

INTERNATIONAL  
ACCOUNTING SECTION  
of the



American  
Accounting  
Association

NO. 70



FORUM  
INTERNATIONAL ACCOUNTING

SUMMER 2000

EDITOR: Mike Kennelley  
University of Tulsa

ASSOCIATE EDITOR: Don Herrmann  
Oregon State University

## Chairperson's Message

As I head into the home stretch of my term as Section chair, I would like to bring you up to date on the Section's activities for the year and give you a preview of Section events that will take place at the 2000 AAA Annual Meeting in Philadelphia. First, however, I would like to acknowledge the hard work of those



Timothy S. Doupnik

who served the Section in various capacities this year, as Section officers, committee members and chairs, and regional program coordinators. Thanks to all of you for your dedication and earnest effort to carry out the real business of the Section and for making this a good year.

As reported in the Spring issue of *Forum*, the Section held a very successful sixth Midyear Meeting in Tampa, Florida, on January 9-10, 2000. Attendance was up over the previous year, a trend that I hope will continue at the 2001 Midyear Meeting scheduled for January 12-14, 2001, in Phoenix, Arizona. Sincere thanks are due to Donna Street for organizing the meeting the past two years and for agreeing to do so again next year.

The Section's regional coordinators were successful in organizing international accounting sessions at

all AAA regional meetings. There was at least one paper session at each meeting, with 41 papers on international accounting topics presented in total. Rick Niswander, chair of the Regional Programs Committee, has compiled a list of all international papers presented at regional meetings, which is available elsewhere in

this issue of *Forum*. I would like to thank each of the regional coordinators for their part in organizing the international sessions at the regional meetings.

The Strategic Planning Committee, chaired by Mitch McGhee, completed its survey of the Section membership soliciting feedback on a variety of issues, including the timing of the Midyear Meeting and the effectiveness of the Section's web site. Responses were received from 103 members and, when fully tabulated, a summary will be posted to the Section's web site. Survey results will help the incoming Executive Board make plans for the upcoming year. I would like to extend a note of appreciation to everyone who participated in the survey, and especially to Mitch for taking on this task.

In continuing the Gift Membership Program, the International Re-

lations Committee, chaired by Mohan Venkatachalam, has selected 24 foreign academic institutions to receive a gift membership to the AAA. A complete list of gift recipients and a contribution form can be found in this issue of *Forum*. Please note that it is possible for contributors to designate the beneficiary of their contribution.

The Teaching Resources Committee, under the chairmanship of Ross Tondkar, has begun the process of collecting from members of the Section teaching materials to be posted to the Section's web site. Ross reports that the response to his requests for materials thus far has been less than overwhelming. I must confess that I did not respond until reminded to do so by a second request. If you have a course syllabus, international accounting-related project, tips for integrating international into existing courses, or any other teaching materials that you would be willing to share with others, please send them to Ross Tondkar.

Tim Sale has done a great job as webmaster this year keeping the Section's web site up to date. There is a great deal of useful information available there, not only about Section activities but also other items that should be of general interest to Section members. Special thanks are also due to Mike Kennelley for

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

another year of outstanding service as editor of *Forum*. Again, if you are willing to forgo receiving a hard copy of the *Forum* newsletter in favor of the electronic version available on the Section's website, please let either Tim or Mike know. The hope is to move eventually to an electronic version only, thereby removing a significant operating cost for the Section.

In accordance with Section by-laws, the Publications Committee, under Shahrokh Saudagaran's leadership, solicited and reviewed nominations for editor of the Section's journal. The Committee hopes soon to be able to forward its nominee to the Executive Board, which is charged with appointing the editor. An announcement regarding the inaugural editor of the Section's journal will be made at the Section's Business Meeting on Monday, August 14, in Philadelphia.

The Nominations Committee, also chaired by Shahrokh Saudagaran, worked hard this year to put together an outstanding slate of nominees for next year's officers. Once the slate has been approved at the Section's business meeting, Chair-Elect Teri Conover will have a very effective Executive Board to help her oversee the Section's activities.

Ed Swanson, chair of the Continuing Education Committee, has arranged for two international CPE sessions in conjunction with the AAA Annual Meeting. Paul Pacter has recently left the IASC, but he (or an IASC staff member) will provide an update session on international accounting standards. This has been an extremely informative session in the past and I am sure it will be again this year. Also, Grace Pownall and Katherine Schipper will conduct a session on international accounting research.

I was very pleased to learn from Mahendra Gujarathi that the number of submissions for the Section's Outstanding International Accounting Dissertation Award was in

double digits this year. This is a significant increase over the recent past. Mahendra's committee has the task of identifying the cream of this crop. There was also a good number of nominations for the Section's Outstanding International Accounting Educator Award. Abdel Agami and his committee are responsible for selecting the winner. A good reason to attend the Section's luncheon on Monday, August 14, at the AAA Annual Meeting is to learn who are the recipients of these two prestigious awards.

Another reason to attend the Section's luncheon is to hear the remarks of Gerhard Mueller, former professor and current member of the Financial Accounting Standards Board. In addition to the luncheon speaker, Rob Larson and the Annual Program Committee have put together an outstanding program of international sessions for the meeting in Philadelphia. The Section will have the same number of sessions as last year—seven concurrent paper sessions and one panel session, entitled "Current and Emerging Issues in International Accounting." In addition, several international

papers will be represented at the research forum.

