

INTERNATIONAL
ACCOUNTING SECTION
of the



American
Accounting
Association

NO. 72

FORUM

INTERNATIONAL ACCOUNTING

SPRING 2001

EDITOR: Don Herrmann
Oregon State University

Chairperson's Message

The Section's seventh annual Midyear Meeting, held in Phoenix, Arizona on January 12-13, was a great success. More than 80 participants attended the meeting with three plenary sessions; 22 research papers presented in concurrent sessions; one concurrent panel session; and a special doctoral student research session.



Teresa Conover

was followed by a question-and-answer session for the presenters of the plenary sessions. As always, the plenary sessions were well attended and a highlight of the Midyear Meeting.

Friday was capped by a wonderful evening reception hosted by the Center for International Education and Research in Accounting (CIERA) at the University of Illinois. This is

the fourth year CIERA has supported the Section's Midyear Meeting. I would like to personally thank the present and past CIERA Directors, as well as Gene Willis, Department Chair, for their continued support.

Saturday morning began with a plenary session by David Cairns, London School of Economics, who presented the results of the Institute of Chartered Accountants in England and Wales' study of IAS vs. U.K. GAAP titled *The Convergence Handbook*. This was immediately followed by the presentation of International Accounting Research by three doctoral students. The section provided \$500 travel scholarships for each of these doctoral students and waived their registration fees. We hope to continue sponsoring scholarships for doctoral students to attend future Midyear Meetings. The presentations by the doctoral students were followed by concurrent research sessions.

At lunch, Andy Bailey, SEC Academic Fellow, discussed the recently issued Staff Accounting Bulletins

and the Concept Release regarding the acceptance of International Accounting Standards.

Following lunch, two sets of concurrent research sessions and one panel discussion, "International Accounting in the Classroom," were presented. The panel discussion, moderated by Finley Graves, included Gary Meek and Donna Street as panelists.

The research papers presented in concurrent sessions covered a wide range of topics and were of consistently high quality. I was excited to see the diversity of international representation among the authors. Nine of 22 papers presented in concurrent sessions were authored or coauthored by colleagues outside the United States. The complete Midyear Meeting program is available in this issue of the Forum (and on the IAS web site). 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. Also look to the IAS web site for copies of some of the material presented at the plenary sessions.

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 Donna Street, with special assistance by Nancy Nichols as research paper coordinator. Donna has done an outstanding job organizing the past

(continued on page 2)

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Chairperson's Message (continued from page 1)

three 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' Mid-year Meetings, and we are fortunate to be among them.

The second major item of interest to section members is the appointment of an editor for the Section's *Journal of International Accounting Research*. The new editor is R. S. O. (Segun) Wallace from King Fahd University in Saudi Arabia. Segun was appointed in November and began work immediately. We wish him the best in his responsibility as the *IAS Journal's* inaugural editor. We look forward to future issues and encourage all IAS members to submit papers to the *Journal*.

To update you on the Section's other activities, Bruce Behn and his committee are in the process of organizing the Section's annual program in Atlanta. Fifty-two research papers and six special sessions have been submitted for consideration to the IAS. Thanks to all of you who submitted papers, panel discussion ideas, and reviewed manuscripts.

The regional meetings have been organized and will contain several International Accounting research papers and panels. Thanks go to the regional coordinators and to Marilyn Zarzeski, who is chairing the regional programs for the Section.

The Teaching Resources Committee has collected course syllabi and other items related to teaching International Accounting from Section members. Committee chair Ross Tondkar and the committee members collected and organized several helpful teaching resources. I used some of the suggestions last semester in my International Accounting course and the materials enhanced the course. The collected materials are organized and posted on the Section's web page.

Webmaster Tim Sale continues to make improvements to the Section's web site. I encourage you to visit the web site periodically to view the most recent Section news. Many of the items that you read about in the newsletter are available on the web site even earlier than in paper copy.

The International Relations Committee, headed 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 David Sharp for volunteers to serve on committees during 2001-2002. I encourage you to volunteer for one or more positions.

Finally, I would like to draw your attention to the AAA Third Globalization Conference to be held June 22-25, 2001, in Berlin, Germany. The Conference is sponsored by the American Accounting Association (AAA) and the Schmalenbach-Gesellschaft für Betriebswirtschaft e. V. (SG), a leading German accounting practice and professional association. It also is supported by Humboldt University in Berlin, the European Accounting Association (EAA), the International Association of Accounting Education and Research (IAAER), and the Verband der Hochschullehrer für Betriebswirtschaft e.V. (German Association of Business Administration Professors). Please refer to the AAA web site for further information.

I wish you all a happy and productive 2001. Please contact me if you have any questions or suggestions for how the Section might better serve you. The best way to contact me is by an email message (conover@unt.edu).

Teri Conover
2000-2001 IAS Chairperson

**INTERNATIONAL ACCOUNTING SECTION
FORUM DEADLINES FOR 2001**

Summer 2001 Issue—May 1, 2001
Fall 2001 Issue—September 1, 2001

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

If sending materials please send to:

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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 Co-ordinators (one for each AAA region)

**organizes International Accounting continuing
education seminars at AAA Annual and Regional
meetings:**

- Continuing Education Committee

sponsors and organizes a Midyear Meeting:

- Midyear 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 plans)

NEEDED: BOOK REVIEWERS FOR ISSUES IN ACCOUNTING EDUCATION

Book reviews serve an important purpose in our discipline. They bring books to the attention of the readers, and often help form book-adoption decisions. *Issues in Accounting Education* publishes reviews of accounting books and contributes to the growth of the profession. Given our large number of newly published accounting textbooks, we need many reviewers to complete this task. As the book review editor of *Issues in Accounting Education*, please inform me if you wish to review accounting books.

