

INTERNATIONAL
ACCOUNTING SECTION

of the



American
Accounting
Association

FORUM

INTERNATIONAL ACCOUNTING

NO. 67

SUMMER 1999

EDITOR: Mike Kennelley
University of Tulsa

Chairperson's Message

By the time you receive this issue of the *Forum*, many of you will have registered for the 1999 AAA Annual Meeting in San Diego. For those of you who are still deciding, let me give a few good reasons for making the trip. One reason is the beautiful city of San Diego and its world famous zoo. The best reason, however, is the outstanding program Teri Conover and her Annual Program Committee have organized for the International Accounting Section. Since there was a significant increase in the number of international accounting papers submitted this year, the Section was allotted additional sessions at the Meeting. As you can see elsewhere in this issue of *Forum*, there are seven international accounting paper sessions and



Hans Dykchoorn

one international accounting panel session. Another reason for traveling to San Diego is to attend the Section's luncheon on Monday, August 16. Although I am sure the California cuisine will be to your taste, the main treat is the luncheon speaker, Anthony Cope, a board member of the Financial Accounting Standards Board. Mr. Cope is also a member of the Strategic Working Party, a committee formed by the International Accounting Standards Committee. The Strategic Working Party has recently issued a discussion paper titled, "Shaping IASC for the Future." This year's recipients of the Section's Outstanding Educator and Outstanding Dissertation Awards also will be announced at the luncheon. Ross

Tondkar, Chair of the Outstanding Educator Award Committee, and Jenice Prather-Kinsey, Chair of the Outstanding Dissertation Award Committee, will present the awards.

As my term as Chairperson comes to a close, it is appropriate to acknowledge the work of everyone involved in making this year another successful year for the Section. I am indebted to the Advisory Board and the Executive Board for their guidance and to the Chairs and the members of all the committees for their hard work. I have worked very closely with the Chair-Elect, Tim Douppnik, who has been busy putting together next year's committee structure. It's been a privilege to work with Tim, and I can assure you that the Section will be in good hands during the coming year. The Nomination Committee, under the able leadership of Finley Graves, has completed its work and has selected an outstanding slate of nominees. After approval of the slate at the annual business meeting on Monday, August 16, Tim will have a very capable Executive Board to help him lead the Section. I also would like to note that a change in the bylaws will be presented at the Section's business meeting by Segun Wallace. The proposed change, published on page 6 in this issue, was

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International Accounting Section Forum Deadlines

Fall 1999 Issue—September 1

Spring 2000 Issue—January 1

Summer 2000 Issue—May 1

Please submit items via email using a Microsoft Word format file as an attachment. Submit to michael-kennelley@utulsa.edu

I would like to encourage section members from around the world to consider placing important news announcements in the "News from Around the World" section of the *Forum*. Please consider sharing important and interesting news items with your colleagues from the International Accounting Section.

ANNOUNCEMENT

The International Accounting Section is pleased to announce that the Section's luncheon speaker at this year's annual meeting will be Anthony Cope of the FASB.

Message from the Chairperson (Continued from page 1)

approved by the Advisory Board and has the support of the Executive Board.

The Section's regional coordinators under the guidance of Abdel Agami were successful in organizing international accounting sessions at all AAA regional meetings. While four regions had one international accounting session, three regions had two or three sessions. A heartfelt thank you to Phil Siegel, Kathleen Sinning, Ed Shoenthal, Lynn Rees, Ran BarNiv, Bruce Behn, and Michele Wingate. As I mentioned in the Spring issue of the *Forum*, the efforts of the Midyear Meeting Planning Committee, chaired by Donna Street, resulted in a truly outstanding meeting that set a new attendance record. Donna has agreed to chair next year's midyear meeting as well.

As of this writing, the Publication Committee is in the final stages of deliberation and will recommend an editor for the Section's journal. Somnath Das, Chair of the Publication Committee, has made every effort to insure that the editor will be a person well qualified for the job.

Thanks to the efforts of Ed Swanson and the Continuing Education Committee, the Section will have two CPE sessions on Sunday, August 15. Paul Pacter is giving an update session on international accounting standards. It is my hope that this session will become an established feature at future AAA Annual Meetings

and will be presented each year along with Fred Choi's well-attended international accounting session.

The members of the Strategic Planning Committee, chaired by Mitch McGhee, have been working on a questionnaire to provide data to next year's Executive Board to help shape the future direction of the Section. Mitch will continue on this committee for the following year. Gordian Ndubizu and his Research Committee are working to assist Section members in their research efforts, and Mehmet Kocakulah and his Teaching Resources Committee are collecting materials that can be shared with members teaching an international accounting course.

Shahrokh Saudagaran, Chair of the International Relations Committee, has continued the gift membership program. This program has been very successful in promoting international accounting as well as the IAS and AAA. Shahrokh also was very involved in establishing the Asian Academic Accounting Association (AAAA) and in organizing and chairing the AAAA's second planning meeting. I should note that our Section is a sponsor of the first Globalization Conference in Taiwan.

The Membership Committee, chaired by Jack Fay, developed a new brochure and continues to promote membership in the Section. Norlin Rueschhoff, our new Section histo-

rian, has been busy preserving the history of our Section. My hope is that Norlin will continue in this position for many years.

Tim Sale deserves a special thank you for keeping our web site up to date and for collecting members' email addresses. When the Section discontinues publishing the *Forum* in hard copy, all members will be notified by email that the *Forum* is available on the web site. Another special thank you goes to Mike Kennelley for faithfully editing the *Forum* and to Don Herrmann and Wayne Thomas for writing the "Have You Seen...?" column in the *Forum*. I am sure that this column, started by Mike Kennelley many years ago, is read with more interest than the Chairperson's message.

Again, thank you to everyone who helped make this year's Section activities a success. I have enjoyed serving the Section as Chair and take great satisfaction in knowing that the International Accounting Section is thriving, is financially sound and will continue to flourish next year under Tim's superb leadership. I hope many of you will be able to attend the meeting in San Diego and take advantage of the opportunities to learn more about international accounting, make new friends and see old acquaintances. I look forward to seeing you there.

