

INTERNATIONAL
ACCOUNTING SECTION
of the



American
Accounting
Association

NO. 69



FORUM

INTERNATIONAL ACCOUNTING

SPRING 2000

EDITOR: Mike Kennelley
University of Tulsa

Chairperson's Message

The Section's sixth annual Midyear Meeting, held in Tampa, Florida on January 9-10, was a great success. Despite concerns of possible Y2K problems, more than 70 brave participants attended the meeting that included five plenary and panel sessions, 23 research papers presented in concurrent sessions, one concurrent panel session, and 11 papers presented in a research Forum format.

Sunday's program was comprised of three plenary sessions. The first session included a presentation by Larry Bradley, KPMG partner and the Section's Vice Chair-Practice, about issues and opportunities facing practice in the area of international accounting. Jeannot Blanchet, Managing Director for Worldwide Standards at Arthur Andersen, spoke about the Big 5 + 2 accounting firms' vision for one set of worldwide accounting and auditing rules. Both presentations provided valuable practitioner insights into some of the most important issues in international accounting.

A second plenary session was led by Dick Dietrich, who is currently SEC Academic Fellow. Dick brought participants up to date on the SEC's



Timothy S. Douppnik

Lee Radebaugh discussed several avenues for providing accounting students with an overseas experience. Both Lee and Bel provided valuable ideas that I am sure many attendees are anxious to try to implement.

Sunday evening was capped by a very fine reception hosted by the Center for International Education and Research in Accounting at the University of Illinois. This is the third year that CIERA has supported the Section's Midyear Meeting and I would like to personally thank CIERA Director Gene Willis for his continued support.

After breakfast Monday morning, during which 11 papers were presented in a tabletop Forum format, Sir David Tweedie, Chair of the U.K. Accounting Standards Board, spoke about standard setting in the U.K. and the influence that the IASC, G4 + 1, and FASB have had on that process.

program to combat earnings management and reinforced the SEC's position regarding acceptance of International Accounting Standards. The focus of the third plenary session was on internationalizing the curriculum. Bel Needles presented an approach for mainstreaming international accounting topics into existing courses, and

Sir David's presentation was quite informative and entertaining. Sir David, Larry Bradley, Jeannot Blanchet, Dick Dietrich, and David Cairns, former IASC Secretary-General, then came together for a panel discussion in which a wide range of international and harmonization issues were discussed. At lunch, David Cairns shared some of the results of his recent study investigating the use of International Accounting Standards by companies worldwide.

The research papers presented in concurrent sessions covered a wide range of topics and were of consistently high quality. I was especially excited to see the international representation among paper authors. Ten out of 23 papers presented in concurrent sessions were authored or co-authored by colleagues outside of the United States. The complete Midyear Meeting program is available in this issue of *Forum*. If you see topics that interest you and you were unable to attend the meeting, I encourage you to contact the authors for copies of their papers.

I would like to thank everybody who contributed to the success of the Midyear Meeting: the plenary and panel session speakers, paper presenters, session moderators, manuscript reviewers, meeting attendees, and especially the Midyear Meeting Committee, chaired by

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International Accounting Forum
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American Accounting Association
5217 Riverside Drive

Chairperson's Message (Continued from page 1)

Donna Street. Donna has done an outstanding job organizing the past two Midyear Meetings and I sincerely appreciate her hard work and commitment.

Special thanks are also extended to the KPMG Foundation for its generous support for the meeting. KPMG provides financial support for several AAA Sections' Midyear Meetings and we are fortunate to be among them.

To update you on the Section's other activities, I am pleased to announce that the Strategic Planning Committee, chaired by Mitch McGhee, has received more than 70 responses to the membership survey and is beginning to compile the results. If you have not yet done so, it is not too late to provide the Committee with your input by completing the "membership survey" available at the Section's web site. Rob Larson and his committee are in the process of organizing the Section's annual program in Philadelphia. Thanks are extended to all of you who submitted papers and panel discussion ideas and who reviewed manuscripts.

The Teaching Resources Committee is in the process of collecting course syllabi from Section mem-

bers who teach an international accounting course or integrate international accounting topics into other courses they teach. The Committee is also collecting information on resource materials that illustrate how international accounting topics can be integrated into curricula. Please contact committee chair Ross Tondkar if you have materials you are willing to share with the Section membership. The collected materials will be organized and posted on the Section's web page.

Webmaster Tim Sale continues to make improvements to the Section's web site. Tim reports that 175 members have indicated a willingness to receive the *Forum* newsletter electronically rather than in print version, thereby reducing printing and postage costs. Please contact either Tim or Mike Kennelley, *Forum* editor, if you are willing to forgo the hardcopy version.

The International Relations Committee, headed up by Mohan Venkatachalam, continues to receive funds for the gift membership program and will soon develop a short list of universities to receive the gift memberships.