Thank you very much for your time and consideration.

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HAVE YOU SEEN...?

Wayne B. Thomas, University of Oklahoma

Al-Najjar, Fouad K., "Determinants of Social Responsibility Disclosures of U.S. Fortune 500 Firms: An Application of Content Analysis," *Journal of Advances in Environmental Accounting & Management* (Vol. 1, 2000): 163-200.

This study investigates the patterns of social responsibility disclosures (SRDs) by the U.S. Fortune 500 firms. Content analysis is used to measure the extent of monetary, quantitative, and narrative disclosure in the areas of community, human resources, environment, and product safety. The relations between a number of corporate characteristics and these areas and types of SRDs are tested. The findings of this study contrast sharply with those of Cowen et al. (1987), who found that corporate profitability is an insignificant factor influencing social disclosure and that corporate size is negatively correlated with total disclosure. This research found evidence of a highly significant effect of profitability on total disclosure and that total disclosure is a function of corporate size. Size is also found to correlate with major areas and types of disclosures. These findings have direct implications for accounting and financial reporting policy and for future research on SRDs. This study could be replicated for firms in the Fortune 501-1000 list, the Fortune International 500, the U.K. Times top firms or comparing SRDS of U.S. firms to European, Canadian, or Australian firms.

Ball, Ray, S. P. Kothari, and Ashok Robin, "The Effect of International Institutional Factors on Properties of Accounting Earnings," *Journal of Accounting & Economics* (Vol. 29 No. 1, 2000): 1-51.

International differences in the demand for accounting income predictably affect the way it incorporates economic income over time: "shareholder" and "stakeholder" corporate governance models of common-law and code-law countries, respectively, as resolving information asymmetry by public disclosure and private communication. Also, code law directly links accounting income to current payouts. Consequently, code-law accounting income is less timely, particularly in incorporating economic losses. Regulation, taxation, and litigation cause variation among common-law countries. The results have implications for security analysts, standard-setters, regulators, and corporate governance.

Chan, K. Hung, and Phyllis Lai Lan Mo, "Tax Holidays and Tax Noncompliance: An Empirical Study of Corporate Tax Audits in China's Developing Economy," *The Accounting Review* (Vol. 75 No. 4, 2000): 469-484.

Many developing economies use tax holidays to attract foreign investment by providing a limited period of

tax exemptions and reductions for qualified investors. This paper investigates the effect of tax holidays on foreign investors' tax noncompliance behavior in China's developing economy. The results indicate that a company's tax-holiday position affects noncompliance. Companies are least compliant before a tax holiday, and most compliant while in a tax-exemption period.

Chen, Charles J. P., Xijia Su, and Ronald Zhao, "An Emerging Market's Reaction to Initial Modified Audit Opinions: Evidence from the Shanghai Stock Exchange," *Contemporary Accounting Research* (Vol. 17, No. 3, 2000): 429-455.

This study investigates the valuation effect of modified audit opinions on the emerging Chinese stock market. Compelling evidence is found in support of the monitoring role of independent auditing as an institution. A significantly negative association between MAOs and cumulative abnormal returns is found after controlling for effects of other concurrent announcements. Further, results from a by-year analysis suggest that investors did not reach negative consensus about MAOs' valuation effect until the second year, exhibiting the learning process of a market with prior exposure to MAOs. No significant differences between market reaction to non-GAAP- and GAAP-violation-related MAOs are observed.

Defond, Mark L., Jere R. Francis, and T. J. Wong, "Auditor Industry Specialization and Market Segmentation: Evidence from Hong Kong," *Auditing: A Journal of Practice & Theory* (Vol. 19 No. 1, 2000): 49-66.

Audit fees of Big 6 and non-Big 6 accounting firms are examined for 348 publicly listed Hong Kong companies. Using more recent data than in prior studies, evidence is found of Big 6 premiums for both general brand name and for industry specialization. In addition, it is found that the large local firm Kwan Wong Tan & Fong, which is the market leader in the property sector, has significantly lower fees than do both Big 6 and other non-Big 6 auditors in that industry. Specialization thus leads to different results for Big 6 and non-Big 6 firms and suggests a market segment not previously identified: non-Big 6 specialization, which leads to production economies and the capture of market share through lower fees for clientele seeking low-priced audits. These results also suggest that prior studies do not recognize sufficiently that Big 6 brand-name reputation is a necessary foundation for achieving higher priced quality-differentiated audits based on industry specialization.

Ghosh, Dipankar, "Complementary Arrangements of Organizational Factors and Outcomes of Negotiated Transfer Price," *Accounting, Organizations and Society* (Vol. 25 No. 7, 2000): 661-682.

Have You Seen...? (continued from page 4)

The current research experimentally investigates the impact of complementarity of sourcing and compensation structure on transfer pricing in the case when such prices are negotiated between the trading divisions. The dependent variables were perceived fairness of the transfer-pricing policy, interdivisional conflict, the economic outcome measure of firm profit, and the time taken by the managers to negotiate an agreement and firm profit efficiency. The results indicate that whether the arrangement of the organizational factors was complementary had a considerable influence on negotiated transfer prices.