Hans Dykxhoorn
1998-99 IAS Chairperson

INTERNATIONAL ACCOUNTING TEACHING RESOURCES COMMITTEE

We are looking for the following:

- new international accounting teaching materials
- international accounting syllabi
- international accounting cases
- ways to improve the teaching of

international accounting, auditing and tax issues.

Please share freely of your knowledge in this area and send the information to us.

This information will be posted on the International Accounting Section

web page to help our membership.

Thank you very much for your help.

Mehmet Kocakulah, Chair
Teaching Resources Committee
Phone: (812) 464-1730

Fax: (812) 465-1044

Email: mkoeakul.ucs@smtg.usi.edu

REQUEST FOR INTERNATIONAL ACCOUNTING DATA SOURCE

The Research Committee of the International Accounting Section solicits the following information on International Accounting Data source, to be included on the Section web site:

1. Brief description of International Accounting Data, including countries covered and cost of data.
2. Source(s) of the International Accounting Data described above.

3. References of studies (if any) that have used the data described above.

Contributors to the research web site would be acknowledged and the research committee thanks you for your support.

Please send your information to:

Professor Timothy T. Sale (Webmaster)
College of Business Administration
University of Cincinnati

Cincinnati, OH 45221-0211

Phone: (513) 556-7062

Fax: (513) 556-4891

Email: tim.sale@uc.edu

OR

Professor Gordian Ndubizu
Chair Research Committee, IAS
College of Business Administration
Drexel University
Philadelphia, PA 19104
Phone : (215) 895-2120

**MINUTES OF THE 1999 MIDYEAR MEETING OF THE EXECUTIVE
COMMITTEE AND COMMITTEE CHAIRS**

7:00-8:30 AM January 9, 1999

Radisson Twin Towers, Orlando, Florida

Members present: Gordian Ndubizu, Timothy Sale, R.S.O. Wallace, Patricia McQueen, Stephen Salter, Hans Dykxhoorn, Timothy Douppnik, Donna Street, Teresa Conover, Mitch McGhee, Ran BarNiv, Norlin Rueschhoff, Bruce Behn, Marilyn Zarzeski.

Hans Dykxhoorn presided and called the meeting to order at 7:05 AM.

A motion to approve the agenda passed. The motion to approve the minutes of the 1998-1999 Planning Meeting from August 16, 1998 also passed.

The Chair solicited reports from the various committees, of which the following is a summary:

Stephen Salter reported on the financial position of the Section and circulated a report prepared by the AAA.

Teri Conover, Chair of the Annual Program Committee, reported that she had already received several papers for the Annual Meeting and expects that this may indicate that we are likely to have a high number of submissions. She also reported that she had 50 reviewers appointed to assist in the review process. The committee is working on getting a luncheon speaker.

Hans reported for Ed Swanson, Chair of the Continuing Education Committee. The committee is working on having one or two sessions at the Annual AAA Meeting. There have been no requests from the regions for CPE sessions.

Donna Street, Chair of the Midyear Meeting Planning Committee, reported that the meeting, which was then in process, appeared to be very successful. Over 40 papers were submitted and attendance set a record for the Section. Donna recognized the financial and other assistance received from CIERA and Professor Andrew Bailey.

Tim Sale, Chair of the Information and Technology Committee, reported that AAA was being most helpful with the Section's web site. Sarasota is also assisting with updating the email membership directory. A complete listing of email addresses of members is necessary if the Section wants to eliminate the paper version of *Forum* sometime in the future. Members who read the *Forum* on the Section's web site are being asked to have the Section stop delivery of their paper copy of the *Forum*.

Mitch McGhee, Chair of the Strategic Planning Committee, circulated a first draft of the survey to be mailed to the membership. Mitch asked the members present to let him know of any changes that should be incorporated.

Hans reported for Ross Tondkar, Chair of the Outstanding Educator Committee. The committee has placed a Call for Nominations in *Forum* and on the Section's web site.

Norlin Rueschhoff, Section Historian, distributed a list of all past Chairs and all past *Forum* editors of the Section. He reported that so far he has been quite successful in compiling past issues of the *Forum* and he has started to analyze the Service Record.

Hans reported for Mehmet Kocakulah, Chair of the Teaching Resources Committee. Mehmet's committee has

placed a call for teaching materials on the Section's web site, but so far the response has been nil. Mehmet will start sending out letters to specific schools and members to get them to participate in this worthwhile effort.

Marilyn Zarzeski, reported for Jenice Prather-Kinsey, Chair of the Outstanding Dissertation Committee. She indicated that as of this date no nominations had been received. Publicizing the award more extensively was discussed. Donna noted that she would mention the need for nominations during the luncheon at the Midyear Meeting later today.

Segun Wallace, Chair of the Advisory Board, reported that the Advisory Board was working on proposing some changes to the Section's bylaws regarding the eligibility of candidates for elective positions in the Section. Segun hopes to have the proposed changes finalized sometime in February.

Ran BarNiv reported on behalf of Somnath Das, Chair of the Publications Committee. Ran indicated that the committee is still in the process of deliberation and solicitation in the selection of the Section journal editor. Ran also reported for Abdel Agami, Chair of the Regional Programs Committee, noting that the regional coordinators are in the process of reviewing papers and preparing sessions on international accounting in their respective regions.

Hans reported for Shahrokh Saudagaran, Chair of the International Relations Committee. Shahrokh chaired the second planning meeting of the newly formed Asian Academic Accounting Association. The meeting was attended by members of eight different countries and was very productive. Hans also mentioned that the Gift Membership program, administered by Shahrokh's committee, is doing well but it needs the continuing support of the members.

Gordian Ndubizu, Chair of the Research Committee, indicated that his committee is working on compiling international accounting research data. He also noted that he has placed a request to members to assist in that task on the Section's web site.

