FORUM
INTERNATIONAL ACCOUNTING

INTERNATIONAL ACCOUNTING SECTION
OF THE AMERICAN ACCOUNTING ASSOCIATION

NO. 60 SPRING 1997 EDITOR: Mike Kennelley
University of Tulsa

CHAIRPERSON'S MESSAGE

It was with deep sorrow and a sense of great loss that I learned of the recent deaths of two of the Section's founding members and most influential figures, Paul Garner of the University of Alabama and Vern Zimmerman of the University of Illinois. Paul passed away on October 16, 1996 at the age of 86, and Vern on November 21, 1996 at the age of 68. Both had been associated with their respective institutions for more than 40 years, and both had served as Dean of the College of Business Administration at their institutions. Both were also true pioneers in the area of international accounting.

Vern, in 1962, was a co-founder of the Center for International Education and Research in Accounting at the University of Illinois, which over the years has hosted hundreds of accounting scholars from around the world. It was also due to his initiative that the *International Journal of Accounting*, the first accounting journal devoted in its entirety to international issues, was founded in 1965. Paul, who visited more than 125 countries during his lifetime (quite a few of them several times), was a prime mover behind the AACSB's requirement that an international dimension be included in the business curriculum and was also behind the founding of the International Association for Accounting Education and Research. Paul maintained the contacts he had made around the globe during his long career and, at the time of his death, had an *active* correspondence file of more than 6,000 individuals. Paul received the Section's first Outstanding International Accounting Educator Award in 1990 (on his eightieth birthday!), and Vern received the same award in 1992.

As a result of Vern's death, Andy Bailey has announced the cancellation of the Center's 1997 International Accounting Seminar, which was to be held in April. Another seminar in Vern's memory will be organized and announced at a later date. Andy will assume the directorship of the Center as well as the editorship of the *International Journal of Accounting*.

O. Finley Graves

We will certainly miss Paul and Vern. Not only were they pillars of the Section, but both were gentlemen of the highest caliber.

Congratulations are due to another pillar of the Section. Professor Emeritus Hanns-Martin Schoenfeld of the University of Illinois has been selected to receive the prestigious Kausch Prize for 1996. The Kausch Prize is awarded by the Fritz Carl Wilhelm Stiftung, a Swiss foundation established by the German industrialist Dr. Fritz C.W. Kausch. The prize carries a cash award of up to SFr75,000 and recognizes those who have made a significant contribution to research and practice in the areas of financial and managerial accounting. Hanns-Martin, who was the founding Chairman of the International Accounting Section, received the award during formal ceremonies at the University of St. Gall on the evening of January 14, 1997. I know that many of you who are friends of Hanns-Martin will wish to congratulate him personally.

To update you on Section activities, I am pleased to inform you that Jack Kramer and the Publications Committee have received over thirty nominations for Editor of the Section's new journal, the *Journal of International Accounting Research*. Jack has sent each nominee a packet of materials about the new journal and requested information concerning the nominee's qualifications. Jack has also invited each of last year's applicants to reapply. The deadline for nominations was January 31, although the search will remain open until the Committee's nominee is selected. Should any of you wish to make a last minute nomination, Jack's email address is jkramer@dale.cba.ufl.edu. Other deadlines for nominations or submissions are February 1

(Continued on page 2)

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Chairperson's Message *(Continued from page 1)*

for the 1997 Outstanding International Accounting Educator Award (Chairperson of the Committee is Carol Olson Houston of San Diego State University, carol.houston@sdsu.edu); February 15 for the 1997 Outstanding International Accounting Dissertation Award (Chairperson is Shahrokh Saudagaran of Santa Clara University, who requests that submissions NOT be made by fax or email); and February 28 for 1997–98 Section officers and elected committee members (Chairperson is Lee Radebaugh of Brigham Young University, lee_radebaugh@byu.edu). Please refer to the Fall 1996 *Forum* for details concerning these awards and elected positions.

The Midyear Meeting Committee under the Chairmanship of David Sharp, in conjunction with the Research Committee under the Chairmanship of Jenice Prather, has been working hard on the program for the Section's midyear meeting, which will be held this year in New Orleans in March. The meeting will open with a reception on Thursday evening, March 13. Plenary, technical and panel sessions will be held on March 14 and 15. The theme of the meeting is "Multinational Accounting—Teaching and Research." Panel/workshop sessions on research in international taxation and on accounting in Europe have been organized by the Midyear Meeting Committee, and a panel on "Enhancing Your Research Skills" has been organized by the Research Committee. You may also recall that a $500 (Canadian) prize is being offered by the CGA-Canada for the best research paper presented at the meeting (contact Frederic Stiner at the University of Delaware for details). I sincerely hope all of you will consider attending the meeting. Agnes Cheng reports that, for bureaucratic reasons, the outreach conference to be held next July in the Peoples' Republic of China has been moved from Xiamen to Beijing. The deadline for submission of papers at the conference has been extended from January 31 until March 10. An updated announcement concerning the conference appears later in this issue of the *Forum*.

The Membership Committee hopes to complete a membership directory this spring with the idea of placing it on the Section's Home Page. The Information Technology Committee and the Research Committee both have been gathering the email addresses of Section members so that they may be included in the directory. Permission of the AAA Executive Committee must be obtained before placing the directory on the Internet, and the Section's request has been submitted. The AAA Executive Committee is investigating legal and other issues related to publishing members' names and addresses on the Internet. If those questions are resolved, permission will be granted. Otherwise, the Section will consider publishing the directory on disk.