Elsewhere in this issue of *Forum*, you will find a call from Chair-Elect Teri Conover for volunteers to serve on committees during 2000-2001. You will also find an item listing the Section's various activities and indicating the committee responsible for carrying out each of them. I encourage you to volunteer for one or more positions especially on the Continuing Education, Membership, or Strategic Planning committees as these committees traditionally have attracted limited interest.

Finally, I would like to draw your attention to the AAA Second Globalization Conference to be held July 15-17, 2000, in Cambridge, England. This is a joint conference with the British Accounting Association and co-sponsored by the International Accounting Section. Please refer to the AAA web site for further information.

I wish you all a happy and productive year 2000. Please contact me if you have any questions or suggestions for how the Section might better serve you.

Timothy S. Doupnik
1999-2000 IAS Chairperson

INTERNATIONAL ACCOUNTING SECTION *Forum* Deadlines for 2000

Summer Issue—May 1, 2000
Fall Issue—September 1, 2000

Please submit items via email using a 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.

What Does the International Accounting Section Do? Which Committees and Positions are Involved?

The International Accounting Section:

Organizes international accounting sessions/panels at AAA Annual and Regional Meetings:

- Annual Program Committee
- Regional Programs Committee and Regional Coordinators (one for each AAA region)

Organizes international accounting continuing education seminars at AAA Annual and Regional Meetings:

- Continuing Education Committee

Sponsors and organizes a Mid-Year Meeting:

- Mid-Year Meeting Committee

Publishes the newsletter *Forum* and the *Journal of International Accounting Research*:

- Forum Editor
- Journal Editor
- Publications Committee (oversight role)

Maintains a web site:

- Information Technology Committee (Webmaster)

Makes information available on the web site including:

- Teaching materials (Teaching Resources Committee)
- Data sources (Research Committee)

Recruits new members:

- Membership Committee

Presents awards:

- Outstanding International Accounting Dissertation Award Committee
- Outstanding International Accounting Educator Award Committee

Cooperates with other organizations (including co-sponsoring conferences outside the U.S.) and solicits AAA gift memberships for developing countries:

- International Relations Committee

Is administered and maintained through:

- Executive Board (Chair, Vice Chair-Academic, Vice Chair-Practice, Secretary, Treasurer, Advisory Board Chair)
- Advisory Board (responsible for proposing changes to by-laws)
- Nominations Committee (responsible for nominating executive board members)
- Section Historian (responsible for preserving the history of the Section)
- Strategic Planning Committee (responsible for obtaining input from Section membership to develop long-range plan)

TWELFTH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES

**October 21-24, 2000
Beijing, China**

The twelfth ASIAN-PACIFIC Conference on International Accounting Issues will be held on October 21-24, 2000 in Beijing, China. The main theme of the conference is "Globalization of Business and Trade: Implications for Accounting Development." 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 11 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), Maui, Hawaii (1998), and Melbourne, Australia (1999). Over 320 participants from 35 countries attended our Melbourne conference.

Detailed information regarding this upcoming conference is as follows:

Conference Registration Fee:

Registration fees of U.S. \$300 per delegate includes a reception, 2 breakfasts, 2 luncheons, 1 dinner (banquet and entertainment), a copy of the proceedings, and a one-day tour.

CPE Credits:

Participants in past conferences have earned up to 20 hours of CPE credits.

Conference Hotel:

The Conference will be held at the Shangri-La Hotel, a five-star hotel on the western side of the city of Beijing. It is near the Peking University campus and other tourist attractions.

Rate for Single/Double Occupancy is U.S. \$100

For More Information please contact:

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SCHEDULE OF ACTIVITIES INTERNATIONAL ACCOUNTING SECTION MID-YEAR MEETING

Jointly Sponsored By
The Center for International Education
and Research in Accounting (CIERA)
University of Illinois at Urbana-Champaign

January 9-10, 2000

Funding Provided by
THE KPMG FOUNDATION

Welcome and Opening Session

Welcome:

Tim Douplik, Chair International Accounting Section

Issues Facing Non-Domestic Registrants: Larry Bradley, KPMG and Vice-Chair International Accounting Section

The Internationalization of Auditing and Financial Reporting from a Big 5 Perspective, Jeannot Blanchet, Arthur Andersen, Managing Director, Worldwide and U.S. Professional Standards Group

Plenary Session

Moderator: Joseph Godwin, Grand Valley State University

SEC Concerns over Earnings Management Issues and SEC Views regarding Acceptance of IAS: Dick Dietrich, SEC Academic Fellow (University of Illinois)

Plenary Session

Moderator: Ronald Patten, DePaul University

Internationalization of the Accounting Curriculum: Lee Radebaugh, Brigham Young University and Belverd Needles, DePaul University (President International Association for Accounting Education and Research)

Reception

Hosted by CIERA (Center for International Education and Research in Accounting, University of Illinois)

Plenary Session

Moderator: Donna Street, James Madison University
The Role of the National Standard Setter and International Harmonization: Sir David Tweedie, Chair, U.K. Accounting Standards Board