Hans reported that Finley Graves, Chair of the Nominations Committee, asked for members' help in finding suitable candidates to be nominated for elective office.

Tim Douppnik, Chair-Elect, announced that next year's Midyear Meeting is going to be in Tampa, Florida, in early January. Tim asked every one for help in planning next year's activities.

In adjourning the meeting, Hans thanked everyone for their hard work in making this year another successful one for the Section. He expressed a special thank you to Donna and her committee for putting together such an outstanding Midyear Meeting program. Hans also recognized Mike Kennelley, Editor of the *Forum*, for publishing an outstanding newsletter.

The meeting was adjourned at 8:27 AM.

-Stephen Salter (for David Sharp, Secretary 1998-2000)

HAVE YOU SEEN...?

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

Adhikari, Ajay, Luis Betancourt, Rasoul H. Tondkar. "The Influence of Culture and Equity Market Development on Financial Analysts' Perceptions of Disclosure Items in Listing Prospectuses." *Advances in International Accounting* (Vol. 11, 1998).

With the growing globalization of capital markets, a great deal of attention is being focused on the diversity in accounting disclosure and reporting requirements that exists internationally and that affects capital market participants. The globalization of capital markets is most often cited as the justification for international harmonization of accounting standards. Although a great deal has been written on the efforts aimed at the international harmonization of accounting standards, very little research has been conducted to examine users' needs, especially in the context of capital markets. The main motivation for this study is to expand the limited knowledge base that exists on the needs of capital market participants in the international arena. More specifically, the study examines the influence of culture and the degree of equity market development on the disclosure needs of financial analysts in different countries with reference to prospectuses required for stock exchange listing purposes. The data for this study was obtained through a cross-national survey of financial analysts. To facilitate statistical testing, the data was reduced using factor analysis. Seven factors were obtained and were used to test for significant differences in perceptions of financial analysts from different cultural and equity groups. The results of the study provide limited support for the influence of culture and the degree of equity market development on financial analysts' disclosure needs.

Basu, Sudipta, LeeSeok Hwang, Ching-Lih Jan. "International Variation in Accounting Measurement Rules and Analysts' Earnings Forecast Errors." *Journal of Business Finance & Accounting* (Vol. 25 No. 9/10, 1998): 1207-1247.

This paper theorizes that accounting systems affect analysts' forecast accuracy through changes in earnings variability. It is argued that the matching and historical cost principles reduce earnings variability and hence, reduce analysts' earnings forecast errors. It is also argued that restricting the choice of accounting methods can result in larger forecast errors. It is argued that more informative disclosure environments should reduce forecast errors. The research tests whether variation in these factors across countries explains variation in analysts' earnings forecast bias and accuracy. Results indicate that these characteristics of financial accounting systems are complements and that they affect financial analysts' earnings forecast errors.

Berkman, Henk, and Michael E. Bradbury. "The Influence of Ownership Structure on Risk Management: Evidence from New Zealand State Owned Enterprises." *Journal of International Financial Management and Accounting*, (Vol. 9 No. 2, 1998): 117-131.

This paper examines how recent theories on risk management apply to government-owned organizations. It argues that, compared to publicly listed firms, government-owned organizations have a lower need for risk management since stakeholders are likely to rely on implicit guarantees arising from government ownership. It tests this proposition empirically and finds that government-owned organizations make less use of financial derivatives to reduce the costs of financial distress and agency conflicts.

Black, Ervin L., Keith F. Sellers, and Tracy S. Manly. "Earnings Management Using Asset Sales: An International Study of Countries Allowing Non-Current Asset Revaluation." *Journal of Business Finance & Accounting*, (Vol. 25 No. 11/12, 1998): 1287-1317.

Bartov (1993) demonstrates that U.S. firms time asset sales to smooth income and affect debt/equity relation-

ships. This study examines earnings management behavior through asset sales in countries that allow asset revaluation: Australia/New Zealand and the U.K. Earnings management behavior differs across these two country groups when their accounting rules differed prior to 1993, but is similar during the 1993-1995 period when the U.K. implemented FRS 3. The results also find that revaluer companies do not use asset sales to smooth income in ANZ nor in the U.K. after FRS 3 was implemented in 1993. U.K. revaluers and both countries' nonrevaluers sell assets consistent with income smoothing.

Coller, Maribeth, and Barbara G. Pierce. "The New Segment Information: Is it Any Better?" *The Journal of Financial Statement Analysis*, (Vol. 4 No. 2, 1999): 65-72.

The new reporting requirements for business segments are analyzed in this article. SFAS No. 131, effective for 1998 annual reports, calls for segment information based on a firm's internal organization, rather than on industry or geography. It is concluded that while the new standard will result in the reporting of more data on a more frequent basis, it is unlikely to fully satisfy the professionals' need for better segment information.

Edey, Peter H., and Stephen L. Taylor. "Directors' Recommendations on Takeover Bids and the Management of Earnings: Evidence from Australian Takeovers." *Abacus* (Vol. 35 No. 1, 1999): 29-45.

This article investigates whether Australian companies manage their earnings during takeover bids in a manner consistent with the earnings-management hypothesis. This hypothesis predicts that directors who reject a bid use accrual accounting to increase current earnings, supporting their claim that the bid, relative to earnings, is inadequate. Likewise, directors who accept a bid are predicted

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to use accrual accounting to decrease current earnings. Overall, the results are not consistent with the earnings-management hypothesis. However, some components of unexpected accruals change in the direction predicted by the earnings-management hypothesis, although these changes are not statistically significant. Using industry-adjusted performance measures, the conclusion is that unexpected accruals are primarily a manifestation of poor financial performance of target firms in the period leading up to the takeover bid.

Evans, Lisa, and Christopher Nobes. "Harmonization Relating to Auditor Independence: The Eighth Directive, the U.K. and Germany." *The European Accounting Review*. (Vol. 7 No. 3, 1998): 493-516.