Included in this issue of the *Forum* is a language proficiency information form (page 11) which you may wish to complete and return to me. The form is based on the Foreign Service Institute's proficiency levels. We will include this information in the Section directory since it might prove useful to those seeking collaboration on research projects or for special needs of the Section. The Research Committee is also creating an International Faculty Exchange Home Page. The Home Page shell is complete, and the relevant faculty information is being input into the database.

The Advisory Board under the Chairmanship of Gary Meek has undertaken two projects. One is to review the Section By-Laws for possible changes. The current By-Laws were approved by majority vote at the Section business meeting in Orlando, Florida in 1995, and the Section has operated under them for more than one full year. The question is whether, given the year's experience, the new By-Laws are practicable in every respect. The By-Laws themselves, moreover (Section V.B.1), require that the Board review them annually. The By-Laws also require the Advisory Board to act as the Section's Strategic Planning Committee (Section V.B.2). As a second project, accordingly, the Board has undertaken to update the Section's strategic plan and to ensure that it is consistent with the AAA Executive Committee's plan. The Section's plan was last updated in 1989 with a summary of the final product being published in the *Forum*. Unfortunately, the full text of that strategic plan has been lost. Does anyone have a copy or know where we may locate one? If so, may I ask you to contact Gary at Oklahoma State (gmeek@okway.okstate.edu) or me at Ole Miss (acgraves@olemiss.edu).

Finally, I still have a handful of soft-cover copies of the 1993–94 Research Committee's monograph, *International Accounting Research Priorities for the 1990s*, which are available to Section members free of charge on a first-come, first-served basis. You may make your request by email at the above address or write me at the School of Accountancy, University, MS 38677.

I wish all of you a happy and productive 1997. I very much hope you will contact me if you have suggestions as to how the Section might better serve you.

O. Finley Graves

INTERNATIONAL ACCOUNTING SECTION

***Forum* Deadlines**

Summer 1997 Issue .... May 1

Fall 1997 Issue .... September 1

Please submit items via email using either a WP5.1 or Word format file as an attachment. Submit to kennellemic@centum.utulsa.edu

DEAN EMERITUS VERNON K. ZIMMERMAN DIES AT AGE 68

Dean Emeritus and Distinguished Service Professor Vernon K. Zimmerman of the University of Illinois died on November 21, 1996 in Champaign. He was 68 years old. International Accounting Section members will perhaps best remember Professor Zimmerman as the co-founder and long-time Director of the Center for International Education and Research in Accounting and as Editor of the *International Journal of Accounting.* He received the Section's Outstanding International Accounting Educator Award in 1992.

Vernon K. Zimmerman

Professor Zimmerman's name was, for all practical purposes, synonymous with the University of Illinois. Indeed, he had been associated with the University for more than 50 years. He received his B.S., M.S. and Ph.D. at the University in 1949, 1951 and 1954, respectively. He then worked for the U.S. Army Audit Agency and Price Waterhouse before joining the UI accounting faculty in 1962. He served as Dean of the College of Business Administration for 14 years, from 1971 to 1985. Dean Zimmerman was a Fulbright Professor in the Graduate School of Business in Vienna in 1960–61. He had a Guggenheim Fellowship in 1965–66 for research in the history of European accounting. He also served as a Visiting Professor at Indiana University, Ludwig Maximilian University in Munich, and Xiamen University in the People's Republic of China. He received an Honorary Doctorate of Commercial Science from Suffolk University in Boston.

Professor Zimmerman directed two major international contracts for UI. From 1967 to 1975, he was the Coordinator of the Tunisian Business Education Contract charged with the establishment of the first School of Business in Tunisia. He also served as Coordinator of the World Bank Contract in Business Education for Bangladesh from 1983 to 1989. He has served as a consultant for the World Bank in Sudan and for the International Labor Organization in Malawi. His lectures at Xiamen University were part of a special program sponsored by the World Bank and the Ministry of Education of China to provide a special one-year program for accounting professors and professional accountants of that country.

Professor Zimmerman was also a leader in Business Education. He was a member of the Board of Directors of the AACSB and chaired their Standards and Operations Committees. He served as President of the AACSB in 1979–80. In addition to serving as Editor of the *International Journal of Accounting,* he was editor of *The Illinois CPA* from 1958 to 1960 and again in 1964–65.

As a part of the Center for International Education and Research in Accounting, Dean Zimmerman started the Visiting Scholars Program at the University of Illinois. Over 350 distinguished scholars from 17 countries have participated in that program. In addition, he initiated the Center's International Accounting Seminars, over 30 of which have been held. His impact on international accounting was tremendous. The Section and his many, many friends and colleagues around the world have suffered a great loss.

HANNS-MARTIN SCHOENFELD WINS KAUSCH PRIZE

Section members will be pleased to learn that fellow member Professor Hanns-Martin Schoenfeld of the University of Illinois has been awarded the 1996 Kausch Prize (*Dr. Kausch Preis*). The Kausch Prize is annually awarded to an individual who has significantly furthered research and practice in the area of financial and managerial accounting, and whose work pertains to the German-speaking areas of Europe. The prize, which carries a stipend of up to SFr75,000, is funded by the Fritz Carl Wilhelm Foundation. The Swiss Foundation was established by the German industrialist Dr. Fritz C.W. Kausch (1897–1986), who was an influential director of Kühnle, Kopp & Kausch, AG, an engineering company that today is a part of the Daimler-Benz group. Dr. Kausch very early in his career developed an interest in accounting matters and became especially concerned with an appropriate method of accounting for inflation. The selection committee comprises the President of the Foundation; Professors of Business Economics at the Universities of Zurich, Berlin (Free University), St. Gall, and Vienna; and WPs with Coopers & Lybrand and KPMG Deutsche Treuhand. The purpose of the prize is to promote the international competitiveness of the European economy. Professor Schoenfeld was selected to receive the award "for his achievements in integrating American and European accounting in theory and practice." He received the award at the University of St. Gall on January 14, 1997.