Teri Conover and I had the honor of representing the International Section at the AAA Council Meeting on March 11 in Sarasota, Florida. Much of the morning was spent in a strategic planning activity in which the various AAA section and region representatives were asked to identify the top five goals for the AAA over the next several years. Increased globalization emerged as one of those goals. There was even some discussion about renaming the association, the first word in the name being geographically too limited. For those who have been preaching and teaching "international" over the years, this result validates what we have known all along—globalization is important.

Thanks again to everyone who helped make this another successful year for the Section. It has been an honor and privilege to serve as your Chair. I look forward to seeing many of you in Philadelphia. ■

Timothy S. Douplik  
1999-2000 IAS Chairperson

## INTERNATIONAL ACCOUNTING SECTION FORUM DEADLINES FOR 2000-2001

Fall 2000 Issue—September 1, 2000  
Spring 2001 Issue—January 1, 2001  
Summer 2001 Issue—May 1, 2001

Please submit items via email using a Word format file as an attachment. Submit to Don Herrmann at herrmann@bus.orst.edu.

I 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.

# **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 \$300 (U.S. dollars) 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.

### **Room Rate for Single/Double Occupancy**

\$100 (U.S. dollars).

### **For More Information Please Contact:**

Prof. Ali Peyvandi or Prof. Benjamin Tai  
Asian-Pacific Conference on  
International Accounting Issues  
The Sid Craig School of Business  
California State University, Fresno  
5245 North Backer Avenue  
Fresno, California 93740-0007, USA  
Phone: (559) 278-2921 Fax: (559) 278-7336  
Phone: (559) 278-2852  
Phone: (559) 278-2217  
Email: ali\_peyvandi@csufresno.edu  
or benjamin\_tai@csufresno.edu  
Home page:  
[http://www.craig.csufresno.edu/dprtmnt/  
conasia.htm](http://www.craig.csufresno.edu/dprtmnt/conasia.htm)

## **2001 REGIONAL MEETING**

**April 5-7, 2001**  
**St. Louis, Missouri**

**Call for Papers:** American Accounting Association members, graduate students, and practitioners are invited to submit papers for presentation at the 2001 Midwest Regional Meeting to be held at the Hilton Frontenac in St. Louis, Missouri, April 5 to 7, 2001. All submissions will be blind-reviewed and all full papers will be considered for the "best paper award."

Fax or email submissions are not acceptable. Papers submitted to the Midwest AAA Meeting should not be published elsewhere before the Midwest Meeting. Papers accepted for presentation at the 2001 Midwest Meeting obligate at least one author to register for the meeting and present the paper at the

scheduled time. See the MWAAA web page for submission guidelines and other information.

Papers must be received by **October 2, 2000**.

### **Please send all submissions to:**

Dr. Inder Khurana, Program Chair, Midwest AAA  
School of Accountancy  
University of Missouri  
317 Middlebush  
Columbia, MO 65211-6100  
Telephone: (573) 882-3474  
Email: [Khuranai@missouri.edu](mailto:Khuranai@missouri.edu)

# MINUTES OF MIDYEAR MEETING EXECUTIVE COMMITTEE AND COMMITTEE CHAIRS

9-10:30 AM

January 9, 2000

Westshore Marriott, Tampa, Florida

January 9-10, 2000

**Members Present:** Tim Douppnik, Larry Bradley, Teri Conover, Mike Gallagher, Steve Goldberg, Mitch McGee, Rick Niswander, Lee Radebaugh, Norlin Rueschhoff, Tim Sale, and Donna Street.

Tim Douppnik presided and called the meeting to order at 9:05 AM. The agenda was approved by acclamation. The minutes from the August 16, 1999, Section Business Meeting were approved as published in *Forum*. There were no minutes from the Section's August 1999-2000 Planning Meeting.

**Treasurer's Report:** Treasurer, Ajay Adhikari (presented by T. Douppnik). The Section's Statement of Cash Flows was presented and discussed. The Section's fiscal condition is good.

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

**Annual Program Committee:** Chair, Rob Larson (presented by T. Douppnik). Sixty-one reviewers are available to review papers submitted for the Annual Meeting. Ten papers and one panel proposal have been received to date. Gerhard Mueller, FASB, has agreed to be the luncheon speaker. Teri Conover will provide a digital camera and Tim Sale will be the official section photographer for the Annual Meeting.

**Continuing Education Committee:** Chair, Ed Swanson (presented by T. Douppnik). Ed has two CPE sessions—Paul Pacter and Carol Frost—planned for the Annual Meeting.

**Information Technology Committee:** Chair, Tim Sale. The Fall 1999 *Forum* Newsletter is now posted on the Section's web page. Anyone requesting an electronic copy only should not have received a hard copy. Section directory project: Tim would like to generate a Section directory similar to that created by Hasselback, which would include email addresses. However, the AAA does not want to violate members' privacy by disclosing the email addresses. It was suggested that we request the AAA to ask members if their email addresses may be disclosed to sections upon registration. Donna Street requested that the Section webpage be linked to the IAAER webpage.

**International Relations Committee:** Chair, Mohan Venkatachalam (presented by T. Douppnik). The gift membership program continues to receive contributions and will determine recipients in the near future. The Section is assisting in reviewing papers for the conference to be held in Singapore by the Asian Academic Accounting Association.

**Membership Committee:** Chair, Steve Goldberg. The AAA Member-Get-A-Member campaign was discussed. Tim Douppnik wants an analysis of how the Section membership has changed over time. Steve Goldberg will contact Jenice Prather and Jack Fay for a copy of the membership brochure used in the past.