The European Union Eighth Directive on the approval of auditors covers auditor independence only to a very limited extent. An examination of the development of the articles dealing with independence and integrity shows how the need to compromise, in order to reach an agreement, frustrated the intentions of the harmonizers. This paper traces the development of the independence rules in the Eighth Directive through to the final directive. It assesses the extent to which pre-Eighth Directive regulation in the U.K. and Germany may have affected the directive and then examines the implementation of the directive in the two countries. It concludes that national culture and accounting traditions prevented harmonization of independence rules through the Eighth Directive.

Garrod, Neil, and William Rees. "International Diversification and Firm Value." *Journal of Business Finance & Accounting*. (Vol. 25 No. 11/12, 1998): 1255-1281.

This paper examines the impact of multinationalism by using a valuation model incorporating geographically segmented accounting information. The results indicate that multinational companies are more highly valued than their domestic counterparts

and that the valuation difference lies in all their operations and not just their foreign operations. The value advantage of MNCs appears too large to be realistically explained by cost of capital reductions and would support either that high-value firms become MNCs, rather than MNCs gaining valuation benefits from foreign investments, or a pricing fad. Results support the latter explanation.

Jacobs, Fred A., and Ernest R. Larkins. "Export Tax Incentives for Establishing Foreign Markets: An Analysis of Marginal Costing Techniques." *Accounting Horizons*. (Vol. 12 No. 4, 1998): 374-396.

The tax law provides two administrative pricing methods for allocating profit between a foreign sales corporation and its related supplier. This study conducts sensitivity analyses to determine the impact and interaction effects of four study variables: (1) export profit rate, (2) domestic profit rate, (3) relative size of the export market and (4) the impact of overhead costs. Simulation results suggest that marginal costing is most beneficial when export profit rates are low and the export market is small relative to the exporter's total market. Thus, small businesses and new-to-export firms attempting to establish or maintain a foreign market are particularly good candidates for marginal costing. Further, the tax benefit is generally greater for companies in which overhead is at least 30 percent of product cost.

Jaggi, Bikki, and Rohit Jain. "An Evaluation of Financial Analysts' Earnings Forecasts for Hong Kong Firms." *Journal of International Financial Management and Accounting*. (Vol. 9 No. 3, 1998): 177-200.

This study evaluates the accuracy and potential bias of analyst forecasts for Hong Kong firms and compares analyst forecasts to model forecasts. It also examines the association of forecast accuracy with various firm characteristics. The findings of the study show that on an overall basis analyst forecast for Hong Kong firms

are more accurate than model forecasts. Analyst forecasts generally exhibit a positive bias. The analysis of the association between forecast accuracy and company characteristics suggests that analyst forecasts for larger firms are comparatively more accurate than for smaller firms and analyst forecasts with shorter time horizons are more accurate than forecasts with longer time horizons.

McLeay, Stuart, David Neal, and Tony Tollington. "International Standardization and Harmonization: A New Measurement Technique." *Journal of International Financial Management and Accounting*. (Vol. 10 No. 1, 1999): 42-70.

The paper argues that it is the availability of alternative accounting treatments and the use by individual firms of the appropriate method that produces comparable financial statements. Accordingly, international harmony in accounting can be seen as a state in which firms throughout the world are able to use an internationally recognized accounting treatment that is appropriate to their circumstances without being constrained to do otherwise by local accounting regulations or other requirements to adopt practices confined to particular nations. The paper distinguishes harmonization from standardization and presents a method for measuring harmonization which allows for choice between alternative accounting treatments. The method is illustrated by an analysis of goodwill accounting practices in Europe.

Morck, Randall, Masao Nakamura. "Banks and Corporate Control in Japan." *The Journal of Finance* (Vol. 54 No. 1, 1999): 319-339.

Using a large sample of Japanese firm-level data, it is found that Japanese banks act primarily in the short-term interests of creditors when dealing with firms outside bank groups. Corporate control mechanisms other than bank oversight appear necessary in these firms. When dealing with firms

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in bank groups, banks may act in the broader interests of a range of stakeholders, including shareholders. However, findings are also consistent with banks "propping up" troubled bank-group firms. It is concluded that bank oversight need not lead to value maximizing corporate governance.

Oyelere, P. B., and C. R. Emmanuel, "International Transfer Pricing and Income Shifting: Evidence from the U.K.," *The European Accounting Review*, (Vol. 7 No. 4, 1998): 623-635.

This paper examines the possible use of international transfer pricing as an income-shifting mechanism by foreign-controlled enterprises (FCEs) operating in the U.K. The methodological approach compares the profitability (performance) and dividend (post-performance) distributions of FCEs with those of a size-matched sample of U.K.-controlled enterprises (UKCEs) over a two-year period. The results reveal significant differences in the profitability and dividend distributions of the two groups. FCEs under perform UKCEs, but their level of dividend distribution outperforms those of UKCEs. Evidence of significant income shifting by FCEs is confirmed and the claim that international transfer pricing is the key mechanism for such shifts cannot be dismissed.

Sinning, Kathleen E., and Hans J. Dykxhoorn, "Two Auditing Professions in Germany: How German Bankers Perceive the Quality of the Audit Reports of Wirtschaftsprüfer and Vereidigte Buchprüfer," *Advances in International Accounting* (Vol. 11, 1998).

Prior to 1986, Germany required only publicly traded stock corporations to undergo annual audits of their financial statements. The *Wirtschaftsprüfer* (WP) profession was authorized to perform the audits of stock corporations. As a result of the 1985 Accounting Directives Law, medium-sized limited liability companies were required to have annual audits beginning in 1986. The Accounting Directives Law also resurrected a second auditing profession that had been closed to new entrants since 1962. The second profession was reactivated since it was believed that there would not be a sufficient number of WPs to perform the newly mandated audits of the medium-sized limited liability companies. This paper reports the results of a survey undertaken to determine German financial statement users' perceptions of the credibility of the audit reports of the two auditing professions. The data indicates that although German users believe the audit reports of the second profession have credibility, they prefer to have financial statements audited by WPs. The results of this study are important to international investors and creditors who rely on the audited German financial statements and may not be familiar with the two auditing professions.