Hanns-Martin Schoenfeld

INTERNATIONAL ACCOUNTING SECTION
STATEMENT OF CASH FLOWS
November 30, 1996

	November 1996
Cash Inflow:	
Deferred Dues Revenue	$ (10,203.75)
Deferred Dues Revenue-Restricted	1,636.00**
Dues-Full Members	8,149.25
Dues-Full Members-Restricted	4,908.50**
Dues-Associates	66.00
Contributions	500.00
Total Cash Inflow	$ 5,056.00
Cash Outflow:	
Miscellaneous Postage	3.87
Committee	131.11
Total Cash Outflow	134.98
NET CHANGE	4,921.02
Beginning balance	15,724.70
Ending Balance	20,645.72
Restricted balance	6,544.50
Beginning balance, Restricted	1,077.50
Total Restricted balance (Section's journal)	7,622.00
Unrestricted balance	$ 13,023.72

** Restricted balance adjusted to reflect 1997 dues received and deferred in fiscal year 95/96.

Submitted by ROSS TONDKAR, Treasurer

INTERNATIONAL ACCOUNTING RESEARCH PANEL

SEAAA Meeting—April 24–26, 1997
90-Minute Session

Panelists: Kathleen R. Bindon, University of Alabama
Frederick D. Niswander, East Carolina University
Jenice Prather, University of Missouri–Columbia

Moderator: Marilyn T. Zarzeski, University of Central Florida

1. Introduction of self (2–3 minutes/panelist, 10 minutes total)

   Each panelist will tell about his or her background: Ph.D. earned, current rank, research interests, number of years at current school, list of published works (academic versus practitioner; topics).

2. Responses to "Research Survival Questions" (RSQs, 25 minutes total)

   Moderator will have an overhead of the seven RSQs agreed upon by the panelists in advance. Marilyn will show and read the first RSQ and ask each panelist to respond. If there are audience questions, only one or two will be acknowledged due to time constraints. Then, Marilyn will show the next RSQ and each panelist will respond, etc., through the remaining questions. See below.

3. Suggestions of international topics or areas for future research (10 minutes total)

   Each panelist will have three minutes to suggest research ideas/areas that are timely, interesting, and do-able.

4. Breakout Sessions (45 minutes)

   The audience will move to one of the three breakout sessions moderated by the panelists. The "audience" will ask questions, while no one person dominates the group.

Research Survival Questions (RSQs)

1. How do you manage your time among teaching, service and research?
2. How do you select good international accounting research topics?
3. How do you network with other researchers? On campus and external? What conferences are helpful for research networking?
4. What do you "look for" in a co-author?
5. How do you proceed with a co-author, to ensure completion of the project?
6. Is it ever advisable to call a journal editor about a topic of interest, prior to the study?
7. Do you ask someone to edit your papers prior to journal submission? If so, how do you select your "editors?"

DEAN EMERITUS S. PAUL GARNER DIES AT AGE 86

Dean Emeritus S. Paul Garner, the recipient of the International Accounting Section's first Outstanding International Accounting Educator Award in 1990, died in Tuscaloosa on October 16, 1996. He was 86 years old. Dean Garner's promotion of the study of international accounting and management spanned six decades and inspired several generations of students. He was appointed an associate professor of accounting at the University of Alabama in 1939 following completion of his doctorate at the University of Texas. He had previously completed his undergraduate and master's degrees at Duke University in his home state of North Carolina.

S. Paul Garner

Garner's classic work, *A History of Cost Accounting to 1925*, first published in 1954, was based on his doctoral research. It has been reprinted frequently and is now available on the World Wide Web at http://weatherhead.cwru.edu/Accounting/pub/garner. Concerning his book, Dean Garner commented that "about every month or so I would get an inquiry from someone somewhere in the world who wanted a copy but couldn't find one. Now, anyone with Internet access and a printer can have a printed-out copy for free." (Characteristically, he waived all copyright royalties to make it available free of charge.)

Dean Garner became Chair of the Department of Accounting at Alabama in 1949 and Dean of the College of Business Administration in 1954, retiring from that position in 1971. He served as President of the American Accounting Association in 1951 and received the Association's Outstanding Educator Award in 1994. He served as President of the American Assembly of Collegiate Schools of Business in 1964–65 and was instrumental in establishing that body's requirement that the business curriculum include an international dimension. Dean Garner co-founded the Academy of Accounting Historians in 1971 and was the founding President of the International Association for Accounting Education and Research in 1984. The S. Paul Garner Center for Current Accounting Issues, which is a part of the Culverhouse School of Accountancy at the University of Alabama, was established and named in Dean Garner's honor in 1988.

Dean Garner was an indefatigable traveler and attended conferences around the world almost until his death. Indeed, he was making plans to attend the Academy of Accounting Historians' research conference in Cleveland, Ohio when he died. He was also an indefatigable correspondent and spent over $1,500 a year on postage maintaining his contacts and encouraging young academics in every corner of the globe. (Who among us has not received one of those letters?) Dean Garner was truly remarkable. The Section will feel his loss.