Graham, Roger, Raymond King, and Jack Bailes, "The Value Relevance of Accounting Information during a Financial Crisis: Thailand and the 1997 Decline in the Value of the Baht," *Journal of International Financial Management & Accounting* (Vol. 11 No. 2, 2000): 84-107.

This study addresses whether the financial turmoil surrounding the devaluation of the baht affected the value relevance of Thai accounting information. Results suggest a decline in the value relevance of Thai book values and earnings following the devaluation. Prior to mid-1997, the Bank of Thailand pegged the value of the baht to a basket of currencies of which 80 percent were weighted to the U.S. dollar. In response to pressure by currency speculators, the bank abandoned its peg on July 2, 1997 in favor of a managed float. The devaluation was followed by volatile exchange rates. The change in value relevance of accounting information after the devaluation may be attributable to the initial recognition of foreign exchange losses and the subsequent recognition of foreign exchange gains as exchange rates fell and then recovered.

Guenther, David A., and Danqing Young, "The Association between Financial Accounting Measures and Real Economic Activity: A Multinational Study," *Journal of Accounting & Economics* (Vol. 29 No. 1, 2000): 53-72.

How cross-country differences in financial accounting standards affect the relation between financial accounting earnings and real economic value-relevant events that underlie those earnings is investigated. Based on previous research and economic theory it is hypothesized that, because of differences in legal systems and the demand for accounting information, differences in legal protection for external shareholders, and difference in the degree of tax conformity in the sample countries, accounting earnings in the U.K. and the U.S. will be more closely related to underlying economic activity than will accounting earnings in France and Germany. Empirical results are generally consistent with the hypothesis.

Kiyamaz, Koray, and Leon Taylor, "Competition for Foreign Direct Investment When Countries are Not Sure of Site Values," *International Review of Economics & Finance* (Vol. 9 No. 1, 2000): 53-68.

The fiscal tug-of-war between two countries to play host to a foreign-owned firm is like a Nash game. Suppose that the countries are not sure how much the firm values the sites that they offer to it. Also suppose that the countries fashion their expectation of site value by assigning the same likelihood to each value that they deem possible. Then, if they are quite unsure about site values, they will offer small subsidies to the firm. If they are pretty sure about site values, they will offer large subsidies. Here is the intuition behind the results: When a country is unsure about the value of its site, it is also unsure if a stingy offer will drive the firm to its rival, so it may take the chance and make a stingy offer, rather than a generous one.

Klumpes, Paul J. M., "Incentives and Disincentives for Voluntary Disclosure by Pension Funds: International Evidence," *Accounting and Business Research* (Vol. 30 No. 4, 2000): 287-298.

This paper examines competing proprietary and political cost arguments for incentives facing managers of different types of Australian and U.K. pension fund, to voluntarily disclose pension liability information in annual reports sent to their participants. For Australian-defined benefit pension funds, the disclosure reveals the fund's actuarial surplus or deficit, which conveys information to participants about the pension fund's ability to generate future cash flows. Tests are conducted on the voluntary reporting practices of a sample of 119 Australian and 100 U.K. pension funds, using variables which affects, prior research suggests, their financial valuation and performance. Results support predictions that managerial discretionary disclosure carries proprietary cost implications for Australian-defined benefit pension funds, as proxied by their investment risk and funding ratio, and political cost implications for Australian-defined contribution and U.K.-defined benefit pension funds, as proxied by their size.

Molina, Pilar, and Gomez-Arnau, "The Taxation of Internet Commerce in Spain," *The International Tax Journal* (Vol. 26 No. 4, 2000): 70-78.

As Internet commerce rapidly secures its place in the world of business, so too is it stepping into the arena of international taxation. Transactions that clearly fell within a given national jurisdiction are increasingly being conducted by e-commerce, which by nature may not easily be pinned down to a given location. As a result, many countries are examining their respective tax systems to determine whether the major points of connection (nexus) and tax structures traditionally relied on continue to remain valid in light of the tax policy they are intended to serve. The purpose of this article is to offer an overview of the issue of taxation of Internet commerce from the standpoint of taxation in Spain and to express some of the concerns raised by Spanish taxpayers on the subject and the responses given by the taxing authorities.

**MINUTES OF THE
2001 MIDYEAR EXECUTIVE BOARD COMMITTEE
CHAIRS AND REGIONAL COORDINATORS' MEETING
Phoenix, Arizona
January 12, 9:00–10:30 AM**

Members Present: Teresa Conover, Chairperson; David J. Sharp, Vice Chairperson–Academic; Larry Bradley, Vice Chairperson–Practice; Robert K. Larson, Secretary; Ajay Adhikari, Treasurer; Carol Houston, Advisory Board Chair; Bruce Behn, Annual Program Chair; Jenice Prather-Kinsey, Continuing Education Chair; J. Timothy Sale, Information Technology Chair (Webmaster); Edward Douthett, Jr., Membership Chair; Donna L. Street, Midyear Meeting Chair; Nancy Nichols, Midyear Meeting Program Coordinator; Edward Swanson, Publications Chair; Frederick Niswander, Research Chair; Norlin G. Rueschhoff, Section Historian; Thomas (Mitch) McGhee, Strategic Planning Chair; R. S. Olusegun Wallace, Editor, *Journal of International Accounting Research*; John Eichenseher, representing John Wild, Outstanding Educator Chair.