Panel Discussion

Sir David Tweedie, Chair, U.K. Accounting Standards Board; Larry Bradley, Partner KPMG; Jeannot Blanchet, Managing Director, Worldwide and U.S. Professional Standards Group, Arthur Andersen; Dick Dietrich, SEC Academic Fellow; David Cairns, London School of Economics and Political Science

Concurrent Sessions

Issues in International Accounting

Moderator: Bruce Behn, University of Tennessee

Why Accounting Standards Matter: An Examination of IAS vs. U.S.-GAAP Accounting Variables: Hollis Ashbaugh, and Per Olsson, University of Wisconsin-Madison

The Value-Relevance of Earnings and Book Value of Equities across Developed Countries and Accounting Regimes: Ran Barniv and Mark Myring, Kent State University

Association of Corporate Characteristics and Mandatory Disclosure by Listed Companies in an Emerging Capital Market: Empirical Evidence and Theoretical Implications in the Context of Egypt: Omneya H. Abd-Elsalam, Heriot-Watt University and Pauline Weetman, University of Strathclyde

Accounting Issues in China[®]

Moderator: Emmanuel Emenyonu, Sacred Heart University

The Roles of Self-Interest and Ethical Reasoning in Project Continuance Decisions: A Comparative Study of U.S. and the People's Republic of China: Chee Chow, San Diego State University; Johnny Deng, University of Arkansas, Fayetteville; and Paul Harrison, University of South Carolina

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Mid-Year Meeting Schedule of Activities (Continued from page 5)

Is Accounting Value Relevant in the Emerging Chinese Stock Market?: Charles J. P. Chen, and Xijia Su, City University of Hong Kong; and Shimin Chen, Lingnan University

Audit Qualifications in the Emerging Chinese Market, Charles J. P. Chen and Xijia Su, City University of Hong Kong; and Shimin Chen, Lingnan University

Accounting Issues in Asia and Reporting for R&D

Moderator: Ed Etter, University of South Florida

Analysts' Forecasts in Asia Markets: The Relationship between Accounting Systems and Accuracy: Ervin Black and Thomas Carnes, University of Arkansas

Survey of Perceptions of Korean Executives and Review of Annual Reports Related to Corporate Governance Issues: Gary Miller, Hong Kong University of Science and Technology; and Soon Suk Yoon, Chonnam National University

The Impact of Financial Reporting on R&D Expenditures: International Evidence, Tracy S. Manly, Louisiana State University

Luncheon

Presentation by David Cairns, London School of Economics and Political Science

Concurrent Sessions

International Auditing Issues

Moderator: Tim Sale, University of Cincinnati

Financial Reporting and Attestation in China under Market Socialism: A Review of Recent Developments: Kevin C. K. Lam, Chinese University of Hong Kong, and Deborah L. Lindberg, Illinois State University

Culture and Experience in Internal Control Evaluation: A Study of Audit Judgment in Taiwan: Ron-Ruey Duh, National Taiwan University; and Thomas W. Lin, University of Southern California

Analysis of an Emerging Trend toward a Narrower Scope of Auditor Liability to Third Parties for Negligence: Carl Pacini and Mary Jill Martin, both Georgia Southern University; and Anthony Steele, University of Warwick

Forecasting and Market Efficiency

Moderator: Helen Gernon, University of Oregon

Forecasting Earnings Growth Using Fundamentals: Neil Garrod and William Rees, University of Glasgow

The Influence of Experience, Resources, and Portfolio Complexity on Analyst Forecast Accuracy in the U.K., Germany, Japan, and Canada: Lynn Rees and Edward P. Swanson, Texas A&M University; and Michael Clement, University of Texas at Austin

The Pricing of Consolidated and Parent-only Earnings by the Japanese Stock Market: Don Hermann, Oregon State University; Tatsuo Inoue, Kwansai Gakuin University; and Wayne B. Thomas, University of Utah

North American Accounting Issues

Moderator: Tim Douppnik, University of South Carolina

An Empirical Investigation of the Relationship between Stock Prices and Accounting Information in an Emerging Market: The Case of Mexico: Paquita Y. Davis-Friday, University of Notre Dame (visiting at Emory University); Elizabeth Gordon, University of Chicago; and Elizabeth Venuti, Hofstra University

What is the Difference between ADR and Non-ADR Firms from Mexico?: Paquita Y. Davis-Friday (visiting at Emory University); and Tom Frecka, University of Notre Dame

Accounting Diversity and the Valuation Implications of Earnings and Book Value: A Comparative Study of U.S. and Canadian Firms Traded in Their Domestic Stock Markets: Kathy H. Y. Hsu, University of Southwestern Louisiana, Lafayette; C. S. Agnes Cheng, University of Houston; and Harlan L. Etheridge, McNeese State University

Panel Discussion

The Role of Accounting in Developing and Stabilizing the Emerging Markets

Marcos F. Massoud, Claremont College; Admin Elmalleh, California State University; John Karayan, California State Polytechnic University