**Midyear Meeting Committee:** Chair, Donna Street. Donna was complimented on the program that she and her committee put together for the Midyear Meeting. Fifty manuscripts were submitted; each was reviewed by three reviewers. The program comprised eight research sessions, one panel session, ten forum papers, and several plenary sessions. Seventy-five individuals registered for the meeting, with several additional on-site registrants. This meeting was generously sponsored by the KPMG Foundation. The reception was sponsored by CIERA. The next Midyear Meeting is tentatively set for Mesa, Arizona, in January of 2001. Donna is considering awarding travel scholarships to doctoral students to attend future Section Midyear Meetings.

**Nominations Committee:** Chair, Shahrokh Saudagaran (presented by T. Douppnik). The submission deadline for nominations is February 1, 2000. Nominations should be submitted to Shahrokh Saudagaran.

**Outstanding International Dissertation Award Committee:** Chair, Mahendra Gujarathi (presented by T. Douppnik). There is a call for submissions in the fall issue of *Forum*; the deadline is February 28, 2000. One submission has been received thus far.

**Outstanding International Accounting Educator Award:** Chair Abdel Agami (presented by T. Douppnik). The committee has reviewed and updated Section guidelines for selection of the Outstanding International Accounting Educator. Calls for nominations have been placed in the fall issue of *Forum* and on the Section's web site.

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**Midyear Meeting Minutes** (Continued from page 4)

**Publications Committee:** Chair, Shahrokh Saudagaran (presented by T. Doupnik). The committee is to recommend a journal editor to the executive committee. The deadline for nominations was listed in the Fall 1999 *Forum* as January 15, 2000; however, it was recommended to extend it. (The deadline was subsequently extended to February 28, 2000.)

**Regional Programs Committee:** Chair, Rick Niswander. Rick distributed a handout to the committee listing the status of papers and panels for the 2000 regional programs. He anticipates that information regarding regional programs will be finalized within three weeks, and will forward this information to the Section Annual Program Chair, Rob Larson.

**Research Committee:** Chair, Philip Siegel. No report.

**Section Historian:** Norlin Rueschhoff. Norlin is compiling a list of past advisory board committee members. The need for both a permanent Section library and a library of AAA international accounting publications was also discussed. The question was raised regarding the possibility of the AAA's housing the IAS library in Sarasota. There was support for creating an assistant historian position for the Section.

**Strategic Planning Committee:** Chair, Mitch McGhee. Mitch presented to the committee a preliminary summary of the findings of its survey issued to Section members. He has received 70 usable responses and will give an updated report and summary to the executive committee by March 1, 2000. The executive committee will decide how to disseminate the information by August 1, 2000.

**Teaching Resources Committee:** Chair, Ross Tondkar (presented by T. Doupnik). The committee is collecting course syllabi and curriculum integration materials.

Lee Radebaugh, Chair of the Advisory Board, requested nominations to fill several vacancies occurring this year. Lee will be taking a three-year leave of absence to become a Mission President for the Church of Latter Day Saints and will also need to be replaced before the 2000 Annual Meeting.

Teri Conover, Chair-Elect, thanked those present for their continued contributions to the Section.

The meeting adjourned at approximately 10:40 AM.  
Submitted by Teri Conover  
for David Sharp, Secretary 1998-2000

**AAA GIFT MEMBERSHIPS**

**University Recipients  
2000**

- |  |  |
|--|--|
| University of Dhaka, Bangladesh              | Yarmouk University, Jordan                           |
| University of Botswana, Botswana             | Instituto Tecnológico Autónomo de México, Mexico     |
| FundaHão Getulio Vargas, Brazil              | Lahore University of Management Science, Pakistan    |
| Universidade de São Paulo, Brazil            | University of Papua New Guinea, Papua New Guinea     |
| Chongqing University, China                  | Delasalle University, Philippines                    |
| Jilin University, China                      | University of Durban-Westville, South Africa         |
| Universidad de la Cuba, Cuba                 | University of Sri Lanka, Sri Lanka                   |
| Ain Shams University, Egypt                  | University of Transkei, Republic of Transkei         |
| Bangalore University, India                  | Makerere University, Uganda                          |
| University of Delhi, India                   | Hanoi University of Finance and Accountancy, Vietnam |
| Institut Pengembangan Manajemen, Indonesia   | Hanoi Commercial University, Vietnam                 |
| Satya Wacana Christian University, Indonesia |  |
| Alameh Tabataba'i University, Iran           |  |

## HAVE YOU SEEN...?

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

**Baydoun, Nabil, and Roger Willett, "Islamic Corporate Reports" *Abacus* (Vol. 36 No. 1, 2000): 71-90.**

This paper develops a theory about the form and the content of the financial information that should be contained in Islamic financial statements. The theory suggests that the presence of the Islamic religion as a cultural variable affects the way certain accounting measures are interpreted and the manner in which accounting information should be disclosed. Two important criteria for disclosure in Islamic accounting are identified: (1) a form of social accountability, and (2) a rule of full disclosure. This leads to a modification of the form of the conventional Western set of financial statements, which are called Islamic Corporate Reports. It is argued that these reports would better serve the needs of users wishing to act in accordance with the Islamic code.