Huddart, Steven, John S. Hughes, and Markus Brunnermeier, "Disclosure Requirements and Stock Exchange Listing Choice in an International Context," *Journal of Accounting & Economics* (Vol. 26 No. 1-3, 1999): 237-269.

A rational expectations model is used to examine how public disclosure

requirements affect listing decisions by rent-seeking corporate insiders, and allocation decisions by liquidity traders seeking to minimize trading costs. It is found that exchanges competing for trading volume engage in a race for the top whereunder disclosure requirements increase and trading costs fall. This result is robust to diversification incentives of risk-averse liquidity traders, institutional impediments that restrict the flow of liquidity and listing costs. Under certain conditions, unrestricted liquidity flows to low-disclosure exchanges. The consequences of cross-listing also are modeled.

Barth, Mary E., Greg Clinch, and Toshi Shibano, "International Accounting Harmonization and Global Equity Markets," *Journal of Accounting & Economics* (Vol. 26, No. 1-3, 1999): 201-235.

It is shown that harmonizing domestic GAAP with foreign GAAP can have deleterious effects on security market performance, specifically price informativeness and trading volume. Harmonization effects result from interaction between two forces. Direct informational effects depend on whether harmonization increases or decreases GAAP precision. Expertise acquisition effects depend on benefits and costs to foreign investors of becoming domestic GAAP experts. These countervailing forces can result in harmonization to more precise GAAP increasing or, unexpectedly, decreasing price informativeness and trading volume. This is also observed for a cost of capital metric. Thus, harmonization is not necessarily a desirable singular goal.

PROPOSED BYLAWS CHANGES

The Advisory Board recommends the following changes to be made to the Section's bylaws:

Section VI D.4: add a new subparagraph as follows:

D.5: No member of the Publication Committee may be nominated for journal editor.

Add the following wording to Section VII B as part of

that subparagraph:

No member of the Nominations Committee may be nominated for any of these offices.

The Chair of the Advisory Board, Segun Wallace, will discuss the proposed changes at the Annual Business Meeting before the membership vote is taken.

Call for Members to Serve on IAS Committees for 1999-2000

Below is a list of IAS committees for the period August 1999 to August 2000. Section members interested in serving on a committee should complete the form and send it to the address below:

Timothy S. Douppnik
Darla Moore School of Business
University of South Carolina
Columbia, SC 29208
Fax: (803) 777-0712
Email: douppnik@darla.badm.sc.edu

To increase your chances of serving on a committee, please mark three choices and indicate your preference (1 = first choice; 2 = second choice; 3 = third choice).

- | | |
|--|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Annual Program <input type="checkbox"/> Midyear Meeting <input type="checkbox"/> Continuing Education <input type="checkbox"/> Research <input type="checkbox"/> Teaching Resources <input type="checkbox"/> International Relations <input type="checkbox"/> Information Technology <input type="checkbox"/> Outstanding Dissertation Award <input type="checkbox"/> Outstanding Educator Award <input type="checkbox"/> Publications <input type="checkbox"/> Strategic Planning <input type="checkbox"/> Membership | <p style="text-align: center;">Regional Program</p> <ul style="list-style-type: none"> <input type="checkbox"/> Northeast Region <input type="checkbox"/> Mid-Atlantic Region <input type="checkbox"/> Ohio Region <input type="checkbox"/> Midwest Region <input type="checkbox"/> Southeast Region <input type="checkbox"/> Southwest Region <input type="checkbox"/> Western Region |
|--|--|
- Indicate: United States Outside U.S. (country: _____)

Name _____ Affiliation _____

Address _____

Phone: _____ Fax: _____ Email: _____

International CPE at the Annual Meeting

The International Section is sponsoring a CPE seminar on Sunday, August 15, preceding the AAA Annual Meeting in San Diego. Paul Pacter, of the IASC staff in London, will present "International Accounting Standards Committee Update" from 8:30 AM to 12:00 NOON. This session has been highly acclaimed the last two years, and Paul has new materials to reflect current projects at the IASC. This workshop will specifically cover the following subjects:

- Overview of the current structure of the IASC.
- Proposals for change by IASC Strategy Working Party.
- Review of each existing IASC Standard, with comparison to U.S. GAAP, examples.
- In-depth review of those new

IASC Standards that take effect in 1999 and later.

- Special emphasis on IAS No. 39, *Financial Instruments: Recognition and Measurement*.
- Review of each current IASC agenda project, technical decisions to date, prospects.
- Review of all Interpretations approved and proposed by IASC's new Standing Interpretations Committee.
- Prospects for recognition of IAS by IOSCO and the U.S. SEC.
- Ways in which IASC can work with national standard-setters.
- Likely new IASC agenda issues.
- IASC activity in developing industry standards.

- Special needs of emerging economies.

An 80-page handout will be provided to each participant. Also each registered participant will receive, without charge, copies of the latest IASC publications.

Fred Choi will offer a full-day Seminar on International Accounting, on Sunday, August 15 from 8:30 AM to 4:00 PM. Fred has offered updated versions of this seminar for several years and it remains one of the most popular sessions. The next issue of *Accounting Education News* will provide more specific information about this CPE session.

Ed Swanson
International Section CPE Director

ELEVENTH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES
November 21-24, 1999
Melbourne, Australia

The Eleventh ASIAN-PACIFIC Conference on International Accounting Issues will be held on November 21-24, 1999 in Melbourne, Australia. The main theme of the conference is "Accounting and the Profession in the New Millennium—Role and Relevance." 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. During the past ten years, our conference has been held in Fresno, California (1989), Vancouver, Canada (1990), Honolulu, Hawaii (1991), Dunedin, New Zealand (1992), Mexico City, Mexico (1993), Taipei, Taiwan (1994), Seoul, Korea (1995), Vancouver, Canada (1996), Bangkok, Thailand (1997), and Maui, Hawaii (1998).