Issues in International Accounting

Moderator: Steve Goldberg, Grand Valley State University

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Mid-Year Meeting Schedule of Activities (Continued from page 6)

The Views of Individual Stockholders on Corporate Annual Reports: An International Comparison: Ray H. Anderson, Victoria University of Technology; and Marc J. Epstein, Rice University

An Exploratory Study of Adopting Requirements for Audit Committees for Non-U.S. Commercial Bank Registrants: An Empirical Analysis of Foreign Equity Investment: Louis Braiotta, State University of New York at Binghamton

Teaching Resources for International Accounting

Moderator: Teresa Conover, University of North Texas

Using An Experimental Learning Approach to Enhance Student Knowledge of International Accounting: Brendan O'Connell and Lawrence Webb, Monash University; and Mark Higgins, University of Rhode Island

Teaching IAS 14 Revised: Nancy Nichols, James Madison University

Using A Simulation Game in International Accounting/Barnaga: Teresa Conover, University of North Texas

FORUM papers presented during the Mid-Year Meeting:

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

Inner Reserve and Income Smoothing: The Evidence of Hong Kong Banks: Sidney Leung and Ronald Zhao, City University of Hong Kong

Voluntary Disclosures—Singaporean Public Sector Evidence: Abdul Razeed, Abdul Jaleel, and Greg Tower, Murdoch University

Financial Statement Reconciliations: Exploratory Study Types and Numbers for Hong Kong H-Shares: Gary A. Miller, Hong Kong University of Science and Technology

Christianity, Guilt and the Emergence of an Accountability Culture: Sivakumar Velayutham, Sultan Qaboos University

Instructional Resources on International Accounting Issues from Existing Research for Use in Government and Nonprofit Courses: Louella Moore, Arkansas State University

A Comparison of the Value Relevance of Accounting Information across Germany, Japan and the U.S.: Ervin L. Black and Keith Sellers, University of Arkansas; and John J. White, Northern Kentucky University

How Auditors Respond to Ethical Dilemmas: A Study of Auditors in Taiwan: Cynthia Jeffrey and William Dilla, Iowa State University; and Nancy Weatherholt, University of Missouri-Kansas City

The Influence of Underwriter Reputation, Financial Health, and Keiretsu Affiliation on the Underpricing of Japanese IPOs: Judy Beckman and Jacqueline Faught, University of Rhode Island; Beverly Marshall, Auburn University; and Hideo Okamura, Kansai University

Manipulation between Japanese Consolidated and Parent-Only Financial Statements: Effects of Earnings Forecast Accuracy: Judy K. Beckman, University of Rhode Island

The Usefulness of Lagged Earnings Reconciliation to the Market Participants: Abdullah Alharbi, Florida Atlantic University, Ph.D. Student

HAVE YOU SEEN...?

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

Charitou, Andreas, and George Panagiotides, "Financial Analysis, Future Earnings and Cash Flows, and the Prediction of Stock Returns: Evidence for the U.K.," *Accounting and Business Research* (Vol. 29 No. 4, 1999): 281-298.

This study examines empirically whether fundamental analysis in the U.K. identifies equity values not currently reflected in stock prices and, thus, predicts excess returns. The fundamental analysis undertaken combines a large set of financial statement information into one summary measure that indicates the direction of one-year-ahead earnings changes. Positions are taken in U.K. stocks on the basis of this measure during the period 1991-1995, which involve canceling long and short positions with zero net investment. The results of this study indicate that financial information predicts one-year-ahead earnings and cash flow changes, and that future earnings and cash flows are not fully impounded in stock prices. Results also indicate that an earnings-based trading strategy earns higher excess returns than a cash flow-based trading strategy.

Chee, Chow W., Graeme L. Harrison, Jill McKinnon, and Anne Wu, "Cultural Influences on Informal Information Sharing in Chinese and Anglo-American Organizations: An Exploratory Study," *Accounting, Organizations and Society* (Vol. 24 No. 7, 1999): 561-582.

This study examines cultural factors which may facilitate or impede the sharing of informal information in the context of face-to-face meetings in Chinese compared to Anglo-American organizations. Both qualitative and quantitative data were collected through personally conducted interviews with middle-level managers in a sample of Taiwanese and Australian manufacturing firms. The

results suggest the importance of individual differences, individual assertiveness, and corporate culture in influencing informal information sharing in Australia; and the trade-off between collective interests, respect for hierarchical status, and concern with face in Taiwan.

Cotter, Julie, "Asset Revaluations and Debt Contracting," *Abacus* (Vol. 35 No. 3, 1999): 268-285.

The research question investigated is: Do managers of Australian firms use upward asset revaluations to reduce debt contracting costs? The relationship between asset revaluations and debt contracting is examined in the current setting, using refined measures of contracting variables. Interestingly, the results of prior research do not replicate in the current setting. In order to further examine the potential impact of changes to the institutional setting, a series of interviews with CFOs is undertaken. The conclusion drawn from this additional analysis is that the relatively closer relationship between firms and their bankers in the current institutional setting has caused many firms to choose footnote disclosure of undervalued assets in preference to recognizing an upward asset revaluation in the balance sheet.