The meeting was called to order by Teri Conover at 9:00 AM. After introductions, a motion was made to approve the agenda (Sale moved, Houston seconded). Motion approved. A motion was made to approve the minutes of the prior meeting as printed in the *Forum* (Sale moved, Behn seconded). Motion approved.

Treasurer's Report. Adhikari reported that the section was in good financial health. The cost of newsletters is down and Midyear conference registrations are up. A number of questions were posed and received answers.

Annual Program Committee. While we are only now at the deadline for submissions, Behn reported that it appears that the Section will have more than 50 paper submissions. He has arranged for 82 reviewers and hopes to send each paper out to three reviewers. He also has two special sessions/panels planned. We do not know at this time the number of slots National will grant us. Behn thanked everyone who volunteered, and suggested that the Section consider online paper submissions for next year.

Continuing Education Committee. Prather-Kinsey reported that Paul Pacter has agreed to do an IASC update again this year. She is waiting to hear about two other proposed CE sessions.

International Relations Committee. Chair not present. No report.

Information Technology Committee. During Sale's report, there was a general discussion about the *Forum* in its online version. While it was noted that international postage rates have risen recently, the consensus was that we should continue with both the paper and online versions.

Membership Committee. Douthett reported that his Committee plans to send out two email brochures this spring—one to the general AAA membership and one to former IAS members. A discussion followed on how to implement this.

Midyear Meeting Committee. Street reported that at least 75 people were in attendance. Street gave an overview of the excellent speakers, the CIERA reception,

the KPMG sponsorship, and the closing reception to honor past Chairs of the IAS. Nichols reported that 39 papers were submitted and 25 were accepted. She employed 65 reviewers, and each paper went out to three reviewers. Three doctoral students' papers were selected in that category, and each student received \$500 in financial assistance to attend the conference. Conover thanked Street for her hard work in organizing three consecutive midyear meetings. Street received a round of applause.

Nominations Committee. Conover (for Dykxhoorn) reported that the call for nominations is in both the Fall Forum and on the web site.

Outstanding International Accounting Dissertation Award Committee. Conover (for Borkowski) reported that a call for dissertations for the award is in the Fall Forum.

Outstanding International Accounting Educator Award Committee. Eichenseher (for Wild) reported that the process is still open and that nominations are still being accepted.

Publications Committee. Swanson gave an extensive oral and written report on the Committee's activities. One major focus has been on the development of editorial policies for the new *Journal*. Swanson, his Committee, and the new *Journal* editor, R. S. O. Wallace, have been working closely together. A few items are still being finalized. Once the committee approves the policies, they will be sent to the Executive Committee for final approval. Then an aggressive Call for Papers is planned. There was a discussion about the *Journal* and its direction on a broad variety of topics, such as the question as to whether IAS members should pay a reduced fee for paper submissions.

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Minutes of the Midyear Executive Board Committee and Regional Coordinators' Meeting (continued from page 6)

Journal Editor's Report. Wallace provided an extensive oral and written report of his activities, thanking the many people who have helped him get the *Journal* started. He outlined the extensive support that his university is providing him. He also thanked the new Associate Editors and the new Editorial Board members for agreeing to work on the new *Journal*. Throughout his report, discussions ensued over a wide range of issues, including, for example, whether the *Journal* should accept electronic submissions.

Regional Programs Committee. Conover (for Zarzeski) reported that every Region is planning at least one paper or panel session.

Research Committee. Niswander asked the group for specific suggestions as to what they would like his Committee to focus on this year.

Section Historian. Rueschhoff reported that he is revising his web page and adding new information on the IAS's history and mission. He also noted that Joe Cummings recently died. There was also discussion that the main IAS web page is being linked to the IAS Historian's web page. There is currently a hot link from

Conover's message in the electronic version of the *Forum* to the IAS Historian's web page.

Strategic Planning Committee. Conover and McGhee both spoke briefly. The results from last year's survey are now on the IAS's web page.

Teaching Resources Committee. Conover (for Tondkar) reported that the Committee is developing an award related to the Integration of International Accounting into regular accounting courses.

Regional Coordinators. None were present.

Advisory Board. Houston reported that the Board is considering two proposals. One relates to changing the title of Chairperson to President.

Chair-Elect. Sharp stated that he had nothing major to report. He is encouraged by the developments related to the *Journal*. Sharp also believes that the IAS should attempt to discover why membership is decreasing.

Meeting adjourned at 10:30 AM.

Have You Seen...? (continued from page 5)

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 promulgation by the FASB of SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, in 1997 (FASB 1997) (effective 1998) 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. Given the criticisms of its predecessor, SFAS No. 14, relating to segment identification and the consistency of internal and external reporting, the key issue is the extent to which companies have responded to the changes in geographic information disclosures required by SFAS No. 131. 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.

Wahlen, James M., James R. Boatsman, Robert H. Herz, Gregory J. Jonas; Krishna G. Palepu, Stephen G. Ryan, Katherine Schipper, Catherine M. Schrand, and Douglas J. Skinner, "American Accounting Association's Financial Accounting Standards Committee: Response to the SEC Concepts Release on International Accounting Standards," *Accounting Horizons* (Vol. 14 No. 4, 2000): 489-499.