Over 300 participants from 33 countries attended our Maui conference.

Detailed information regarding our upcoming conference (Eleventh ASIAN-PACIFIC Conference) is as follows.

Conference Registration Fee:

Registration fees of \$475 (Australian dollars) per delegate include a reception, 2 breakfasts, 2 luncheons, 1 dinner (banquet and entertainment), a copy of the proceedings, and a one-day tour.

The Vernon Zimmerman Best Paper Award:

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

CPE Credits:

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

Conference Hotel:

The Conference will be held at the

Hotel Sofitel in Melbourne. Rate for Single/Double Occupancy is \$190 (Australian dollars).

Address any questions regarding the conference to:

Professor Ali Peyvandi or
Professor Benjamin Tai
ASIAN-PACIFIC Conference on
International Accounting Issues
The Sid Craig School of Business
California State University, Fresno
5245 North Backer Avenue
Fresno, CA 93740-0007 USA

Tel: (559) 278-2921

Fax: (559) 278-7336

Tel: (559) 278-2852

Tel: (559) 278-2217

Email: ali_peyvandi@csufresno.edu or
benjamin_tai@csufresno.edu

Home Page: <http://www.craig.csufresno.edu/dprtmnt/conasia.htm>

AMERICAN ACCOUNTING ASSOCIATION/TAIWAN ACCOUNTING ASSOCIATION

First Globalization Conference

July 10-15, 1999

Taipei, Taiwan

July 10-11: Academic Presentations
July 12-13: Business Field Trips
July 14-15: Sightseeing Trip
(East-West Mountain Highway)

This conference is an outgrowth of the work of the Globalization Committee of the AAA. It intends to cultivate academic exchanges between accounting educators of different regions on issues related to teaching and research. In addition to panel discussions and paper presentations, the

conference will offer field trips to visit successful businesses in Taiwan as well as a sightseeing trip. The purpose of these visits is to acquaint conference participants with local business practices and culture.

Supporting Sections and Organizations (in alphabetic order):

Center for International Education and Research in Accounting (CIERA), Chinese Accounting Professors Association of North America (CAPANA), International

Accounting Association for Education and Research (IAAER), International Accounting Section, and accounting associations in Asian and other regions.

This conference will cover all areas of accounting research and accounting education. If you are interested in receiving additional information about the conference, please contact either Professor C. S. Agnes Cheng, University of Houston or Professor Jiin-Feng Chen, National Chengchi University.

NEEDED: BOOK REVIEWERS FOR ISSUES IN ACCOUNTING EDUCATION

Book reviews serve an important educational purpose in our discipline. They bring books to the attention of our colleagues and often help users in their adoption decision and provide additional material to help enrich course content. As an expert in your field, your knowledge and talent is essential to the book review process.

If you are interested in reading, reviewing and seeing your review published in a forthcoming issue of *Issues in Accounting Education*, please send your name, address and

either an abbreviated *curriculum vitae* or short paragraph outlining your teaching/research area(s) of expertise to:

Alan Reinstein
George R. Husband Professor
of Accounting
Wayne State University
Detroit, Michigan 48202
Tel. No. (248) 357-2400
Email: a.reinstein@wayne.edu

International Accounting Section Sessions

AAA Annual Meeting

San Diego, California

PLEASE NOTE THAT ALL DATES AND TIMES ARE TENTATIVE AND SUBJECT TO CHANGE.

Monday, August 16, 3:45 - 5:15 PM

Session Title: Audit and Reporting Regulation

The Institutional Environment of Financial Reporting Regulation in ASEAN. Shahrokh Saudagaran, Santa Clara University and Joselito Diga, SGV Anderson

Audit Quality in ASEAN. Michael Favere, Monterey Institute of International Studies

Market Reaction to Initial Qualified Audit Opinions in an Emerging Market: Evidence from the Shanghai Stock Exchange. Xijia Su, Charles Chen, and Ronald Zhao, all of City University of Hong Kong

Tuesday, August 17, 10:30 - 12:00 NOON

Session Title: Issues in 20 F Disclosure

A Comparative Study of the Usefulness of Accounting Systems From a Valuation Perspective. Takashi Yaekura, International University of Japan

International Accounting Standards vs. U.S. GAAP: How Do They Compare? Paquita Davis-Friday and Norlin Rueschhoff, both of University of Notre Dame

Financial Analysts and the Usefulness of Form 20 F: Reconciliations and Disclosures. James Ready, University of North Carolina and Irene Karamanou, Pennsylvania State University

Tuesday, August 17, 10:30 - 12:00 NOON

Session Title: National Culture and Decision Making

The Effects of National Culture on the Openness of Intra-Organizational Information Sharing: A Comparative Study of U.S. vs. Mainland Chinese Managers. F. Johnny Deng, University of Arkansas; Chee Chow, San Diego State University; and Joanna Ho, University of California, Irvine

Conceptualizing Structural Differences Between Western and Chinese Businesses. Gus Geursen, Mohash University-Caulfield; Elaine Rodrigo, Mohash University-Caulfield; John Karayan, California State Polytechnic University-Pomona

The Effects of National Culture and Contextual Information on Managers' Resource Allocation Decisions. C. Janie Chang, San Jose State University; Joanna Ho, University of California, Irvine; and Anne Wu, National Chengchi University

The Effects of National Culture on Ethical Decision Making. Richard Brody, University of Nevada, Las Vegas; John Coulter, Western New England College; and Suming Lin, National Taiwan University

Tuesday, August 17, 1:45 - 3:15 PM

Session Title: International Financial Accounting—Disclosure Differences

Moderator: Donna Street—James Madison University

International Differences in the Timeliness, Conservation, and Classification of Earnings. Peter Pope, University of Lancaster and Martin Walker, University of Manchester

Discretionary Disclosure and External Financing in a Relationship Financing Environment. Harri Seppanen, Helsinki School of Business Administration and Economics

Complexity and Analyst Following of Multinational Firms. Robert Bricker, Julia Grant, Gary Previts, and Timothy Fogarty, all of Case Western Reserve University