**Bekaert, Geert, and Campbell R. Harvey, "Foreign Speculators and Emerging Equity Markets," *The Journal of Finance* (Vol. 55 No. 2, 2000): 565-613.**

A cross-sectional time series model is proposed to assess the impact of market liberalizations in emerging equity markets on the cost of capital, volatility, beta, and correlation with world market returns. Liberalizations are defined by regulatory changes, the introduction of depositary receipts and country funds, and structural breaks in equity capital flows to the emerging markets. Other economic events are controlled for that might confound the impact of foreign speculators on local equity markets. Across a range of specifications, the cost of capital always decreases after a capital market liberalization with the effect varying between 5 and 75 basis points.

**Charitou, Andreas, Colin Clubb, and Andreas Andreou, "The Value Relevance of Earnings and Cash Flows: Empirical Evidence for Japan," *Journal of International Financial Management and Accounting* (Vol. 11 No. 1, 2000): 1-22.**

The Japanese equity market is one of the largest in the world. In recent years, fund managers worldwide have substantially increased their exposure to the Japanese capital markets. In spite of the Japanese market's increasing importance in the international financial world, there has been limited empirical evidence linking security returns to earnings and cash flows. This study provides empirical evidence that cash flows have information content beyond earnings in explaining security returns and that cash flows (earnings) play a more (less) important role in the marketplace when earnings are transitory. Moreover, results show that the explanatory power of the Japanese models are similar to the evidence provided in prior U.S. studies, indicating that Japanese investors utilize earnings and cash flows in their pricing of equities to a similar extent.

**Choi, Mun Soo, and Daniel Zeghal, "The Effect of Accounting Firm Mergers on International Markets for Accounting Services," *Journal of International Accounting, Auditing & Taxation* (Vol. 8 No. 1, 1999): 1-22.**

This paper examines the effect of accounting firm mergers on competition in the market for accounting services. The paper investigates accounting firm concentration both before and after the accounting firm mergers in ten countries. Large firms were found to dominate the market before the mergers and this dominance was extended further following the mergers, particularly in the European market. When the per-

formance of large and small firms was compared, large firms were found to be significantly superior both before and after the merger in some European countries, possibly indicating reduced competition. Performance of large and small firms did not significantly differ in several other countries, suggesting that high levels of concentration do not necessarily mean low levels of competition.

**Gadonne, David, and Errol R. Iselin, "Properties of Accounting and Finance Information and Their Effects on the Performance of Bankers and Models in Predicting Company Failure," *Journal of Business Finance & Accounting* (Vol. 27 No. 1/2, 2000): 155-193.**

When the number of cues provided to a banker for a decision is increased it may: (1) increase their information load (number of relevant cues), (2) increase their data load (number of irrelevant cues), and (3) reduce their uncertainty. Models, on the other hand, are not affected by information or data load. The results from this research show that as the number of cues provided to bankers increases, uncertainty reduces, data load increases, but information load is unaffected. The uncertainty reduction increases the decision accuracy of both the bankers and models. Due to the data load experienced by the bankers but not the models, the models have superior performance. The implications for future practice and research are discussed.

**Hussain, Simon, "Simultaneous Determination of U.K. Analyst Following and Institutional Ownership," *Accounting and Business Research* (Vol. 30 No. 2, 2000): 111-124.**

This paper examines analyst following for firms in the U.K. Top 350

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**Have You Seen?** (Continued from page 6)

as of January 1998, within a simultaneous equation framework. A major conclusion to be drawn from this investigation is that, contrary to prior U.K. evidence, analyst following and institutional ownership are positively associated. This relationship is identified once the endogenous nature of variable determination is acknowledged. This study also finds that analyst following is positively associated with firm size. This results from the greater economic incentives and potential rewards for analysts following firms with large market values. Neither analyst following nor institutional ownership is found to be significantly associated with trading activity.

**Khanna, Tarun, and Krishna Palepu, "Is Group Affiliation Profitable in Emerging Markets? An Analysis of Diversified Indian Business Groups,"** *The Journal of Finance* (Vol. 55 No. 2, 2000): 867-892.

Emerging markets like India have poorly functioning institutions, leading to severe agency and information problems. Business groups in these markets have the potential both to offer benefits to member firms, and to destroy value. The performance of affiliates of diversified Indian business groups relative to unaffiliated firms is analyzed. It is found that accounting and stock market measures of firm performance initially decline with group diversification and subsequently increase once group diversification exceeds a certain level. Unlike U.S. conglomerates' lines of business, and similar to the affiliates of U.S. LBO associations, affiliates of the most diversified business groups outperform unaffiliated firms.

**Navissi, Farshid, "Earnings Management under Price Regulation,"** *Contemporary Accounting Research* (Vol. 16 No. 2, 1999): 281-304.

Price controls have a major impact on firms' earnings and cash flows. Because price control regulation is costly to firms, it is a type

of regulatory intervention that can impact a firm's accounting decisions. Regulatory changes that give firms relief from price controls provide incentives for earnings management. This paper examines discretionary accruals made by New Zealand manufacturing firms in response to two sets of regulations allowing manufacturing firms to apply for price increases to gain relief from financial hardship caused by the 1970 Price Freeze Regulation. Using a modified accruals model that adjusts for price-level movements, the paper finds evidence of income decreasing discretionary accruals by manufacturing firms for the years during which they could apply for price increases. Also, this paper provides evidence that failing to adjust for price-level movements in high inflationary periods could result in inferences of income decreasing discretionary accruals where none may exist.

**Nichols, Nancy B., Donna L. Street, and Sidney J. Gray, "Geographic Segment Disclosures in the United States: Reporting Practices Enter a New Era,"** *Journal of International Accounting, Auditing & Taxation* (Vol. 9 No. 1, 2000): 59-82.