Emmanuel, Clive R., "Income Shifting and International Transfer Pricing: A Three-country Example," *Abacus* (Vol. 35 No. 3, 1999): 252-267.

There is a long-held belief that international transfer pricing (ITP) is used by multinational enterprises to minimize global tax liability. The potential benefits to enterprises of ITP manipulation when a real combination of fiscal rules is simultaneously applied in practice are examined. The countervailing impact of different national rules appears to result in ITP having a minor

significance on parent after-tax income. Differential rates cause minor benefits but the absence of a form of tax can provide substantial opportunities to maximize global after-tax income through the choice of transfer price. ITP can therefore provide benefits when national jurisdictions do not have consistent forms of taxation. In all the scenarios explored, major variations are apparent in the after-tax income of subsidiaries operating under different combinations of fiscal regimes and ITP policies.

Hopwood, Anthony G., "Situating the Problem of Management Accounting in Its Cultural Context: An Introduction," *Accounting, Organizations and Society* (Vol. 24 No. 5/6): 377-378.

The need for greater international unity in management accounting practices has contributed to a better understanding of existing local practices. Increasing globalization, instead of insisting on a single global financial accounting technique, has instead focused more on understanding the mechanics behind each nation's unique approach to management accounting. This approach, contrary to earlier ideas about the subject, is borne of the realization that there exists a difference by which each culture values a particular economic factor. The idea of this cultural specificity in the area of economic management and its possible contribution to harmonizing international accounting methods is the reason behind the emergence of renewed interest in existing local methodologies.

Jorion, Philippe, and William N. Goetzman, "Global Stock Markets in the Twentieth Century," *The Journal of Finance* (Vol. 54 No. 3, 1999): 953-980.

Long-term estimates of expected return on equities are typically derived

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Have You Seen? (Continued from page 8)

from U.S. data only. There are reasons to suspect that these estimates are subject to survivorship, as the U.S. is arguably the most successful capitalist system in the world. A database of capital appreciation indexes for 39 markets going back to the 1920s was collected. For 1921 to 1996, U.S. equities had the highest real return of all countries, at 4.3 percent, vs. a median of 0.8 percent for other countries. The high equity premium obtained for U.S. equities appears to be the exception rather than the rule.

Kim, Minchoul, and Minho Kim, "A Note on the Determinants of the Outcomes of Bankruptcy Petitions: Evidence from Korea," *Journal of Business Finance & Accounting* (Vol. 26 No. 7/8, 1999): 997-1011.

Evidence on the determinants of the outcomes of bankruptcy petitions using Korean firms for the period from 1977 to 1994 is provided. It is hypothesized that a firm with more free assets, fewer liquid assets, longer existing period, larger size, lower operating risk, and more goodwill would have higher survival prospects for the bankruptcy petition. The results from logit estimation confirm this hypothesis. Among these variables, the free assets percentage is the most significant at the one percent level in determining the outcomes of bankruptcy petitions. This reveals that a bankruptcy firm with more free assets tends to be reorganized because it would be easy to obtain additional financing needed for the successful reorganization. The liquid assets and existing period are also significant at the 5 percent level. It is concluded that a firm with more free assets, fewer liquid assets, and longer existing period would have higher survival prospects in Korea.

Koutmos, Gregory, "Asymmetric Price and Volatility Adjustments in Emerging Stock Markets," *Journal of Business Finance & Accounting* (Vol. 26 No. 1/2, 1999): 83-101.

This paper tests the hypothesis that stock returns in emerging stock

markets adjust asymmetrically to past information. The evidence suggests that both the conditional mean and the conditional variance respond asymmetrically to past information. In agreement with studies dealing with developed stock markets, the conditional variance is an asymmetrical function of past innovations, rising proportionately more during market declines. More importantly, the conditional mean is also an asymmetrical function of past returns. Specifically, positive past returns are more persistent than negative past returns of an equal magnitude. This behavior is consistent with an asymmetric partial adjustment price model where news suggesting overpricing is incorporated faster into current prices than news suggesting underpricing.

Luo, Yadong, "The Structure-Performance Relationship in a Transitional Economy: An Empirical Study of Multinational Alliances in China," *Journal of Business Research* (Vol. 46 No. 1, 1999): 15-31.

The advent of international strategic alliances (ISAs) in China proved influential in shaping the country's economic performance in the early 1990s. Building upon the theoretical foundations provided by industrial organization, foreign direct investment, and alliance/network literature, this study investigates the structure-performance relationship by focusing on the international strategic alliances in a transitional economy. After controlling ISAs' distinctive resource and discretionary managerial decision variables, the analysis of data obtained from the People's Republic of China during its pivotal time in the transitional stage finds that industry structure characteristics constitute an important source explaining variations of ISA performance. It was further shown that an increase in the number of industry players in a particular sector tends to promote market growth and accounting returns.