Tuesday, August 17, 3:45 - 5:15 PM

Session Title: Studies of the Japanese Equity Market and Information Asymmetry

The Impact of Cross Corporate Ownership on Information Asymmetry in the Japanese Equity Market. Jeong-Bon Kim, The Hong Kong Polytechnic University and Li Jiang, The Hong Kong Baptist University

The Association Between Japanese Ownership Structure, Keiretsu Membership, and the Informativeness of Earnings. Edward Douthett and Kooyul Jung, both of Texas Christian University

The Relationship Between Management Earnings Forecasts and Japanese Earnings Management. Wayne Thomas, University of Utah; Don Herrmann, Oregon State University; and Tatsuo Inoue, Kwansai Gakuin University

Wednesday, August 18, 10:30 - 12:00 NOON

Panel Session: Future Direction in International Accounting Research

Moderator: Gordian A. Ndubizu, Drexel University

Panelists:

Professor Grace Pownall, Emory University
Professor Shahrokh M. Saudagaran, Santa Clara University
Professor Carol Frost, Dartmouth College

Wednesday, August 18, 1:45 - 3:15 PM

Session Title: Value Relevance and Disclosure in Asia

A Test of the Relations Between Insider Trading and Voluntary Disclosures. Burch Kealey and Pek Yee Low, both of City University of Hong Kong

Value-Relevance of Financial Reporting Disclosures in an Emerging Capital Market: The Case of B-Shares and H-Shares in China. Woody Wu, Chinese University of Hong Kong; In-Mu Haw, Texas Christian University; and Daqing Qi, Chinese University of Hong Kong

The Value Relevance of Consolidated vs. Unconsolidated Earnings and Book Values for Japanese Firms: Evidence from Crosslisted and Non-crosslisted Firms. Kirsten Ely and Grace Pownall, both of Emory University

Wednesday, August 18, 1:45 - 3:15 PM

Session Title: New Trends in International Accounting

Assurance Services and the Electronic Frontier: The International Legal Environment of the CPA/CA Webtrust. Carl Pacini, Georgia Southern University; David Sinason, Northern Illinois University; and Dominic Peltier Rivest, Université du Québec à Montréal

Voluntary Financial Reporting on the Internet: An International Perspective. Glen Gray, California State University, Northridge; Roger Debrecey, Nanyang Technological University; and Asheq Rahman, Nanyang Technological University

Implications of the Recent Economic Reforms for the Accounting Profession in New Zealand. Hector Perera, Massey University; S. Velayutham, University of Canterbury; and A. Rahman, Nanyang Technological University

REGIONAL PROGRAM COMMITTEE REPORT

Abdel M. Agami

Southwest Region, Houston, TX March 10-13, 1999

Session B: International Accounting

Chair: Gary Braun, University of Texas at El Paso

Discussants: Tom Lopez, Texas A&M University; Chak-Tong Chau, University of Texas at San Antonio; and David Malone, Texas Tech University

Discretionary Disclosures of U.S. and U.K. Cross-Listed Firms: Is There an Information Explanation of Forecast Accuracy and Dispersion? Cynthia L. Taylor, University of Arkansas at Little Rock

Foreign Currency Hedge Accounting: Multicurrency Versus Functional Currency Accounting. Dahli Gray, Morgan State University and Orapin Duangploy, University of Houston-Downtown

International Accounting Education: Syllabi Listed on the Web Compared to Prior Studies. L. Murphy Smith, Texas A&M University and Paul Ashcroft, Auburn University at Montgomery

Middle-Atlantic Region, Harrisburg, PA, March 25-27, 1999

Session 2F—International Accounting 1: The United States Board Room

Moderator and Discussant: Sara York Kenny, International Finance Corporation

Additional Discussant: Obeua S. Persons, Rider University-New Jersey

The Impact of Accounting Choice on Cash Flows Reporting: The Case of Oil and Gas Companies. Mostafa A. El Shamy, Kuwait University

The Expectation Gap Between Users' and Auditors' Materiality Judgements in Denmark. Leif Hojskov, University of Southern Denmark

Board Structure, Director Independence, and Firm Value in China. Anthony Mung Yinn Chan, Brock University, Canada; Chiu-kuok Poon, China Development Finance Co. Ltd.—Hong Kong; and Mei-shan Tang, China International Trust & Investment Corporation Pacific Ltd.

Southeast Region, Atlanta, GA, April 8-10, 1999

Panel Session on the Transition to the Euro

Bruce Behn, University of Tennessee and Khalid Sheik, Rockwell Automation

Panel Session on International Accounting Research and Teaching

Marilyn Zarzeski, University of Central Florida; Jeannie Harrington, Middle Tennessee State University; Grace Pownall, Emory University; and Stephen Salter, University of Cincinnati

International Papers

An Empirical Examination of Corporate Myopic Behavior: A Comparison of Japanese and United States Companies. Albert Nagy and Terry Neal, both of University of Tennessee

Assessing Currency Exchange Rate Exposure Using Geographic Segment Disclosures: The Importance of Currency-Specific Type and Degree of Exposure. David Senteney, Ohio University; Sadegh Bazaz, Oakland University; and Gina Stanley, Concordia College

Off-Balance Sheet Financing Through Associated Companies. Trevor Wilkins, National University of Singapore

Ohio Region, Cuyahoga, OH, April 15-17, 1999

International Accounting

A Framework for Conduction International Joint Venture Due Diligence. George R. Aldhizer III, Northern Kentucky University and James D. Cashell, Miami University

An Investigation of Whether Company Size Impacts Liquidity and Solvency Measures for International and U.S. Companies. Patricia Lee Huff, California State University, Fresno; A. Elaine Eikner, Southwest Texas State University; and Robert M. Harper, California State University, Fresno

Northeast Region, Rochester, NY, April 22-24, 1999

Issues in International Accounting

The Value-Relevance of Inflation-Adjusted and Historical Cost Earnings During Hyperinflation. Ran BarNiv, Kent State University