A response to the SEC Concepts Release, *International Accounting Standards*, is presented. The framework for the American Accounting Association's Financial Accounting Standards Committee's responses to the questions posed in the Concepts Release is presented. Several overall recommendations linked to issues in the Concepts Release, which the Committee views as fundamental and are responses to specific questions posed in the Concepts Release, are discussed. Questions that seem aimed at eliciting responses from practicing accountants concerning their experiences with International Accounting Standards are not considered.

Wong, M. H. Franco, "The Association between SFAS No. 119 Derivatives Disclosures and the Foreign Exchange Risk Exposure of Manufacturing Firms," *Journal of Accounting Research* (Vol. 38 No. 2, 2000): 387-417.

This study investigates whether the quantitative disclosures about notional amount and fair value of foreign exchange derivatives, required by SFAS No. 119 and its predecessors SFAS Nos. 105 and 107, are associated with the information used by investors to assess the sensitivity of equity returns to currency fluctuations. Since derivatives are used to alter risk profiles, risk exposure is chosen as the benchmark to examine the efficacy of derivatives disclosures. The evidence suggests that neither aggregated nor disaggregated fair value disclosures complement notional amount in assessing currency risk exposure.

AAA INTERNATIONAL ACCOUNTING SECTION MIDYEAR MEETING

Held Jointly with

Center for International Education and Research in Accounting (CIERA)

Phoenix, AZ • January 12–13, 2001

Funding Provided by
THE KPMG FOUNDATION

OFFICER'S MEETING

Friday, 9:00–10:30 AM

FRIDAY, JANUARY 12

Breakfast provided by Doubletree for registered guests

11:30 AM–1:00 PM BRUNCH

PLENARY SESSION #1

Moderator, Larry Bradley, KPMG

1:00 PM–1:45 PM

International Activities of the FASB. Jim Liesenring,
Director of International Programs, FASB

1:45 PM–2:30 PM

*Perspectives on the Practical Application of IAS and Other
Practice Issues.* Larry Bradley, KPMG

2:30 PM–2:45 PM BREAK

PLENARY SESSION #2

Moderator, Mary Tokar, KPMG

2:45 PM–3:30 PM

*Raising Accounting and Reporting Practices Worldwide—
The Role of the International Forum on Accountancy
Development.* Brian Smith, International Foundation
on Accountancy Development (IFAD)

3:30 PM–4:15 PM

*Financial Instruments—International Joint Working Group
Draft Standard Proposals.* Alex Milburn, Canadian
Institute of Chartered Accountants and, Chair IASC
Steering Committee on Financial Instruments

4:15 PM–5:00 PM

Questions for Bradley, Tokar, Smith, and Milburn

6:00 PM–8:00 PM

RECEPTION: Hosted by CIERA

SATURDAY, JANUARY 13

Breakfast provided by Doubletree for registered guests

8:00 AM–8:30 AM

PLENARY SESSION #1

ICAEW Study: IAS vs. U.K. GAAP. David Cairns, London
School of Economics

8:30 AM–10:00 AM

PLENARY SESSION #2

International Accounting Research by Doctoral Students
Moderator: Tracy S. Manly, Louisiana State University

*Fundamental Analysis in a Hyperinflationary Economy:
The Case of Brazil.* Wanda Mattei, Texas A&M
University, and Ole-Kristian Hope, Northwestern
University

*Harmonization of Accounting Standards: How Useful is it
for Multi-Listed Companies?* Poonam Bir, Monash
University

10:00 AM–10:15 AM BREAK

10:15 AM–11:45 AM CONCURRENT SESSIONS

Session A: Earnings Management Issues

Moderator: Holly Ashbaugh, University of
Wisconsin–Madison

*Earnings Management in Hong Kong? A Discussion about
Some of the Issues for Investments.* Gary Miller, Texas
A&M International University

*Assessing the Impact of Transfer Pricing and Volume of
Transfers on Financial Performance: Evidence from
Multinational Firms.* Kingsley O. Olibe, Middle
Tennessee State University, and James Flag, Texas
A&M University

Unrecognized Deferred Taxes: Evidence from the U.K.
Elizabeth Gordon, Rutgers, The State University of
New Jersey, and Peter Joos, Massachusetts Institute
of Technology

Session B: Market Reactions and Value Relevance Involving Non-U.S. Firms

Moderator: Bruce Behn, University of Tennessee

*Evaluating Market Reactions to Non-U.S. Based Annual
Report and Accounts: A Price and Trading Volume
Analysis.* Kingsley O. Olibe, Middle Tennessee State
University and William M. Cready, Texas A&M
University

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AAA International Accounting Section Midyear Meeting (continued from page 8)

Political Uncertainty and Firm Valuation: Evidence of a Discount Related to the Quebec Independence Movement. Roger Graham, Oregon State University, Cameron Morrill and Janet B. Morrill, both at University of Manitoba

Session C: Standard Setter Insights

Moderator: Richard Briston, University of Hull

The IASC's Search for Legitimacy: An Analysis of the IASC's Standing Interpretations Committee. Robert Larson, Pennsylvania State University, Harrisburg Campus of the Capital College

International Research Implications for Academicians and Standard Setters on Going Concern Reporting: Evidence from the United States. Gary Kleinman, Fairleigh Dickinson University, Asokan Anandarajan, New Jersey Institute of Technology, and Dan Palmon, Rutgers, The State University of New Jersey