Pownall, Grace and Katherine Schipper, "Implications of Accounting Research for the SEC's Consideration of International Accounting Standards for U.S. Securities Offerings," *Accounting Horizons* (Vol. 13 No. 3, 1999): 259-280.

Certain implications of capital-markets-based academic accounting research for the assessment of International Accounting Standards by the SEC are discussed. The SEC's assessment criteria are comprehensiveness, high quality, and rigorous interpretation and application. Existing academic research has few implications for comprehensiveness, transparency and full disclosure, in part because no agreed-upon metrics for measuring these constructs have been developed. Indirect implications for interpretation and application might be drawn from cross-jurisdictional comparisons of income and cash flow volatility and value relevance, provided certain strong assumptions are met. Using Form 20-F reconciliation data, research has documented extensive evidence of non-comparabilities between U.S. GAAP financial statements and statements prepared for the same firms under both various non-U.S. GAAPs and IAS, and some evidence that the differences are value-relevant.

Roussey, Robert S., "The Development of International Standards on Auditing," *The CPA Journal* (Vol. 69 No. 10, 1999): 14-20.

The explosive growth of investing and raising capital in the global markets has put new emphasis on the development of international accounting, auditing, and ethical standards. The worldwide accountancy profession, together with preparers, users, regulators, and other bodies, have been exerting great effort in the development of high-quality standards that can be implemented in the global as well as the domestic capital markets. The harmonization of these standards is

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Have You Seen? (Continued from page 9)

receiving greater and greater attention by the participants in these markets. International standards on auditing are promulgated by the International Auditing Practices Committee of the International Federation of Accountants. A codified set of international standards on auditing were completed and released in 1994. The release of the core set has led to a growing acceptance of the standards by national standard setters and auditors involved in global reporting and cross-border financing transitions. In addition, the growth of assurance services has led to the development of a new framework and a new direction for the work of the IAPC.

Smith, Kenneth L., "Major World Equity Market Interdependence a Decade after the 1987 Crash: Evidence from Cross Spectral Analysis," *Journal of Business Finance & Accounting* (Vol. 26 No. 3/4, 1999): 365-392.

Several studies have focused on the pre-/post-October 1987 crash. Results indicate that major market equity correlations rose during the crash period. Cross spectral analysis is applied to six of the G-7 markets to determine whether frequency domain correlations have increased post-crash relative to the pre-crash period. The results indicate that correlations have increased for most of the markets studied. Most striking are the increased post-crash correlations among the three European markets, in light of the European Union. Additional evidence shows mixed results regarding frequency domain phase leads among the markets.

Steinberg, Marc I., Douglas W. Arner, and Christopher D. Olive, "The Development of Internationally Acceptable Accounting Standards: A Universal Language for Finance in the 21st Century?" *Securities Regulation Law Journal* (Vol. 27 No. 3, 1999): 324-365.

This article examines the efforts

of the European Union, the International Organization of Securities Commissions, and the International Accounting Standards Committee to develop and harmonize international accounting standards. It details the conflicts between domestic and international standards and discusses the prospect for successful adoption and usage of these standards.

Tang, Charles Y. and Surinder Tikoo, "Operational Flexibility and Market Valuation of Earnings," *Strategic Management Journal* (Vol. 20 No. 8): 749-761.

The association between the stock returns and accounting earnings of firms that have different levels of operational flexibility is examined. Operational flexibility is a firm's ability to respond profitably to environmental fluctuations by shifting factors of production within a multinational network of subsidiaries. The geographic breadth and depth of a firm's multinational network are used as indicators of operational flexibility. A significantly greater coefficient is found relating stock returns and accounting earnings for multinational firms that operate in many countries, but limit their concentration in any one foreign country, than for other multinational firms or domestic firms. This coefficient is significantly smaller for multinational firms whose foreign subsidiaries are highly concentrated in a few countries. When all multinational firms are pooled together, it is found that their earnings-returns association does not differ from that of domestic firms.

Turner, Lynn E., and Joseph H. Godwin, "Auditing, Earnings Management, and International Accounting Issues at the Securities and Exchange Commission," *Accounting Horizons* (Vol. 13 No. 3, 1999): 281-297.

Some have referred to this as the "year of accounting" at the SEC following Chairman Arthur Levitt's

speech, "The Numbers Game," delivered at the NYU Center for Law and Business in September 1998. In that speech, Chairman Levitt called for a cultural change to protect the integrity of numbers in the financial reporting system. He highlighted a 9-point action plan calling for rule changes by regulators and standard setters to improve the transparency of financial statements and enhance oversight of the financial reporting process by those entrusted as the shareholders' guardians. Some of the efforts that are underway in the Office of the Chief Accountant and elsewhere to help achieve objectives laid out in Chairman Levitt's speech are reported. The paper includes a discussion of the SEC's assessment of the IASC's core standards. Potential research projects that could help OCA carry out its responsibilities are also identified.