The issuance of SFAS 131, Disclosures about Segments of an Enterprise and Related Information, in 1997 heralded a new era of segment reporting in the United States. The purpose of this paper is to assess the impact and effectiveness of the new standard with reference to geographic segment disclosures. An empirical study of the 1997 and 1998 annual reports of U.S. Global 1000 companies reveals mixed results. While more country-specific data is disclosed and the consistency of disclosures with other parts of the annual report is increased, the problem of reporting highly aggregated geographic areas remains for a significant group of companies.

**Pope, Peter, and Martin Walker, "International Differences in the Timeliness, Conservatism, and Classification of Earnings,"** *Journal of Accounting Research* (Vol. 37 Supplement, 1999): 53-87.

This paper analyzes differences in the timeliness of income recognition between the U.S. and U.K. GAAP financial reporting regimes. Building on previous work in the area, this paper focuses on the links between current reported earnings and current and past changes in market value. In light of Basu (1997) a formal model is presented in which the response of reported earnings to changes in market value varies according to whether the value change is good news or bad. The paper reports evidence indicating that controlling for cross-jurisdictional classification differences affects comparisons of earnings timeliness and earnings conservatism; specifically, the paper finds that apparent differences in conservatism between the U.S. and U.K. accounting regimes are sensitive to the inclusion or exclusion of extraordinary items in U.K. accounting earnings.

**Swift, Tracey A., Christopher Humphrey, and Vishal Gor, "Great Expectations?: The Dubious Financial Legacy of Quality Audits,"** *British Journal of Management* (Vol. 11 No. 1, 2000): 31-45.

In recent years there appears to have been a veritable boom in the provision of "quality audits"—that is, audits of organizations' production processes and management systems. Despite the rising significance of this international audit movement affecting hundreds of thousands of organizations worldwide, there has been limited interest in, or critique of, the practice of quality audit by academic auditing researchers. The history of quality assurance standards and auditing

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# FIFTH INTERNATIONAL ACCOUNTING CONFERENCE

## Crystal Hall, Taj Bengal, Calcutta, India

### January 6-7, 2001

The Indian Accounting Association Research Foundation will hold its Fifth International Accounting Conference in Calcutta on Saturday and Sunday, January 6 and 7, 2001. The theme of the conference is: "Changing Dimensions of Accounting and Finance: Issues and Strategies."

#### CALL FOR PAPERS

**Papers are invited on the following topics:**

International Accounting and Finance  
Auditing in Changing Dimensions  
Accounting for Financial Instruments  
Effect of Information Technology  
on Accountability

Cultural Influence on Accounting  
Auditing in Changing Dimensions  
Corporate Accounting Practices

Segment Reporting  
E-Commerce  
Strategic Cost Management

**DEADLINE FOR PAPER: OCTOBER 10, 2000**  
**NEWS OF ACCEPTANCE: NOVEMBER 10, 2000**

#### Guidelines for paper submission

Each contributor is requested to submit two typed (double-spaced) copies of the full paper. Please attach a separate title page on each paper giving details of authors, affiliation, address, telephone, and email. Papers submitted for presentation will be subject to blind review and the decision of the Technical Committee will be final. Submission of a paper by fax or email will not be acceptable.

#### Registration Fees

Without accommodation:

U.S. \$300 per person

U.S. \$100 per accompanying spouse

With accommodation\*

\$350 per person

U.S. \$150 per accompanying spouse

Deadline for registration: **December 10, 2000.**

\*Only a few rooms at the International Guest House of the Ramakrishna Mission Institute of Culture, Calcutta, will be available on a first-come, first-served basis. Registration fees will cover 3 breakfasts, 2 lunches, 3 dinners, copy of conference proceedings, and transport facilities in the city.

Prominent scholars and practitioners from different parts of the world are expected to attend the conference. A cultural program by internationally reputed Ms. Tanusri Shankar and her group will be performed in the evening of January 6, 2001.

**Send your queries, registration of interest, or papers to:**

Prof. Bhabatosh Banerjee  
Conference Secretary, IAA Research Foundation  
University of Calcutta  
164/78 Lake Gardens, Flat C-7  
Calcutta-700 045, India  
Email: [iaarf@cal3.vsnl.net.in](mailto:iaarf@cal3.vsnl.net.in) or  
[calrepro@cal2.vsnl.ent.in](mailto:calrepro@cal2.vsnl.ent.in)

## COLLABORATION OPPORTUNITY!

#### International Case Study

U.K. University is seeking a partner institution in the U.S. for participation in an international case study in financial reporting. It is envisaged that U.K. and U.S. students will be in contact by email to produce financial statements using both U.S. and U.K. GAAP. The basic case study has already been written, and we would be looking to commence this in the academic year 2000/2001.

#### Please contact

Robert Day  
School of Finance and Law  
Bournemouth University  
Poole, Dorset, BH12 5BB  
**Telephone** 1202 595359  
**Fax** 1202 595261  
**Email** [ay@bournemouth.ac.uk](mailto:ay@bournemouth.ac.uk)



# 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.

### Registration Fees:

After May 15, 2000: \$525 (U.S. dollars)

### For Additional Information, Contact:

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

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### Have You Seen? (Continued from page 7)

is traced and it is found that quality auditing is not simply an outgrowth of an engineering inspection function. Rather, for several decades, quality auditors have consciously modeled their practice on that of the statutory financial audit, which in turn, exposes them to similar issues with regard to the long-standing "expectations gap" debate. Yet, despite what is argued are critical links with the financial audit, there has not been any notable involvement on the part of the accounting profession with quality auditing. The growing demand for "added-value" audits poses considerable questions for the future development and organizational significance of quality auditing. Current developments in both quality and financial audit services suggest

that these two influential audit movements are now competing against each other to promote business excellence and contribute to business strategy.