INTERNATIONAL ACCOUNTING CONFERENCE IN BEIJING, CHINA

Local organizing sponsor:
Tsinghua University (Beijing, China)

U.S. organizing sponsors:
AAA Globalization Committee
AAAIAS Outreach Committee

China academic sponsors:
Shanghai University of Finance and Economic
Chinese Accounting Professors Association (CAPA)

Program Advisors:
Ji-wan Yang, Yun-Wei Tang (China)
Katherine Schipper and Joseph J. Schultz, Jr. (U.S.)

Executive Secretary:
Xiao-Yue Chan, Associate Dean of CBA in Tsinghua University

Conference Place:
Tsinghua University, Beijing, China

Conference Dates: July 10, 11 and 12, 1997
Paper presentation will be mainly on July 12, workshops on other days.

Tour: July 9 or July 13

For paper presentation, please send the paper by March 10 to:

C.S. Agnes Cheng
Department of Accountancy and Taxation
University of Houston
Houston, Texas 77204-6283
Phone: (713) 743-4851
Fax: (713) 743-4828
Email: acheng@uh.edu

or to

Judy S. L. Tsui
Head and Professor
Department of Accountancy
City University of Hong Kong
83 Tat Chee Avenue, Kowloon
Hong Kong
Phone: (852) 2788 7923
Fax: (852) 2788 7002
Email: acjt@cityu.edu.kh

INTERNATIONAL ACCOUNTING SECTION MIDYEAR MEETING 1997

New Orleans Hilton Riverside Hotel • March 13–15, 1997

Thursday, March 13

6:00 PM–8:00 PM REGISTRATION

7:00 PM–9:00 PM WELCOME RECEPTION

Friday, March 14

8:30 AM OPENING REMARKS

Professor W. Steve Albrecht, President-Elect, AAA

8:45 AM–12:45 PM PLENARY WORKSHOP

"Enhancing International Research Capabilities"
Panel workshop on relevant research topics and methodology in international financial, managerial, auditing and taxation. Research survival tips of seasoned researchers. Presentations of research steps needed to achieve actual published articles. See separate announcement for more details.

12:45 PM–2:00 PM LUNCH

Speaker: Professor Arthur R. Wyatt, University of Illinois at Urbana–Champaign
"International Accounting Standards and the SEC: An Insider's View"
Presentation of CGA-Canada Best Paper Prize

2:00 PM–3:15 PM PLENARY PANEL

"Cross-Cultural Research in Taxation-Issues and Opportunities"
Deborah W. Thomas, University of Arkansas
Dennis M. Hanno, University of Massachusetts
Coleen S. Troutman, Bradley University

3:15 PM–3:30 PM BREAK

3:30 PM–4:45 PM CONCURRENT SESSIONS

Competitive Research Papers Session 1
International Managerial Accounting

"Judgements of New Zealand Financial Controllers in Determination of Nature of Foreign Operations" by Fawzi Lawad and Melvin Loush, Victoria University of Wellington

"International and Domestic Managerial Performance Evaluation: A Five Country Comparison" by Susan C. Borkowski, LaSalle University

"The Usefulness of Changing Price Data in Mexico Before and After the Devaluation" by Edward P. Swanson and Martha L. Loudder, both at Texas A&M University

Discussant: T. McGhee

Competitive Research Papers Session 2
International Financial Reporting

"A Review of Research on Financial Reporting in International Capital Markets" by Shahrokh M. Saudagaran, Santa Clara University, and Gary K. Meek, Oklahoma State University

"Disclosure Requirements and Stock Exchange Listing Choice in an International Context" by Steven J. Huddart, Duke University, and John S. Hughes, Duke University

Discussant: To be announced

Evening free

Saturday, March 15

9:00 AM–10:15 AM CONCURRENT SESSIONS

Competitive Research Papers Session 3
Financial Reporting

"The Usefulness to Individual and Institutional Investors of Annual Earnings Announcements and SEC Filings by Non-U.S. Companies" by Edwin R. Etter, Syracuse University, Lynn L. Rees, Washington State University and James M. Lukawitz, University of Memphis

"The Test of Positive Accounting Theory in an International Setting: Japan" by Masako N. Darroung, University of California, Davis, Hamid Pourjalali, University of Hawaii at Manoa, and Shahrokh M. Saudagaran, Santa Clara University

"The Value Relevance of Dutch Financial Statement Numbers for Stock Market Investors," by Rezaul Kabir, Tilburg University

Discussant: To be announced

Competitive Research Papers Session 4
Topics in International Accounting

"Twenty-Five Years of Social and Environmental Accounting: Is There a Silver Jubilee to Celebrate?" by M. R. Mathews, Massey University

"The Interpretation of Accounting Information by Foreign Investors: Do We Really Need International Accounting Harmonization?" by Takashi Yaekura, University of Illinois at Urbana–Champaign

"Incidence and Quality of Graphics in Annual Reports: An International Comparison," by Cynthia A. Frownfelter, University of Southern Mississippi, and Cheryl L. Fulkerson, University of Texas at San Antonio.