The Use of Power in International Accounting Standard Setting Process: An Exploratory Field Study. Winston C. C. Kwok, National University of Singapore, David Sharp and Claude P. Lanfranconi, both at The University of Western Ontario

11:45 AM-1:00 PM LUNCH

Opening Remarks:

Joe Godwin, Grand Valley State University
Speaker: Andy Bailey, SEC Academic Fellow

1:15 PM-2:45 PM CONCURRENT SESSIONS

Session A: International Accounting in the Classroom

Moderator: Finley Graves

Panelists: Gary K. Meek, Oklahoma State University
Donna L. Street, James Madison University

Session B: Cash Flow Issues around the Globe

Moderator: Jagat Jain, Niagara University

★ *The Use of Cash Flows and Earnings in Thailand's Capital Market.* Thomas A. Carnes and Kay Narktabtee, both at University of Arkansas, and Ervin L. Black, Brigham Young University

The Impact of Differences Between IAS No. 7 and U.S. GAAP on Reported Cash Flows: The Case of Financial Institutions. Mostafa El Shamy, Kuwait University

The Use of Barter and Uncollectible Credits Continues to Contribute to Financial Woes in the Russian Federation. Deborah Lindberg, Illinois State University

Session C: The Impact of Accounting Standards on Financial Reporting and Management Incentives

Moderator: Nancy Nichols, James Madison University

Geographic Area Disclosures under SFAS No. 131: Materiality and Fineness. Tim Doupnik, University of South Carolina, and Larry P. Seese, East Carolina University

Top Management Incentives and R&D Spending of Japanese Firms. Weiyu Guo and Vivek Mande, both at University of Nebraska at Omaha, and Shota Otomasa, Hannan University

U.S. GAAP and IAS in Comparison to German Accounting Standards. Judy Beckman and Christina Brandes, both at the University of Rhode Island

2:45 PM-3:00 PM BREAK

3:00-4:30 CONCURRENT SESSIONS

Session A: Valuation Issues Involving Japanese Firms

Moderator: Rohit Jain, Alabama Agricultural and Mechanical University

Incremental vs. Relative Information Content of Pension Liability—Value-Relevance Research on Japanese Firms. Makoto Nakano, Yokohama City University

An International Comparison of Valuation Models and the Role of Financial Analysts and Conservatism. Ran Barniv and Mark Myring, both at Kent State University

Earnings, Book Values and Accounting Conservatism in Valuation of Japanese Firms. Sandra Ho and Jeong-Bon Kim, both at The Hong Kong Polytechnic University

Session B: The Role of Management in Transitional Economies

Moderator: Marilyn Zarzeski, University of Mississippi

Managerial Reactions to Enterprise Reform in the Transitional Russian Economy. Victoria Krivogorsky, Morgan State University, and John Eichenseher, University of Wisconsin-Madison

Management Control of Public Companies in China. Anthony Mung Yin Chan, Ryerson Polytechnic University

Corporate Governance and Performance in Chinese Listed Companies: Some Evidence on the Role of Ownership and Board Structures. Ferdinand Gul and Ronald Zhao, both at City University of Hong Kong

6:00 PM-8:00 PM

Reception in Honor of Past Chairs of the International Accounting Section

CALL FOR MEMBERS TO SERVE ON IAS COMMITTEES FOR 2001-2002

Below is a list of IAS committees for the period August 2001 to August 2002. Section members interested in serving on a committee should complete the form and send it to the address below:

David J. Sharp
Accounting Faculty
Richard Ivey School of Business
University of Western Ontario
London, Ontario N6A 3K7
CANADA
Phone: (519) 661-3945
Fax: (519) 661-3485
Email: dsharp@ivey.uwo.ca

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).

- | | |
|--|--|
| <input type="checkbox"/> Annual Program <input type="checkbox"/> Midyear Meeting <input type="checkbox"/> Continuing Education <input type="checkbox"/> Research <input type="checkbox"/> Teaching Resources <input type="checkbox"/> International Relations <input type="checkbox"/> Information Technology <input type="checkbox"/> Outstanding Dissertation Award <input type="checkbox"/> Outstanding Educator Award <input type="checkbox"/> Publications <input type="checkbox"/> Strategic Planning <input type="checkbox"/> Membership. Indicate: <input type="checkbox"/> United States <input type="checkbox"/> Outside U.S. (country: _____) | <p style="text-align: center;">Regional Program</p> <hr/> <input type="checkbox"/> Northeast Region <input type="checkbox"/> Mid-Atlantic Region <input type="checkbox"/> Ohio Region <input type="checkbox"/> Midwest Region <input type="checkbox"/> Southeast Region <input type="checkbox"/> Southwest Region <input type="checkbox"/> Western Region |
|--|--|

Name _____

Affiliation _____

Address _____

Phone: _____ Fax: _____

Email: _____

JOURNAL OF INTERNATIONAL ACCOUNTING RESEARCH

Call for Papers

Editor: R. S. Olusegun Wallace King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia

Associate Editors: Terence E. Cooke University of Exeter, Devon, England
O. Finley Graves Kansas State University, U.S.A.
Mark H. Lang The University of North Carolina at Chapel Hill, U.S.A.
Gary K. Meek Oklahoma State University, U.S.A.
Grace Pownall Emory University, U.S.A.
Shahrokh Saudagaran Oklahoma State University, U.S.A.
Donna L. Street James Madison University, U.S.A.