**Xiao, Jason Zezhong, Yikuan Zhang, and Zhihua Xie, "The Making of Independent Auditing Standards in China," *Accounting Horizons* (Vol. 14 No. 1, 2000): 69-89.**

Chinese independent auditing standards (CIAS) have been promulgated since 1995. This paper contextualizes the various Chinese attempts at setting auditing standards, especially the making of the CIAS, by identifying factors that motivated these efforts. They find that, prior to the CIAS, some auditing standards and procedures

were issued on a voluntary basis in order to educate auditors and auditees, to improve audit quality, and to help auditors survive the competition between various consultancy firms. However, these standards failed to achieve their objectives and could not prevent auditors from being involved in a number of well-publicized major financial scandals. The paper also illuminates some major features of the Chinese audit market, such as the lack of audit independence, the shortage of well-qualified auditors, an environment of extensive corruption, and the existence of many misconceptions about the audit. These conditions may severely impair the effectiveness of the CIAS and recently developed accounting standards. ■

# SCHEDULE OF ACTIVITIES

## INTERNATIONAL ACCOUNTING SECTION

### AAA Annual Meeting

### Philadelphia, Pennsylvania

### August 13-16, 2000

#### **International CPE at the Annual Meeting**

The International Section is sponsoring two outstanding CPE seminars on Sunday, August 13, preceding the AAA Annual Meeting in Philadelphia.

Paul Pacter (or another senior member of the IASC staff in London) will present "International Accounting Standards Committee Update" from 8:30 AM to 12:00 NOON. This session, which has been highly acclaimed the last three years, has many new materials to reflect current projects at the IASC. A comprehensive handout (approximately 60-80 pages) will be provided to each participant. The workshop will specifically cover the following subjects:

- Overview of the current structure of the IASC.
- Progress on proposed restructuring of the IASC.
- Review of each existing IASC Standard, with comparison to U.S. GAAP.
- In-depth review of new IASC Standards and Interpretations (issued 1999-2000).
- Special emphasis on IAS 39, Financial Instruments: Recognition and Measurement.
- Review of each current IASC agenda project, technical decisions to date, and prospects.
- Prospects for recognition of IAS by IOSCO and the U.S. SEC.
- Ways in which the IASC can work with national standard-setters.
- Likely new IASC agenda issues.
- IASC activity in developing industry standards.
- Special needs of emerging economies.

Grace Pownall of Emory University and Katherine Schipper of Duke University are presenting a CPE session, "Policy-Relevant Research in International Accounting," from 1:30 to 4:30 PM on Sunday, August 13.

In the first half of the session, they will discuss research with implications for international accounting convergence, in particular, the SEC's consideration of International Accounting Standards as promulgated by the IASC for foreign firms wishing to list in the U.S. The discussion will be guided by the research questions posed by Mr. Lynn Turner, Chief Accountant of the U.S. SEC, in an August 1999 letter to the leadership of the American Accounting Association. In the second half of the session, they will focus on examples of cross-jurisdictional research that explore management's judgments and estimates (including accounting method choice) in preparing the financial statements, with a particular emphasis on differences in earnings management across jurisdictions. The intended audience is faculty and Ph.D. students interested in policy-relevant research. No prior experience or expertise in international accounting will be assumed, and examples of research will be drawn from international markets-based accounting research.

Ed Swanson, International Section CPE Director

## SECTION SESSIONS—2000 ANNUAL MEETING

### **INTERNATIONAL #1**

**MONDAY, AUGUST 14, 2:00-3:30**

#### **International Diversification's Effect on Analysts' Forecasts and Executive Compensation**

*International Diversification and Earnings Forecast Characteristics*, Augustine Duru and David M. Reeb, American University (Washington, D.C.)

*Analyst Herding Behavior and Multinationality*, Chansog (Francis) Kim, Queens College of the City University of New York; and Christos Pantzalis, University of South Florida (Tampa)

*The Relationship Between Foreign vs. Domestic Earnings and Executive Compensation*, Obeua S. Persons, Rider University

**INTERNATIONAL #2**

**MONDAY, AUGUST 14, 4:00-5:30**

**Accounting in Countries with Emerging Markets**

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

*Implementing International Accounting Standards in the Emerging Market Economies of Russia and the Former Soviet Republics*, Cherie J. O'Neil, Colorado State University; Natalie Khachatryan, KPMG-Denver; and Galena Ponomareva, Saratov State Agricultural University

*The Value Relevance of Accounting Information Around the 1997 Asian Financial Crisis—The Case of South Korea*, Li-Chin Jennifer Ho, University of Texas at Arlington; Chao-Shin Liu, University of Notre Dame; and Pyung Sohn, South Korea Stock Exchange

**INTERNATIONAL #3**

**TUESDAY, AUGUST 15, 10:15-11:45**

**PANEL: Current and Emerging Issues in International Accounting**

**INTERNATIONAL #4**

**TUESDAY, AUGUST 15, 2:00-3:30**

**Financial Analysts: Factors Influencing Them and Managers' Responses to Them**

*A Comparison of Factors Affecting U.K. and U.S. Analyst Forecast Revisions*, Patricia A. Williams, Fordham University; Glen D. Moyes, New Hampshire College; Brahim Saadouni and Jon Simon, both University of Hull (U.K.)

