron, Ohio 44325-4802
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"Environmental Reporting in Finland: A Note on the Use of Annual Reports," by M. Niskala and M. Pretes, *Accounting, Organizations and Society* [Vol. 20 No. 6]: 457–466.

This paper analyses changes in corporate environmental reporting practices among large Finnish firms in the past five years. Using content analysis of annual reports, the authors analysed the willingness of firms to disclose environmental information in the years 1987 and 1992. The sample consisted of 75 Finnish corporations drawn from the largest firms in the most environmentally sensitive industries. Results indicate marked changes in environmental reporting practices between 1987 and 1992. In 1987, slightly over one quarter of the firms analysed disclosed environmental information in their annual reports, while in 1992 this number had risen to nearly one half of firms. Most of this disclosure was in qualitative, rather than in quantitative or financial, form. The results are consistent with earlier studies, which indicated that environmental reporting was a feature of firms in certain industrial sectors.

"Deregulation and Security Prices in Pakistan: The Case of Islamization," by B. K. Prodhan and B. A. Khan, *Applied Financial Economics* [Vol. 5 No. 5]: 319–322.

The Koran warns Moslems not to deal in *"riba."* Many Moslems interpret this to mean that it prohibits all types of interest. This paper examines the impact on security prices of Pakistan's move towards full Islamization in the financial sector in July 1985 which led to a partial deregulation of the structure of interest rates. A sample of 72 shares listed on the Karachi Stock Exchange, divided into three categories, is used to test the information-processing efficiency of the market.

"Information Sharing and Tax Competition Among Governments," by P. Bacchetta and M. P. Espinosa, *Journal of International Economics* [Vol. 39 No. 1/2]: 103–121.

The residence-based principle has been proposed as a second-best measure to the full international coordination of capital tax policies. This system requires that tax authorities have full information about the foreign investments of their residents. However, the degree of information transmission among governments can be considered as a strategic variable. This paper shows that under some features of the tax system there will not be any information sharing, while there are institutional arrangements under which governments may transmit partial information for strategic purposes. The authors also show that full information sharing is not necessarily a Pareto optimum.

COMMITTEE PREFERENCE FORM

Below is a list of IAS committees and a brief statement of their charges. Section members interested in serving on one of these committees during 1996-1997 should complete the form and return it to:

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Members interested in more than one committee should indicate order of preference (1 = first choice, 2 = second choice, etc.).

_______ Annual Program. To organize technical sessions and panels relating to international accounting at the 1997 annual meeting.

_______ Continuing Education. To organize CPE sessions on international accounting at 1997 regional meetings.

_______ External Relations. To develop, as called for, Section responses to IASC, FASB, CICA, SEC, IOSCO, etc., issues.

_______ Membership. To promote membership in the IAS.

_______ Mid-Year Meeting. To organize the program for the 1997 mid-year meeting.

_______ Outstanding Dissertation. To select the recipient of the Section's Outstanding Dissertation Award for 1997.

_______ Outstanding Educator. To select the recipient of the Section's Outstanding International Accounting Educator Award for 1997.

_______ Publications. To develop editorial policies for the Section's newsletter and journal and to make recommendations concerning other Section publications.

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SEVENTH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES IN SEOUL, KOREA

November 8–11, 1995

The Seventh Asian-Pacific Conference on International Accounting Issues was held in Seoul, Korea, November 8–11, 1995. The Conference was jointly sponsored by California State University, Fresno and Yonsei University. The main theme of the conference was **"Accounting Information for Global Operations."** The Conference provided an important forum for the interaction of different ideas and information between academics and practitioners of different countries in order to enhance the understanding of international accounting issues in various Asian-Pacific countries.

The opening ceremony (8:30 A.M.–9:30 A.M. on November 9, 1995) was chaired by In Ki Joo, Chairman of the Department of Business Administration, Yonsei University. Welcoming remarks were delivered by Ja Song, President, Yonsei University; Alex Gonzalez, Provost and Vice President for Academic Affairs, California State University, Fresno; Jong Lam Lee, President, Korea Institute of CPAs; Peter Klassen, Director of International Programs, California State University, Fresno; and In Kie Hong, Chairman and CEO, Korean Stock Exchange. Professor Ali Peyvandi and Professor Benjamin Tai, Conference Co-Chairmen, welcomed the delegates and extended a hearty vote of thanks.

The Plenary Session entitled "Accounting Information for Global Operations" was chaired by Dr. Katherine Schipper, President of the American Accounting Association. Sir Bryan Carsberg, Executive Secretary-General, International Accounting Standards Committee, Dr. Seongjae Yu, President of the Korean Accounting Association, and Mr. William Fitton, Director of Corporate International Finance, Asian-Pacific South Region, Motorola Electronics Pte. Ltd. were the other speakers. Many interesting questions were raised after the speakers made their presentations.

The Plenary Session was preceded by a workshop on "Accounting Research" conducted by Dr. Fred Choi, followed by 37 concurrent sessions and 6 panel discussions. Distinguished academics and professionals from 139 universities and 22 professional organizations, from over 30 countries, presented 110 papers in these sessions. There were more than 400 delegates including accompanying guests. There were lively discussions on a variety of national and international topics.

A Banquet Reception for the delegates and accompanying guests was arranged at the Swiss Grand Hotel on November 9. It included a cultural function to entertain the participants. A free one-day tour to the Secret Garden and the Korean Folk Village on November 11 concluded the Seventh Annual Conference.

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