Wallace, Wanda, "Management Activities in Financial Reports: Debates and Understanding Standard Setters' International Harmonization Effort," *European Management Journal* (Vol. 17 No. 6, 1999): 609-624.

An outline is presented of a framework of ten steps that will help managers both organize and understand the nature of the tensions that have arisen in the past and are likely to continue into the future in the determination of how management activities will be reflected in financial reports. These themes permeate not only domestic standard-setting activities but also those of international standard setters as they strive for harmonization. The framework includes: (1) Basis of accounting; (2) Valuation basis of accounting; (3) Degree of complexity permitted; (4) Role of intent; (5) Relevant horizon; (6) Adequacy of disclosure; (7) Presentation location; (8) Definitional issues; (9) Expectations gap; and (10) Information age.

CALL FOR MEMBERS TO SERVE ON IAS COMMITTEES FOR 2000/2001

Below is a list of IAS committees for the period August 2000 to August 2001. Section members interested in serving on a committee should complete the form and send it to:

Teri Conover, PO Box 305219, Department of Accounting; College of Business Administration, University of North Texas, Denton, Texas 76203-5219, Fax: (940) 565-3803, Email: conovert@unt.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).

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| <p><input type="checkbox"/> Annual Program</p> <p><input type="checkbox"/> Midyear Meeting</p> <p><input type="checkbox"/> Continuing Education</p> <p><input type="checkbox"/> Research</p> <p><input type="checkbox"/> Teaching Resources</p> <p><input type="checkbox"/> International Relations</p> <p><input type="checkbox"/> Information Technology</p> <p><input type="checkbox"/> Outstanding Dissertation Award</p> <p><input type="checkbox"/> Outstanding Educator Award</p> <p><input type="checkbox"/> Publications</p> <p><input type="checkbox"/> Strategic Planning</p> | <p>Regional Program</p> <p><input type="checkbox"/> Northeast Region</p> <p><input type="checkbox"/> Mid-Atlantic Region</p> <p><input type="checkbox"/> Ohio Region</p> <p><input type="checkbox"/> Midwest Region</p> <p><input type="checkbox"/> Southeast Region</p> <p><input type="checkbox"/> Southwest Region</p> <p><input type="checkbox"/> Western Region</p> |
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ASIAN ACADEMIC ACCOUNTING ASSOCIATION INAUGURAL CONFERENCE

August 28-30, 2000

Singapore

DISCLOSURE, GOVERNANCE & TRANSPARENCY—CHALLENGES FOR FINANCIAL MARKET DEVELOPMENT IN ASIA

Hosted by Singapore Management University

There is little doubt that financial markets are key engines for the dynamism of any region. The future development of the financial markets in Asia will affect its potential and the growth of the region. Disclosure, governance, and transparency issues will continue to be critical issues that have to be addressed. Development in financial markets will present new challenges as regulators and management attempt to serve the interests of the various stakeholders. The advent of the new millennium augurs exciting opportunities for headway to be made in this area. This conference is being organized as a forum for discussion and deliberation on these issues. Financial market regulators, financial market professionals, accounting academics, accounting professionals, and others in related fields should attend this conference.

The Asian Academic Accounting Association was formed in 1998 after meetings of Asian academics in Hong Kong and Hawaii. It was formed with the objective of promoting research, interaction, and fellowship among Asian academics in the fields related to accounting. This conference hopes to be the annual event for Asian academics and a forum for discussion of ideas on accounting and finance.

CALL FOR PAPERS

Submissions for papers/workshops on the following topics are welcome:

Corporate Governance

Ownership Structure and Company Performance
Independent Directors and Audit Committees
Directors' Remuneration and Company Performance
Internal Audit and Corporate Governance

Disclosure Issues

Disclosures in Financial Statements of Banks and Finance Companies
Accounting for and Disclosure of Financial Instruments

Capital Markets

Developments in Asian and Global Financial Markets

Liberalization of Financial Markets
Regulation of Financial Markets: National, Regional, and Global

Accounting Information and Financial Markets
Accounting Standards and Practices in Emerging Economies

International Accounting and Auditing Standards

Other Relevant Topics

Accounting and Corporate Culture
Electric Commerce and Implications for Accounting and Auditing
Auditing in a High Tech, Global Business Environment

Paper Submission Deadlines

Papers in any of the above and related areas are invited for presentation at the conference. Papers dealing with other accounting and finance issues are also welcome. Authors are requested to kindly submit two copies of their papers, double-spaced.

DEADLINE EXTENDED FOR FULL PAPER: March 15, 2000
NEWS OF ACCEPTANCE: May 15, 2000

Competitive papers will be subject to a blind review. Letters of acceptance containing guidelines for the full paper will be sent to the authors. Participants, whose papers are accepted for the conference concurrent sessions, will have their contributions published in the conference proceedings. Participation at the conference is subject to payment of fees.