Discussant: To be announced

10:15 AM–10:30 AM BREAK

10:30 AM–11:45 AM PLENARY PANEL SESSION

"Financial Reporting in Europe: An Update"
David Alexander, University of Hull Centre for International Accounting Research
Joëlle Le Vourc'h, E.S.C.P., Paris

11:45 AM CLOSE

ENHANCING YOUR RESEARCH SKILLS INTERNATIONAL ACCOUNTING RESEARCH SESSION

AAA Midyear International Section Meeting

March 14, 1997

8:30 AM–12:30 PM

Part 1: Panel of four researchers in front of entire audience:

Managerial: Shirley J. Daniel, University of Hawaii at Manoa

Financial: Cheryl L. Fulkerson, University of Texas at San Antonio

Taxation: David G. Harris, Penn State University

Auditing: Judy S. L. Tsui, City University of Hong Kong

1. Each person introduces self and tells about own research, past and current, very briefly.
2. Each person responds to approximately seven questions* prepared in advance—questions that will help the audience to improve their research and publication skills.
3. Each person will briefly discuss unanswered research in his or her area, and methodologies to employ. (70 minutes total)

Part 2: Two researchers discuss a successful article in front of entire audience:

Grace Pownall, Emory University

Lee H. Radebaugh, Brigham Young University

Each researcher will present the "life cycle of an international accounting article." Each person will tell the audience about the trials and tribulations (and survival tips) from idea inception to actual acceptance of the paper. Each of these people will use about 45 minutes. (90 minutes total)

COFFEE BREAK (20 minutes—will be taken after ONE of the foregoing presenters)

Part 3: Breakout Sessions

The six researchers will split up around the room so that the members of the audience can then select the person with whom they would like to share their research concerns, network, ask questions, etc. (60 minutes)

* Research Survival Questions

1. How do you manage your time among teaching, service and research?
2. How do you select good international accounting research topics?
3. How do you network with other researchers? On campus and external? What conferences are helpful for research networking?
4. What do you "look for" in a co-author?
5. How do you proceed with a co-author, to ensure completion of the project?
6. Is it ever advisable to call a journal editor about a topic of interest, prior to the study?
7. Do you ask someone to edit your papers prior to journal submission? If so, how do you select your "editors?"

THE ACADEMY OF ACCOUNTING HISTORIANS 1997 VANGERMEERSCH MANUSCRIPT AWARD

The Academy of Accounting Historians invites submissions for the 1997 Vangermeersch Manuscript Award. In 1988, the Academy established the annual award to encourage young academic scholars to pursue historical research. An historical manuscript on any aspect of the field of accounting, broadly defined, is appropriate for submission.

Any accounting faculty member, who holds a full-time appointment and who received his/her masters/doctorate within seven years prior to the date of submission, is eligible for this award. Manuscripts must conform to the style and length requirements of the *Accounting Historians Journal*. Manuscripts must be the work of one author, and previously published manuscripts or manuscripts under review are not eligible. Six copies of each manuscript should be submitted by June 15, 1997 to:

Dr. Donna L. Street
School of Accounting
James Madison University
Harrisonburg, VA 22807 USA

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.

The committee will evaluate submitted manuscripts on a blind review basis and select one recipient. The author will receive a $500 (U.S.) 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 Eighth World Congress on Accounting Educators

THE CHANGING WORLD OF ACCOUNTING: GLOBAL AND REGIONAL ISSUES

October 23–25, 1997, Paris, France

The Eighth World Congress of Accounting Educators will be held jointly by the International Association for Accounting Education and Research and the Association Francaise de Compatabilite. 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 congress is "The Changing World of Accounting: Global and Regional Issues." Given the rapid social, political, technological and economic changes occurring in all parts of the world, it is important that accounting educators come together to share their views on how accounting education in their country and/or part of the world is or should be responding to change.

The contact address for information and registration is: IAAER Congress, 153, rue de Courcelles, 75817 Paris Cedex 17, France, Phone: 33 147638100, Fax: 33 147638110, Email: mikol@excp.ccip.fr

OUTSTANDING INTERNATIONAL ACCOUNTING DISSERTATION AWARD

Wayne B. Thomas was named the recipient of the 1996 Outstanding International Accounting Dissertation Award.

Wayne Thomas, a native of Oklahoma City, Oklahoma, now resides in Salt Lake City, Utah. He received a B.S. in Business Administration from Southwestern Oklahoma State University. Wayne received both his M.S. and Ph.D. degrees from Oklahoma State University. Currently, Dr. Thomas is an assistant professor at the University of Utah. He has presented papers at national and regional conventions. He has articles published in the *Journal of Financial Statement Analysis*, the *Journal of International Financial Management and Accounting*, *Accounting and Business Research*, and the *Journal of International Accounting, Auditing & Taxation*.

Wayne B. Thomas

Dr. Gary Meek, Professor of Accounting at Oklahoma State University, chaired Dr. Thomas' dissertation committee. An abstract of Dr. Thomas' research follows:

ABSTRACT

The Association Between Geographic Segment Earnings and Security Prices

The first purpose of this dissertation is to determine whether geographic segment earnings are valued differently by the market. The earnings of low-risk geographic segments are expected to be valued greater than the earnings of high-risk geographic segments. Furthermore, the earnings of high-growth geographic segments are expected to be valued greater than the earnings of low-growth geographic segments. Earnings coefficients are estimated by regressing cumulative returns on cumulative geographic segment earnings and by regressing leading-period returns on current geographic segment earnings. The models are estimated for return intervals ranging from one to five years. Finding that the market values firms' geographic segment earnings differently would indicate that disclosures of geographic segment earnings provide value-relevant information.