Book Review Editor: Wayne Thomas University of Oklahoma, U.S.A.

Editorial Policy

Journal of International Accounting Research publishes articles that increase our understanding of the development and use of International Accounting and reporting practices or attempt to improve extant practices. International Accounting is broadly interpreted to include the reporting of international economic transactions; the study of differences among practices across countries; the study of interesting institutional and cultural factors that shape practices in a single country but have international implications; and the effect of International Accounting practices on users. The *Journal* has a diverse readership and is interested in articles in auditing, financial accounting, managerial accounting, systems, tax, and other specialties within the field of accounting. The *Journal* is open to research using a wide variety of research methods, including empirical-archival, experimental, field studies, and theoretical. The importance of the findings and the rigor of the analyses are the factors that determine acceptability. The *Journal* may include sections for Notes (shorter articles) and Commentaries. Education articles should be sent to a journal such as *Issues in Accounting Education*.

All manuscripts are sent to two reviewers, although one or more additional reviewers may be consulted in some instances. Reviews will be double-blind (i.e., to both the author and reviewer). A strong effort will be made to complete the initial review within two to three months. The review process is intended to provide constructive comments that improve the quality of manuscripts by focusing on critical issues. The editorial team recognizes that the nuances of a paper are better left to the authors.

Submission of Manuscripts

1. Manuscripts currently under consideration by another journal or other publisher should not be submitted. At the time of submission, the author must state that the work is not submitted or published elsewhere.
2. To expedite the process, an electronic submission and review process can be employed. To preserve anonymity, place the cover page and the remainder of the document in separate Word or PDF files. In the case of manuscripts reporting on field surveys or experiments, the instrument (e.g., questionnaire, case, and interview plan) should also be submitted in a separate file, with identity of the author(s) deleted. Email the cover page, manuscript, and, if applicable, the instrument as attached files to R. S. Olusegun Wallace, editor, at: wallace@kfupm.edu.sa The submission fee is \$25.00 in U.S. funds for members of the AAA International Section, or \$50.00 for others, made payable to the American Accounting Association. The submission fee is nonrefundable. To charge the fee, access the AAA web site at:

<https://rarc.rutgers.edu/aaa/jiarsubmit.htm>

Please indicate in the email that you have charged the fee. Alternatively, the submission fee may be paid by check, payable to the American Accounting Association, and mailed to:

R. S. Olusegun Wallace, Editor
Journal of International Accounting Research
King Fahd University of Petroleum & Minerals
KFUP Box 1995
Dhahran 31261, Saudi Arabia

(continued on page 12)

Journal of International Accounting Research—Call for Papers (continued from page 11)

3. If electing to submit hardcopies, four copies of manuscripts should be mailed to R. S. Olusegun Wallace at the address above. In the case of manuscripts reporting on field surveys or experiments, four copies of the instrument (e.g., questionnaire, case, interview plan) should be submitted. Information that might identify the author(s) must be deleted from the instrument. The submission fee should be enclosed or charged at the AAA web site (per above).
4. Revised manuscripts must be submitted within 12 months from request; otherwise they will be considered new submissions.

Books for review should be sent to the Book Review editor:

Dr. Wayne Thomas
School of Accounting
Price College of Business
307 W. Brooks, #200
University of Oklahoma
Norman, OK 73019-4004

Scholars interested in reviewing books are requested to forward their names and particular interests to the Book Review editor.

Manuscript Preparation and Style

These practices are based on *The Accounting Review*. The primary difference is the acceptability of international standard size A4 paper and a 150-word abstract. For initial submission, any widely used style is acceptable.

ASIAN ACADEMIC ACCOUNTING ASSOCIATION (4A) CALL FOR PROPOSALS FOR JOURNAL EDITOR

The Asian Academic Accounting Association (4A) was formed in 1998 to improve accounting education and research in Asia by providing a forum for accounting educators in Asian universities. It held its inaugural conference in Singapore in August 2000. Future conferences will be held in Penang, Malaysia (September 2001) and Nagoya, Japan (October 2002).

The 4A Executive Committee is seeking proposals for a founding editor for the Association's research journal, *Asian Accounting Research*. The founding editor will serve an initial three-year term. The proposal should include a complete resumé of a leading scholar who would serve as the founding editor. The proposal should be accompanied by letters of support from the individual's department head and dean. We anticipate that the editor will need release time, services of an administrative assistant, some physical facilities and equipment, and a budget for travel and communications. In addition to the individual's scholarly record, the support provided by the nominee's university would constitute an important element of the proposal.

Please submit proposals to the 4A Secretary General by **April 30, 2001:**

Professor Shahrokh M. Saudagaran
Secretary General, 4A
Head, School of Accounting
Oklahoma State University
Stillwater, OK 74078, U.S.A.

THIRTEENTH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES

Co-Sponsored by

Faculdade de Economia Administracao e Contabilidade
The Sid Craig School of Business
Universidade de Sao Paulo and California State University, Fresno

Sao Paulo, Brazil

Fresno, California, U.S.A.