*The Influence of Corporate Governance, Culture, and Income Predictability on the Characteristics that Distinguish Superior Analysis*, Lynn Rees and Edward P. Swanson, both at Texas A&M University; Michael Clement, The University of Texas at Austin

*Managing Earnings Surprises in the U.S. versus 13 Other Countries*, Lawrence D. Brown, Georgia State University; and Huong Ngo Higgins, Worcester Polytechnic Institute

**INTERNATIONAL #5**

**TUESDAY, AUGUST 15, 4:00-5:30**

**International Accounting Issues: Evidence from the U.K.:**

*Litigation Risk and Audit Fees: Evidence From U.K. Firms Cross-Listed on U.S. Exchanges*, Anath Seetharaman, Ferdinand A. Gul, and Stephen Lynn, all of City University of Hong Kong

*Assessing the Usefulness of SEC Form 20-F Disclosures Using Return and Volume Metrics: The Case of Annual Reports and Accounts*, Kingsley O. Olibe, Middle Tennessee State University

*Determinants of Voluntary Accounting Policy Choices by Life Insurance Firms: International Evidence*, Paul J. M. Klumpes, University of Warwick (United Kingdom)

**INTERNATIONAL #6**

**WEDNESDAY, AUGUST 16, 10:15-11:45**

**Chinese Accounting and Auditing Issues**

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

*Information Transmission between A Shares and H Shares in the Chinese Stock Markets*, Betty Chavis, Yuming Li and Joseph F. Greco, all at California State University, Fullerton

*Earnings Management of Listed Firms in Response to Security Regulations in China's Emerging Capital Market*, In-Mu Haw, Texas Christian University and Chinese University of Hong Kong; Daqing Qi and Woody Wu, both at The Chinese University of Hong Kong; and Wei-Guo Zhang, The Chinese Securities Regulatory Commission

**INTERNATIONAL #7**

**WEDNESDAY, AUGUST 16, 2:00-3:30**

**The Influence of Environmental and Cultural Factors in International Accounting**

*An Empirical Evaluation of Environmental Factors Influencing the Adoption of IASs in Pacific Asia Countries*, Liming Guan and Amy H. Lau, both at Oklahoma State University

*Accounting Standards and Value Relevance of Financial Statements: An International Analysis*, Mingyi Hung, University of Southern California

*Auditors Interpretations of "In-Isolation" Verbal Probability Expressions: A Cross-National Study*, Mark Shying, Victoria University of Technology (Australia)

**INTERNATIONAL #8**

**WEDNESDAY, AUGUST 16, 2:00-3:30**

**The Japanese Equity Market**

*The Pricing of Subsidiary and Parent-only Earnings in the Japanese Stock Market*, Don Herrmann, Oregon State University; Tatsuo Inoue, Kwansai Gakuin University; and Wayne Thomas, University of Utah

*An Empirical Examination of U.S. Incorporated Firms Voluntarily De-listing From the Tokyo Stock Exchange*, Shahrokh Saudagaran, Santa Clara University; Somnath Das, University of Illinois at Chicago; and Ranjan Sinha, Santa Clara University

*Foreign Equity Ownership and Information Asymmetry in Japanese Equity Market*, Li Jiang and Jeong-Bon Kim, both at The Hong Kong Polytechnic University

## **PAPERS PRESENTED AT 2000 AAA REGIONAL MEETINGS**

### **MID-ATLANTIC**

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

*Accounting Education in the Peoples Republic of China: Can United States Educational Institutions Play a Role?* John L. Haverty, St. Josephs University; and James M. Daley, John Carroll University

*Foreign Currency Translation Method Choice: Insights from Game Theory*, Jo Ann Maria Pinto, Montclair State University

*The Value-Relevance of Earnings and Book Value of Equities Across Developed Countries and Accounting Regimes*, Ran Barniv and Mark Myring, both at Kent State University

*How Comprehensive is Comprehensive Income? The Value Relevance of Foreign Currency Translation Adjustments*, Jo Ann Maria Pinto, Montclair State University

*A Comparison of Reported Cash Flows Under IAS 7 vs. U.S. GAAP: The Case of Financial Institutions*, Mostafa A. El Shamy, Kuwait University

### **MIDWEST**

*International Quality Standards: Perceptions of Accountants*, Roberta J. Cable and Patricia Healy, both at Pace University

*International Accounting Standards: A Review of the Issues and a Current Perspective*, Deborah L. Lindberg and Garth Seiple, both at Illinois State University

*Auditing Expectation Gap in the Sultanate of Oman*, Inam Hussain, Purdue University

### **NORTHEAST**

*Privatization and Corporate Governance Practices in China*, Anthony Mung Yin Chan, Ryerson Polytechnic University; Chiu-kuok Poon, China Development Finance Co.; and Mei-shan Tang, China International Trust & Investment Corp. Pacific

*The Transformation of China's Health Care System and Accounting Methods*, David K. W. Chu and Kolleen J. Rask, both at College of the Holy Cross

*Exploratory Research on Mentoring in Public Accounting in Russia*, Steven E. Kaplan, Arizona State University; Annemarie K. Keinath, Indiana University Northwest; and Judith C. Walo, Central Connecticut State University

*A Comparison of Event Study Methodologies for Foreign Firms Listed on U.S. Exchanges*, Kam C. Chan, Pace University; Joseph K. Cheung, Hong Kong Polytechnic University; and Hannah Wong, Rutgers University-Newark