For return intervals of at least three years, evidence is found that geographic segment earnings are valued differently by the market. Furthermore, geographic segment earnings seem to be valued according to their risk and growth characteristics. Therefore, such disclosures appear to provide some value-relevant information. The value-relevance however, appears to be quite modest.

The second purpose of this dissertation is to investigate the usefulness of disclosures of geographic segment earnings to explain securities' betas (i.e., systematic risk or market risk) and risk-adjusted security returns. A returns-generation model of multinational firms' securities is developed. Based on the model, a firm's domestic accounting beta should be positively related to its security beta. The model also shows that the firm's foreign accounting beta times the return of the foreign market portfolio that is uncorrelated with the return of the domestic market portfolio should be positively related to the firm's risk-adjusted security returns. Measures of domestic and foreign accounting betas are generated using geographic segment earnings disclosures. Finding a positive association would be an indication that disclosures of geographic segment earnings provide useful accounting data.

The results show that the domestic accounting beta is positively related to beta but this relationship is not more significant than the relationship between beta and total accounting beta. Thus, earnings disclosed by geographic segment provide no incremental information beyond consolidated earnings for explaining beta. Furthermore, there appears to be no relationship between foreign accounting beta times the uncorrelated return of the foreign market portfolio and risk-adjusted security returns. These results suggest that earnings disclosed by geographic segment provide little, if any, incremental information beyond that provided by consolidated earnings.

HAVE YOU SEEN...?

Don Herrmann, Oregon State University and Wayne B. Thomas, University of Utah

Barth, Mary E., and Greg Clinch, "International Accounting Differences and Their Relation to Share Prices: Evidence from U.K., Australian, and Canadian Firms," *Contemporary Accounting Research* (Vol. 13 No. 1, 1996): 135–170.

This study synthesizes and extends research exploring differences between U.S. and other countries' GAAP by investigating whether differences between domestic and U.S. GAAP for U.S.-listed U.K., Australian and Canadian firms are associated with firms' returns and prices. The accounting differences investigated include goodwill, asset revaluations, income taxes, pensions, interest capitalization, foreign currency, and extractive industries accounting. The authors conclude that: goodwill is priced as an asset; asset revaluations, successful efforts accounting for extractive industries, and immediate recognition of foreign currency exchange gains and losses on long-term assets and liabilities are generally uncorrelated with the information that investors consider relevant; U.K., U.S. and Australian tax accounting methods do not recognize "enough" tax expense or liability; and accrual pension accounting and, in some specifications, interest capitalization add explanatory power beyond Australia's cash-based method.

Burgman, Todd A., "An Empirical Examination of Multinational Corporate Capital Structure," *Journal of International Business Studies* (Vol. 27 No. 3, 1996): 553–570.

This paper examines whether there are systematic differences in the traditional capital structure determinants between multinationals and domestic corporations, and if there are additional, uniquely international factors that may help explain the capital structure choice of multinational corporation. The results suggest that specific international factors such as political risk and exchange rate risk are relevant to the multinational capital structure decision, that multinationals have higher agency costs than purely domestic firms, and that international diversification does not lower earnings volatility for multinational corporations.

Chow, Lynne Min-ying, Gerald Kun-kwai Chau, and Sidney J. Gray, "Accounting Reforms in China: Cultural Constraints on Implementation and Development," *Accounting and Business Research* (Vol. 26 No. 1, 1995): 29–49.

There is considerable theory and evidence to suggest that culture is an important environmental variable influencing the development of accounting systems internationally. According to the Hofstede (1980) and Gray (1988) cultural models, China's accounting development and practice should be in the cluster that supports statutory control, uniform practices, a conservative measurement approach and secrecy in disclosure. A uniform and rigid system of financial reporting has been practiced for decades in the People's Republic of China under the centrally controlled economy. The accounting reforms launched since the 1980s aim to establish a new framework for regulating financial reporting which is adaptable to China's recently emerged socialist market economy. The adoption of accounting standards in the later phases of the reforms marks a dramatic turning point in China's accounting history towards a more international Anglo-Saxon orientation in financial reporting. Based on an analysis of the authority for accounting systems, the accounting profession and accounting measurement and disclosure in China, it is argued that this development will be constrained by the influence of China's culture and its accounting subculture.

Christensen, Linda F., "Performance Evaluation in U.S.-Based Multinationals," *Advances in International Accounting* (Vol. 9, 1996): 157–177.

This study investigates corporate executives' recommendations concerning the use of budgets in the foreign operations of U.S.-based MNEs. The results show that the recommendations: (1) were unaffected by the geographic location of the foreign operation; (2) adjusted significantly to changes in economic, political-legal, sociological and educational environmental factors; and (3) exhibited significant differences according to the MNEs' international orientation (home country, host country, or global).

Deegan, Craig, and Ben Gordon, "A Study of the Environmental Disclosure Practices of Australian Companies," *Accounting and Business Research* (Vol. 26 No. 3, 1996): 187–199.

The paper documents three separate but related investigations. First, in a review of a sample of annual reports for the 1991 financial year, it is apparent that environmental disclosure practices adopted by the sample are self-laudatory, with companies promoting positive aspects of their environmental performance, but failing to disclose negative aspects. Second, in a review of corporate disclosure practices in the period 1980 to 1991, environmental disclosures made by the sample significantly increases across time. This change is linked to an apparent increase in societal concern relating to environmental issues. Finally, using a questionnaire administered to environmental lobby groups, it appears that the extent of corporate environmental disclosure is positively associated with the environmental lobby groups' concern about the environmental performance of companies within particular industries.

