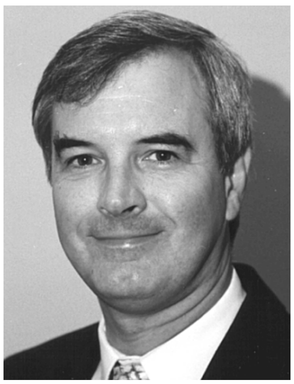
INTERNATIONAL ACCOUNTING SECTION of the American Accounting Association

FORUM
INTERNATIONAL ACCOUNTING

EDITOR: Don Herrmann
Oklahoma State University

NO. 75 SPRING 2002

Chairperson's Message


David Sharp

The International Section continues to enjoy a successful year—but how, you may ask, should success be defined? I define "success" as providing useful services to its members. In that respect, several members of the section have been working hard to deliver valuable services for the rest of us. I would like to highlight two of them in this message.

The first was our annual Midyear Meeting, held this year in mid-January in Ft. Lauderdale. Over the last half-dozen years or so that we have provided a midyear meeting, it has, for me anyway, become a must-attend event, for several reasons. The first reason is the high quality of speakers from the world of international practice. As in recent years, the first afternoon was particularly valuable for those of us who are not directly involved in the day-to-day practice of global financial reporting, but who still have to keep current for our classes. It was devoted to plenary sessions at which we were treated to several perspectives on convergence from speakers with experience of both European and North American practice. This year, we heard from Pat Edgar, the section's new Vice President–Practice. As a partner with KPMG, Pat recently returned to the U.S. from several years of working in the firm's European practice, which provided for us a wealth of insights into current European financial reporting, and the progress of convergence of standards. Tom Jones, Vice Chair of the IASB provided an update on International Standards; Charles Heeter, a member of the IFAD Global Steering Committee reviewed progress on the implementation of the IFAD Quality of Financial Reporting Vision; and a panel, chaired by David Cairns of LSE, consisting of Jim Sylph (IFAC), Tom Jones, Pat Edgar, and Professor Martin Glaum of Giessen University, provided vivid illustrations of just how far compliance with IFRSs still has to go in Europe.

A second reason is that the conference is a great networking opportunity. We don't have the large crowds of the national Annual Meeting, and everyone there is interested in International Accounting. There is plenty of time and opportunity for everyone to meet—your time is not wasted looking for someone! This is a particularly valuable opportunity for those at the start of their academic careers—doctoral students (some of whom the meeting is able to partially sponsor) and junior faculty—who can readily meet with more seasoned researchers.

A third reason is the sponsorship—all who attended benefited from the generous sponsorship of the KPMG Foundation, and the Center for International Education and Research in Accounting at the University of Illinois. On behalf of everyone attending, I would like to record the Section's thanks for our sponsors' generosity.

The other service provided to the membership that I wish to highlight is the Section's new journal—the *Journal of International Accounting Research*. The editor, Professor Segun Wallace, reported at the Midyear Meeting that he had received several promising new manuscripts in the preceding few months, so the pipeline is filling up nicely, and that the review process is going smoothly. We strongly believe that this journal should meet the same high academic standards of other AAA section journals, so that it will provide a highly reputable outlet for the membership's research. Running a journal takes a great deal of volunteer effort—from the editorial board and reviewers and the resources of the editor's institution. I would like to thank all those involved in building our new journal, and recognize the generous support that our journal has enjoyed from King Fahd University of Petroleum & Minerals.

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International Accounting Forum
Published Triannually
American Accounting Association
5717 Bessie Drive
Sarasota, FL 34233-2399

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

That brings me to my final request. The success of the Section depends on the commitment of its members. Now I know most of us face tight budgets, heavy teaching loads, and high research expectations. Elsewhere in this issue of our newsletter is a call for nominations for various committees that get the work of the Section done. I would like to ask every member to think about what you might do to become involved—it does not take much time, if enough people help. So think of the "call for nominations" as a "call for volunteers"—it is addressed to you!

I wish you a productive remainder of the academic year.

INTERNATIONAL ACCOUNTING SECTION *FORUM* DEADLINES FOR 2002

Summer 2002 Issue–May 1, 2002
Fall 2002 Issue–September 1, 2002

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:

Don Herrmann, *Forum* Editor
418 Business Building
Oklahoma State University
Stillwater, OK 74078
Phone: (405) 744-8606
Fax: (405) 744-5180

WHAT DOES THE INTERNATIONAL ACCOUNTING SECTION DO? WHICH COMMITTEES AND POSITIONS ARE INVOLVED?