*The Value Relevance of Earnings and Book Value of Equities Across Developed Countries and Accounting Regimes*, Ran Barniv and Mark Myring, both at Kent State University

*Dimensions of Expansion by U.S. Firms to Africa: Wealth Effects, Mode Selection, and Firm Specific Factors*, Vincent Owoso and Kimberly C. Gleason, both of Bentley College; and Ike Mathur, Southern Illinois University

Panel session: *Research Issues in International Accounting*, Moderator: Obeua Persons, Rider University. Speakers: Carol A. Frost, Dartmouth College; and Donna L. Street, James Madison University

### **OHIO**

*The Value-Relevance of Earnings and Book Value of Equities Across Developed Countries and Accounting Regimes*, Ran Barniv and Mark Myring, both at Kent State University

*An Analysis of the International Accounting Standard Committee's Standing Interpretations Committee*, Robert Larson, Penn State-Harrisburg

### **SOUTHEAST**

*Earnings Surprise Games: International Evidence*, Lawrence Brown, Georgia State University; and Huang Higgins, Worcester Polytechnic Institute

*Characteristics of Auditor Detected Misstatements: Evidence from Norwegian Audits*, Aasmund Eilifsen, Norwegian School of Economics and Business Administration; William Messier, Georgia State University; and Lizabeth Austen, University of Arkansas

*International Accounting Standard IAS 38, Intangible Assets: A Comparison to U.S. GAAP*, Kathie Ann Castiglione, St. Francis College

*Descriptive Analysis of Geographic Area Disclosures Under SFAS 131*, Timothy Doupnik and Larry Seese, both at University of South Carolina



*An Industry Comparison of Foreign GAAP Differences*, Jeannie Harrington, Middle Tennessee State University

*Foreign Issuers in U.S. Capital Markets: An Enforcement Perspective*, Rasoul Tondkar, Christopher Hadgdon, and Edward Coffman, all at Virginia Commonwealth University

*Managing Private Sector and State-Owned Enterprises in Ghana*, Mathew Tsamenyi, University of Wolverhampton; Venancio Tauringana, University of Luton; and Paul Jensen, University of Central Arkansas

Forum Paper: *A Comparative Study of the Accounting Methods Used for Mergers and Acquisitions in G-4 Countries*, Abdel Agami, Old Dominion University

### **SOUTHWEST**

*Should Errors in Financial Statements Be Corrected?* Leif Hojskov, University of Southern Denmark

*The Expectation Gap Between User's and Auditors' Materiality Judgments In Denmark*, Leif Hojskov, University of Southern Denmark

*The Value Relevance of Accounting Information Around the 1997 Asian Financial Crisis—The Case of South Korea*, Li-Chin Jenifer Ho, University of Texas at Arlington; Chao-Shin Liu, University of Notre Dame; Pyung Sohn, South Korea Securities Exchange Commissions

*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 Louisiana at Lafayette; C. S. Agnes Cheng, University of Houston; and Harlan L. Etheridge, McNeese State University

*Cultural Influences on the Development of Accounting Practices in Malaysia*, Takiyah Mohd. Iskandar, University of Kebangsaan Malaysia; and Hamid Pourjalali, University of Hawaii at Manoa

*Impact of the Cultural Environment on Information Technology*, Sharon K. Johns, Brigham Young University; L. Murphy Smith, Texas A&M University; and Carolyn A. Strand, Seattle Pacific University

*Accounting: Nightmare for Freshman, A Case Study in Shih Chien University*, Li-Ping Monica Chen, Shih Chien University

### **WEST**

*Pre- and Post-Listing Corporate Governance Practices in China*, Anthony Mung Yin Chan, Ryerson Polytechnic University; Chiu-kuok Poon, China Development Finance Co., Ltd.; and Mei-shan Tang, China International Trust & Investment Corporation Pacific, Ltd.

*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

*Cognitive Styles, Ethical Value, and International Accounting Education*, Richard C. Hulme and John E. Karayan, both at California State Polytechnic University, Pomona

*Value Relevance of Foreign GAAP Earning and Form 20-F Reconciliation Reported by Foreign Firms: Evidence from Financial Analysts*, Judith A. Hora, University of San Diego; Ruth Ann McEwen, Suffolk University; and Rasoul H. Tondkar, Virginia Commonwealth University

*Tax Rate Behavior and Government Stability: A Comparison of EU and ASEAN Countries*, Haroldene F. Wunder and Stephen R. Crow, both at California State University, Sacramento

*The Effectiveness, Effects, Causes and Remedies of Escalation in Chinese Business Enterprises: A Survey of Experienced Chinese Managers*, Vidya N. Awasthi, Seattle University; Chee W. Chow, San Diego State University; and C. Patrick Fleenor, Seattle University

*Asian Economic Crisis, Business Strategy and Planning Control Systems: An Empirical Study Using Latent Variables Modeling*, Michael S. H. Shih, National University of Singapore and University of Toronto; and Lee-Chien Yong, National University of Singapore

*Disclosure of Information for Members of Boards of Directors of Hong Kong H-share Companies*, Gary A. Miller, Hong Kong University of Science and Technology

*Top Management Changes and Firm's Performance: An International Comparison*, Derek Teshun Huang, National Chung Cheng University

*An Analysis of the International Accounting Standards Committee's Standing Interpretations Committee*, Robert K. Larson, Pennsylvania State University at Harrisburg

## GIFT MEMBERSHIP

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