Emenyonu, Emmanuel N., and Sidney J. Gray, "International Accounting Harmonisation and the Major Developed Stock Market Countries: An Empirical Study," *The International Journal of Accounting* (Vol. 31 No. 3, 1996): 269–280.

The purpose of this study is to assess the extent to which the accounting measurement and associated disclosure practices of large listed companies have become more harmonized internationally. An empirical study of compa-

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nies based in the five major developed stock market countries, namely, France, Germany, Japan, the United Kingdom and the United States, examines the results of the efforts made so far to reduce or eliminate diversity in accounting practices internationally. An evaluation of changes over the 20-year period from 1971/72 to 1991/92 shows that while progress has been made in some respects, international accounting harmonization has remained an elusive goal.

Gamble, George O., Kathy Hsu, Cynthia Jackson, and Cynthia D. Tollerson, "Environmental Disclosures in Annual Reports: An International Perspective," ***The International Journal of Accounting*** **(Vol. 31 No. 6): 293–332.**

This study investigates the annual report disclosure of environmental information for 276 companies representing nine broadly defined industries and 27 countries for the years 1989 through 1991. The principal findings are: (1) there is a statistically significant difference between the 1989 and 1990 individual and overall disclosures; (2) there is a statically significant negative difference between the 1990 and 1991 individual and overall disclosures; (3) the United States provided the highest percentage of companies reporting environmental information; and (4) the British-American accounting model produced the highest percentage of companies employing the different environmental disclosure forms.

Gernon, Helen, and R. S. Olusegun Wallace, "International Accounting Research: A Review of its Ecology, Contending Theories and Methodologies," ***Journal of Accounting Literature*** **(Vol. 14, 1995): 54–106.**

This article seeks to identify, explain, juxtapose and use some contending approaches in international accounting research to speculate about how it can be enriched. International accounting research should balance the emphasis on (1) deeper understanding of national accounting profiles, (2) aspects of cross-national similarities and differences, and (3) the prediction or prescription of accounting practices and movements toward global harmonization and collaboration in accounting practices. For almost half a century, international accounting research has either focused on single-countries or emphasized similarities and differences of limited aspects of accounting among countries. Underlying this research are many theoretical strands not usually explicitly stated. In this extensive literature review, the authors attempt to make explicit many of these underlying theoretical frameworks in order to provide points of departure for current and future scholars interested in the international field. The authors offer new perspectives on international accounting research to those already familiar with the field, while developing a blueprint for academicians who want to begin researching international accounting issues.

Guenther, David A., "Foreign Tax Rates and the Marginal Benefit of Interest Expense for U.S. Multinationals," ***Journal of International Accounting, Auditing & Taxation*** **(Vol. 5 No. 2, 1996): 147–160.**

The relation between U.S. and foreign tax rates and levels of long-term debt for U.S. multinational corporations is examined in this paper. A simple model demonstrates that the tax benefit of interest deductions depends on the ratio of the foreign tax rate to the U.S. rate, and based on this model, U. S. multinationals with high foreign tax rates are predicted to have low debt levels. Results of empirical tests are consistent with this prediction. U.S. multinational firms with foreign tax rates that are higher than U. S. tax rates have significantly less long-term debt than other U.S. firms. This result is not sensitive to a number of alternative explanations, such as size and industry effects, and appears unaffected by the Tax Reform Act of 1986.

Hew, Denis, Len Skerratt, Norman Strong, and Martin Walker, "Post-earnings-announcement Drift: Some Preliminary Evidence for the U.K.," ***Accounting and Business Research*** **(Vol. 26 No. 4, 1996): 283–293.**

This paper tests for the presence of post-earnings-announcement drift on the London Stock Exchange using data for seven half-years for a constant sample of 206 quoted companies. Separate results are presented for interim and final earnings announcements and the results are disaggregated by firm size. Overall, the authors find evidence of significant drift for the earnings announcement of small firms but not for the announcements of large firms.

Jacob, John, "Taxes and Transfer Pricing: Income Shifting and the Volume of Intrafirm Transfers," ***Journal of Accounting Research*** **(Vol. 34 No. 2, 1996): 301–312.**

This paper extends Harris (1993) by linking the level of taxes paid by firms and the profits they report in various geographic areas to the volume of intergeographic area transactions within firms. Using data on intrafirm international transfers, the study attempts to discriminate between the use of operational methods to decide the location of income and the accounting manipulation of transfer prices. The results suggest that tax-motivated income shifting through transfer prices was prevalent both before and after the Tax Reform Act of 1986. The magnitude of the income shifting appears to be related to the volume of intrafirm international transfers of goods and services and regional difference in tax rates. These results suggest that transfer prices are the mechanism for income shifting.

Johnson, Carol Bauman, "The Effect of Exchange Rate Changes on Geographic Segment Earnings of U.S.-Based Multinationals," ***Journal of International Financial Management & Accounting*** **(Vol. 7 No. 1, 1996): 24–49.**

This study examines the ability of exchange rate changes to aid in the explanation and prediction of the geographic segment earnings of U.S.-based multinational corporations. In order to evaluate the potential usefulness of geographic segment earnings disclosures, it is important to understand the effect that currency changes should be expected to have on these earnings. Two types of exchange rate effects are examined. These include the mechanical translation effects of an exchange rate change, as well as the operating effects. Provision is made for country, industry, and country-industry specific sensitivity to currency changes. Regressions and nonparametric analyses are per-

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LANGUAGE PROFICIENCY INFORMATION

Name: ____________________

Address: ____________________

Phone/Fax: ____________________

Email: ____________________

LANGUAGE	Proficiency Speaking	Proficiency Reading
1.		
2.		
3.		
4.		