Registration Fees:

Early Bird (by May 15, 2000)
Members: US\$400;
Nonmembers: US\$450 (includes only one year membership)
Regular (after May 15, 2000) US\$525

IMPORTANT INFORMATION

Submit all papers to:
Professor Wee-Liang Tan
Singapore Management University
211 Upper Bukit Timah Road
Singapore 588182
Email: wltan@smu.edu.sg

2000 ABO RESEARCH CONFERENCE

Chicago, Illinois

October 6-7, 2000

The Accounting Behavior and Organizations section of the American Accounting Association invites you to attend and participate in the 2000 ABO Research Conference. The Conference will be held on Friday and Saturday, October 6-7, 2000 in Chicago, Illinois. Final registration details will be available in future editions of the *ABO Reporter* and *Accounting Education News*.

Call for Papers

Academicians, practitioners, and doctoral students are invited to submit research papers for possible presentation at the meeting. Papers in all areas of behavioral accounting will be considered. Theoretical papers and papers based upon empirical research are appropriate. Diverse methodologies are encouraged, including field, experimental, and critical research. Replications and extensions of previously published studies will be considered. Special consideration will be given to papers that are creative, that address relevant problems, and that possess interdisciplinary insights.

Call for Participants

Persons interested in serving as paper reviewers, paper discussants, or session chairs should send a letter or email with name, position and affiliation, complete address, telephone number, email address and areas of interest to Professor Tim Fogarty, Case Western Reserve University at the address below.

Conference Facilities

The Conference will be held at the Palmer House, a charming "old-world" hotel in the Loop in downtown Chicago. This location will make it easy for everyone to get there. Train transportation to the front door of the hotel is available from both Chicago's airports—

O'Hare and Midway. For most attendees, the Chicago location also means reasonably priced and convenient flights. Chicago offers a vast array of entertainment possibilities. A large selection of restaurants is within walking distance. Perhaps the Chicago Cubs or White Sox will be in the World Series! The architecture of the downtown area is itself incredible. The weather should be pleasant. Experienced Chicago people will tutor the novices in the joys of this city.

Guidelines for Submission of Papers

1. Papers should not have been published prior to the conference.
2. Four copies must be submitted. The four copies should not contain any author identification.
3. The cover page should indicate the following information:
 - Full names of authors
 - Position and affiliations
 - Complete address
 - Telephone and fax numbers
4. Papers should be prepared according to the reference and footnote guidelines of the American Accounting Association (see *Behavioral Research in Accounting*).
5. Papers accepted for presentation may, at the option of the author, be considered for publication in *Behavioral Research in Accounting (BRIA)* or *Advances in Accounting Behavioral Research (AABR)*. Authors should indicate at the time of conference submission if the paper should also be considered for journal publication. Authors should indicate if they would like the paper to be considered for publication in *BRIA*, *AABR*, or both journals. Papers considered for journal publication will be reviewed in accordance with

the review procedures for the selected journal.

6. Papers should be sent to Professor Tim Fogarty, Case Western Reserve University.

Important Dates

May 15, 2000: Final date for submission of papers and notice of participant's interest. Nonrefundable submission fee for papers is \$50, payable to AAA/ABO. First paper's submission fee applies toward registration.

June 30, 2000: Notification of acceptance of papers.

September 5, 2000: Deadline for conference registration. Early registration fee is \$215 (\$165 for submitting authors; \$65 for doctoral students). At least one author of each accepted paper must register for the conference. A registration form will be mailed to all ABO Section members and will be available on the Section's web page. Nonmembers interested in a hard-copy registration form should contact one of the conference coordinators.

October 6-7, 2000: Conference Dates

Conference Coordinators

Professor Timothy J. Fogarty
Case Western Reserve University
Department of Accountancy
663 Enterprise Building
Cleveland, OH 44106
Phone: (216) 368-3938
Fax: (216) 368-4776
Email: tjf@po.cwru.edu

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Accounting Department
1150 Douglas Pike
Smithfield, RI 02917
Phone: (401) 232-6402
Fax: (401) 232-6319
Email: dbline@bryant.edu

GIFT MEMBERSHIP

Almost half the American Accounting Association's International Accounting Section's 1,600 members live outside the United States, representing 60 countries. The IAS announces the Gift Membership Program to provide sponsored gift AAA memberships to department chairs in universities outside the United States to be selected by the IAS's International Relations Committee or by individual contributors. The gift membership will provide accounting departments at these universities much-needed access to *The Accounting Review*, *Accounting Horizons*, *Issues in Accounting Education*, and *Accounting Education News*.

The Gift Membership Program will be funded entirely by contributions from AAA members. We urge all AAA members, including those who are not (yet) IAS members, to contribute. Individuals contributing \$100 or more may designate a specific non-U.S. university as the beneficiary of their contribution.

Mail your tax-deductible contributions to the American Accounting Association, 5717 Bessie Drive, Sarasota, FL 34233-2399. Checks should be made payable to the American Accounting Association. If you choose to pay by credit card, you may mail a signed photocopy of this page to the address listed above or fax a signed photocopy to (941) 923-4093.

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