An International Investigation of Market Efficiency with Regard to Cash Flow and Accrual Information. Joan Hollister, Quinnipiac College

Practical Difficulties in Harmonizing International Accounting Standards for

Less Developed Countries: The Case of the Middle East. Wagdy Abdallah, Seton Hall University

Revaluation of Plant, Property, and Equipment: Similarities and Differences Between IASC and ASC (Philippines) Standards. Consolacion L. Fajardo, National University, Sacramento

Midwest Region, Minneapolis, MN, April 22-24, 1999

International Papers

Demographic and Environmental Factors Influencing Undergraduate Interest in International Business. Victoria K. Beard and Jacob R. Wambsganss, both of University of North Dakota

The Early International Contributions to Academic Accounting Research: 1926-1965. Jenice Prather-Kinsey, University of Missouri-Columbia and Norlin Rueschhoff, University of Notre Dame

Western Region, Newport Beach, CA, April 29-May 1, 1999

International Accounting

Moderator: Jeanne H. Yamamura, University of Nevada, Reno

Discussant: John Eichenseher, University of Wisconsin-Madison

Conceptualizing Structural Differences in Western and Chinese Businesses. Gus M. Geursen, Monash University; Elaine Rodrigo, Monash University; and John Karayan, California State Polytechnic University-Pomona

Predictive Accuracy of Analysts' Earnings Forecasts: A Comparison of Non-Listed and U.S. Cross-Listed Firms and U.S. Multinationals. Somnath Das, University of Illinois at Chicago and Shahrokh M. Saudagaran, Santa Clara University

Life Cycle as a Predictor of Going Concern and Bankruptcy. Vicki Peden, California State Polytechnic University-Pomona

International Accounting

Moderator: Joanne Collins, California State University, Los Angeles

Discussants: Johanna Ho, University of California, Irvine and Douglas C. Cloud, Pepperdine University

The Implications of SFAS No. 133 on Management of Foreign Exchange Risk. Orapin Duangploy, University of Houston-Downtown

JOURNAL OF ACCOUNTING EDUCATION NOTICE OF EDITORIAL CHANGE CALL FOR PAPERS

The *Journal of Accounting Education*, recognized by IAAER as its "official journal," has been built up over the last 15 years or so, largely under the editorship of Kent St. Pierre, to a strong and recognized position as a leading accounting education journal. Following Kent's well-earned retirement as Editor, the editorial organization of the *Journal* has been reconstructed to support the next phase in its development. Consistent with its strong North American base, current and expected future developments, and active liaison with IAAER, *JAE* now has a two-track structure with Jim Rebele as Editor for the Americas and David Alexander and Jon Simon, as International Editors, covering the rest of the world. Dot Sharman has assumed the role of Editorial Secretary. Addresses for all four are given below. Submissions dispatched from the Americas should be sent to Lehigh University and submissions from elsewhere should be sent to the University of Hull.

As always, *JAE* welcomes submissions of high-quality papers relating to any aspect of accounting education from all sources. The key policy of the new editors is to stimulate further research, thinking and practical application in any and every part of the world and, building on existing strengths and known expertise, to increase cross-fertilization whenever and wherever possible. IAAER is an invaluable aid in this respect, and the editors will be exploring ways of increasingly effective cooperation.

Please send submissions to the appropriate address below. There is no submission fee. Please also feel free to

discuss ideas informally with any of the editors if it would help your thinking. We look forward to hearing from you.

Editor for the Americas:

James E. Rebele
College of Business and Economics
Lehigh University
621 Taylor Street
Bethlehem, PA 18015-3117
Phone: (610) 758-3682
Fax: (610) 758-6429
Email: jer8@lehigh.edu

International Editors:

David Alexander and Jon Simon
School of Accounting, Business & Finance
University of Hull
Hull, HU6 7RX UK
Phone: 44 0482466304
Fax: 44 01482466377
Email: D.Sharman@accfin.hull.ac.uk

Editorial Secretary

Dot Sharman
School of Accounting, Business & Finance
University of Hull
Hull, HU6 7RX UK
Phone: 44 01482466304
Fax: 44 01482466377
Email: D.Sharman@accfin.hull.ac.uk

Call for Papers and Panels THE INTERNATIONAL ACCOUNTING SECTION OF THE AMERICAN ACCOUNTING ASSOCIATION 2000 MIDYEAR MEETING

Jointly sponsored by the
CENTER FOR INTERNATIONAL EDUCATION AND
RESEARCH IN ACCOUNTING (CIERA)

University of Illinois at Urbana-Champaign
January 9-10, 2000

Tampa, Florida

This is the sixth midyear meeting of the International Section of the American Accounting Association and the third to be held jointly with the CIERA. The conference will provide an opportunity for teachers, researchers and practitioners interested in international accounting to exchange information, to network and to discuss emerging issues.

Papers or panel discussions on any area of international accounting are welcome. If the author wishes, the submitted paper will be given fast-track consideration for publication in *The International Journal of Accounting*, a publication of CIERA, or *The Journal of International Accounting, Auditing, and Taxation*. For those electing fast-track review, please indicate your journal of choice and state in your submission letter that the paper is not under review by another journal.

Deadlines

Four copies of proposals for panels and submissions of papers should be submitted by **September 15, 1999** to:

Donna L. Street
School of Accounting, MSC 0203
James Madison University
Harrisonburg, VA 22807
Phone: (540) 568-3089; Fax: (540) 568-3017
Email: streetdl@jmu.edu

All papers and proposals must be in English. No papers will be accepted by fax or email. Author(s) will be notified of acceptance/rejection by November 1, 1999.

Additional Information:

Updates on the conference will be posted on the AAA and CIERA web sites at:

AAA: <http://www.rutgers.edu/Accounting/raw/aaa/calls/>
AAA International Section: <http://www.cba.uc.edu/cbainfo/ias>
CIERA: <http://www.cba.uiuc.edu/ciera>