October 28-30, 2001
Rio de Janeiro, Brazil

The Thirteenth Asian-Pacific Conference on International Accounting Issues will be held on October 28-30, 2001 in Rio de Janeiro, Brazil. The main theme of the conference is "Emergence of the New Economy: Challenges for Accounting Education and Practice." 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 12 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); Melbourne, Australia (1999); and Beijing, China (2000). Over 350 participants from 35 countries attended our Beijing conference.

Papers may be submitted in English, Portuguese, or Spanish. Detailed information regarding the upcoming conference (Thirteenth Asian Pacific 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 Inter-Continental in Rio de Janeiro, a 5-star hotel.
Rate for single/double occupancy is U.S.\$130.

For more information please contact:

Professor Ali Peyvandi or Professor Benjamin Tai
Asian-Pacific Conference on International Accounting Issues

Phone: (559) 278-2921

Phone: (559) 278-2852

The Sid Craig School of Business
California State University, Fresno
5245 North Backer Avenue
Fresno, California 93740-0007, U.S.A.

Phone: (559) 278-2217

Fax: (559) 278-7336

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

Or

Prof. Dr. Edson Luiz Riccio
Faculdade de Economia Administracao e Contabilidade
Universidade de Sao Paulo—USP
Av. Prof. Luciano Gualberto 908—FEA 3
CEP(ZIP) 05 508-900
Sao Paulo, Brazil

Phone: 55-11-818 5820 Ext.185

Fax: 55-11-813 0120

Email: elriccio@usp.br

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

CALL FOR PAPERS

EIGHTH ANNUAL MIDYEAR AUDITING SECTION CONFERENCE

Call for Submissions

The Eighth Annual Midyear Auditing Section Conference will be held in **Orlando, Florida** on **January 17-19, 2002**. CPE sessions will be held on the afternoon of January 17. The remainder of the conference will consist of keynote, plenary, and concurrent sessions dealing with a wide variety of contemporary topics related to audit, attestation and assurance practices, education, and research. You are encouraged to contribute to the program through submissions of auditing/attestation/assurance research and education papers, and special session proposals.

The conference will be held at the **Hotel Royal Plaza in the Walt Disney World Resort**. The hotel is located in the highly desirable Downtown Disney Resort area. There is complimentary transportation to all Disney World attractions.

Submission Guidelines

Research papers should follow the style guidelines of *Auditing: A Journal of Practice & Theory*. Other submissions should take an appropriate form to permit review of their originality, quality, and usefulness. Submissions are not eligible for consideration if they (1) have been published or accepted for publication, (2) were presented at the 2001 American Accounting Association (AAA) Annual Meeting, or (3) were presented at more than one AAA regional meeting or other academic conference. Papers presented at the Research Forum of the AAA Annual Meeting are eligible for consideration. It should be noted that papers accepted for presentation at the 2002 Midyear Auditing Section Conference can also be submitted for presentation at the AAA Annual Meeting scheduled for August 2002.

Abstracts only will be published in the proceedings booklet. By December 1, 2001, authors of accepted submissions are expected to provide the designated session discussant with a final printed copy. Instructions for placing accepted papers on the Section's web site will be included in acceptance letters.

Submission Deadline

Four copies of submissions must be received by **September 1, 2001** to be considered for the program. Early submission is highly encouraged. Any questions should be addressed to:

Jeffrey R. Cohen
Carroll School of Management
Boston College
Chestnut Hill, MA 02467
Phone: (617) 552-3165
Fax: (617) 552-2097
Email: cohen@bc.edu

Visit our web site:
www.polyu.edu.hk/cafr2c

THE SECOND CHINA ACCOUNTING AND FINANCE REVIEW INTERNATIONAL CONFERENCE

May 25-27, 2001
Beijing, China

Organized by

Department of Accountancy, The Hong Kong Polytechnic University
Department of Accounting, Tsinghua University

CALL FOR PAPERS & PARTICIPATION

The Second China Accounting and Finance Review International Conference will bring together world-renowned accounting and finance academics and practitioners. At this historic juncture, as the old century gives way to the new, as China deepens its economic reform and prepares itself for imminent accession to the World Trade Organization, the Second CAFR Conference represents an opportune occasion for academics, practitioners, and policymakers to gather to explore and exchange views on China's accounting, auditing, taxation, financial management, and securities markets, as well as the restructuring of its state-owned enterprises.

Details of the Conference are as follows:

Venue: Tsinghua University/National Accounting Institute, Beijing, China

Keynote Speakers: World-renowned finance and accounting academics, including Prof. Ray Ball, Graduate School of Business, University of Chicago

Conference Registration Fee: U.S.\$250 per delegate
(includes reception, three luncheons, two dinners, and snacks)

More detailed information about the Conference and the registration form can be downloaded from our web site: <http://www.polyu.edu.hk/cafr2c>

Registration Deadline: April 15, 2001

For more information please contact:

Dr. Gongmeng Chen
Conference General Secretary
Department of Accountancy
The Hong Kong Polytechnic University

Phone: (852) 2766 4359
Phone: (852) 2766 7070
Fax: (852) 2764 2340
email: ac2cafr@inet.polyu.edu.hk

Or

Dr. Chen Xiao
Department of Accounting
School of Economics and Management
Tsinghua University

Phone: (8610) 6278 9863
Fax: (8610) 6728 3540
email: chenx@em.tsinghua.edu.cn

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 American Accounting Association or fax a signed photocopy to (941) 923-4093.

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