INSTRUCTIONS:

Indicate your language proficiency using the following numeric interagency Roundtable levels (Foreign Service Institute levels). Also, the following provides brief descriptions of proficiency levels 2, 3, 4 and 5. "S" indicates speaking ability and "R" indicates reading ability.

2— Limited working proficiency
- S Able to satisfy routine social demands and limited work requirements.
- R Sufficient comprehension to read simple, authentic written material on familiar subjects in a form equivalent to usual printing or typescript.

3— General professional proficiency
- S Able to speak the language with sufficient structural accuracy and vocabulary to participate effectively in most formal and informal conversations.
- R Able to read within a normal range of speed and with almost complete comprehension.

4— Advanced professional proficiency
- S Able to use the language fluently and accurately on all levels.
- R Nearly native ability to read and understand extremely difficult or abstract well-educated native reader.

5— Functional native proficiency
- S Speaking proficiency is functionally equivalent to that of a highly articulate, well-educated native speaker.
- R Reading proficiency is functionally equivalent to that of the well-educated native reader.

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formed to determine whether exchange rate changes can help explain the geographic segment earnings within these samples. Results indicate that the accounting-based translation effect that is typically modeled as the impact of exchange rate changes on earnings does not adequately capture the effect of exchange rate changes on segment earnings. Operating effects of past and current exchange rate changes do help explain earnings for geographic segments located in Europe and in four industries.

Larkins, Ernest R., and Fred A. Jacobs, "Tax Incentives for Small Businesses with Export Potential: A Capital Budgeting Decision Analysis," ***Accounting Horizons*** **(Vol. 10 No. 2, 1996): 32–50.**

Prior research indicates that the export potential is substantial in the small business sector. Through analysis of a base case scenario, this study presents the incremental net present value of cash flow from exporting through two tax entities specifically designed to encourage small businesses to export—the small foreign sale corporation (SFSC) and the interest-charge domestic international sales corporation (ICD). The separate variables constituting the base case are allowed to vary to examine their sensitivity. In contrast to some studies, the results indicate that the SFSC results in a higher net present value of cash flow than the ICD across a broad range of variables. However, as the forecasted sales level increases and the hurdle rate gets very large, the ICD can become the optimal business form for exporting.

Larson, Robert K., and Sara York Kenny, "Accounting Standard-Setting Strategies and Theories of Economic Development: Implications for the Adoption of International Accounting Standards," ***Advances in International Accounting*** **(Vol. 9, 1996): 1–20.**

Disagreement exists over the harmonization of international accounting and financial reporting standards. One factor that may contribute to this disagreement is the

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implicit application of different theories of economic development to the harmonization debate. This paper explores the underlying assumptions and economic development theories that may support or contest the concept of harmonization and other accounting standard-setting strategies. Also, theories of economic development and their associated accounting standard-setting strategies are applied to predict possible impacts on economic growth and equity market development if International Accounting Standards are adopted by countries, especially developing countries. Depending on the particular underlying theory of economic development being applied, the analysis indicates that quite different predictions regarding the impact of International Accounting Standards are possible.

Pointer, Martha M., and Timothy S. Doupnik, "The Relationship Between Geographic Segment Information and Firm Risk," ***Advances in International Accounting*** **(Vol. 9, 1996): 89–110.**

This study examines the relationship between corporate international diversification (measured using geographic segment data) and firm risk. Firm risk was operationalized as systematic equity risk and operating risk. Geographic segment data provided in the notes to financial statements were used to compute four different measures of international diversification. Results indicate a significant positive relationship between firm risk and the level of international diversification. The significant relationship between risk and level of diversification indicates that investors use information in assessing risk consistent with that provided in financial statements. The positive relationship between risk and diversification suggest that, contrary to theory, investors do not perceive multinational corporations as possessing international diversification benefits.

Rahman, Asheq, Hector Perera, and Siva Ganeshanandam, "Measurement of Formal Harmonisation in Accounting: An Exploratory Study," ***Accounting and Business Research*** **(Vol. 26 No. 4, 1996): 325–339.**

Given the important role formal harmonisation plays in accounting harmonisation, this study introduces a methodology for the measurement of formal accounting harmony between countries. The methodology introduced in this paper can be used to identify areas of harmony or disharmony for policy-making purposes. It also provides means of gaining valuable insights into the nature of harmony or disharmony between different countries' accounting rules. Finally, it creates new grounds for examining various other aspects of accounting harmonisation.

Salter, Stephen B., and Clare B. Roberts, "The IASC Comparability Project: Examining the Outcomes Using Two Theoretical Models," ***Advances in International Accounting*** **(Vol. 9, 1996): 21–46.**

The International Accounting Standards Board (IASC) began its Comparability Project in 1989 when it issued E32. This has led to the revision of 10 international accounting standards, all of which substantially reduce the amount of choice available to companies when choosing which financial reporting practices to follow. Using models developed by Gray (1988) and Wallace (1990), this paper analyzes the results of the comparability project by comparing its outcomes to accounting practices in 25 countries representing a wide spectrum in terms of both economic development and type of accounting practices. Using regression analysis, the authors find the comparability project tends to mirror those accounting practices found in countries with relatively optimistic accounting systems, with strong emphasis on professional audit control, and with flexibility.

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