The International Accounting Section—

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

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

Organizes international accounting continuing education seminars at AAA annual and regional meetings:

- Continuing Education Committee

Sponsors and organizes a 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 bylaws)
- Nominations Committee (responsible for nominating executive board members)
- Section Historian (responsible for preserving the history of the Section)
- Strategic Planning Committee (responsible for obtaining input from Section membership to develop long-range plan)

CALL FOR MEMBERS TO SERVE ON IAS COMMITTEES FOR 2002–2003

Below is a list of IAS committees for the period August 2002 to August 2003. Section members interested in serving on a committee should complete the form and send it to the address below:

Ajay Adhikari
Kogod School of Business
American University
4400 Massachusetts Ave., NW
Washington, D.C. 20016-8044
Phone: (202) 885-1993
Fax: (202) 885-1992
Email: aadhika@american.edu

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

_____ Annual Program

_____ Midyear Meeting

_____ Continuing Education

_____ Research

_____ Teaching Resources

_____ International Relations

_____ Information Technology

_____ Outstanding Dissertation Award

_____ Outstanding Educator Award

_____ Publications

_____ Strategic Planning

_____ Membership–Indicate: _____ United States _____ Outside U.S. (country:___________________________)

Regional Program

_____ Northeast Region

_____ Mid-Atlantic Region

_____ Ohio Region

_____ Midwest Region

_____ Southeast Region

_____ Southwest Region

_____ 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

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

3. If electing to submit hard copies, 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.

Program for the AAA INTERNATIONAL ACCOUNTING SECTION MIDYEAR MEETING Held Jointly with CIERA

Fort Lauderdale, Florida: January 11–12, 2002
Funding Provided by
THE KPMG FOUNDATION

FRIDAY, JANUARY 11

Officers and Committee Chairs Meeting
Friday 9:00 AM – 10:30 AM

Breakfast provided by Embassy Suites for registered guests

11:30 AM – 1:00 PM Lunch

PLENARY SESSIONS
Moderator, Pat Edgar KPMG

Plenary Session #1
1:00 PM – 1:45 PM
Tom Jones, Vice Chair IASB

Plenary Session #2
1:45 PM – 2:30 PM
Charles Heeter, Andersen and Member of Global Steering Committee

"Improving the Quality of Financial Reporting Worldwide: Progress in Implementing the IFAD Vision"

Plenary Session #3
2:45 PM – 3:30 PM
Pat Edgar, KPMG and Vice Chair–Practice, AAA International Accounting Section

"International Practice Issues – The Need for Regulatory Oversight"

Plenary Session #4 – Panel Presentation
3:30 PM – 5:00 PM
"Compliance with International Accounting Standards: Current Practice – Future Prospects"

Panel Chair: David Cairns, London School of Economics

Panel Members: Jim Sylph (IFAC), Tom Jones (IASB), Pat Edgar (KPMG), and Martin Glaum (Giessen University)

6:00 PM – 8:00 PM
Reception, Host CIERA

SATURDAY, JANUARY 12

Breakfast Provided by Embassy Suites for registered guests

8:30 AM – 10:00 AM Competitive Paper Session #1
Session A: International Accounting Research by Doctoral Students
Moderator: Bruce Behn, University of Tennessee

Foreign Registrants, Foreign Operations, and AAERs
Karen Maguire, Ph.D. Student, University of Florida

An Examination of Timeliness of Corporate Financial Reporting: Empirical Evidence from the Stock Exchange of Thailand
Kriengkrai Boonlert-U-Thai, Ph.D. Student; Dennis H. Patz; and Shahrokh M. Saudagaran, All of Oklahoma State University

Session B: Income Shifting and Geographic Disclosures
Moderator: Nancy B. Nichols, James Madison University

Kingsley O. Olibe, Ken Harmon, both of Middle Tennessee State University; and Zabihollah Rezaee, The University of Memphis

Taxes, Keiretsu Affiliation, and Income Shifting
Jeffrey D. Gramlich, University of Hawaii; Piman Limpaphayom, Asian University of Science and Technology; and S. Gohn Rhee, University of Hawaii

The Impact of Competitive Harm on the Level of Detail in Geographic Area Disclosures under SFAS No. 131
George T. Tsakumis, Timothy S. Doupnik, both of University of South Carolina; and Larry P. Seese, East Carolina University

10:15 AM – 11:45 AM Competitive Paper Session #2 and International Tax Panel

Session A – Earnings and Market Reactions in International Markets
Moderator: R. S. Olusegun Wallace, King Fahd University of Petroleum & Minerals

Earnings, Book Value, and Stock Price Relations: An International Study
Li Li Eng, Shengchun Li, and Y. T. Mak, all of the National University of Singapore

Financial Statement Information Analysis in Chinese Stock Market
Yu Xin, Chinese University of Hong Kong

The Effects of Investor Informativeness and Earnings Persistence on the Japanese Subsidiary Earnings Anomaly
Don Herrmann, Oklahoma State University; Tatsuo Inoue, Kwansei Gakuin University; and Wayne B. Thomas, University of Oklahoma

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International Accounting Section Midyear Meeting *(continued from page 5)*

Session B – Impacts of Culture in International Accounting
Moderator: Richard J. Briston, The University of Hull

Examining the Role of Culture and Acculturation in Information Sharing
Stephen B. Salter, University of Cincinnati and Axel K–D. Schulz, The University of Melbourne

The Impact of Changes in Governance Body on the Managerial Decisions: Evidence from the Large Russian Companies
Victoria Krivogorsky, Morgan State University and John Eihenseher, University of Wisconsin–Madison

A Framework to Explain Deep and Surface Study Behaviors of Accounting Students
Hiewu Su, National Dong Hua University; Dennis W. Taylor, Curtin University of Technology; and Tungshan Chou, National Hualien Teachers College

Session C – International Tax Panel
Opening the Border to U.S. and Mexican Trucking Companies: The Impediments and the Associated Tax Implications
Panel Participants: Mitch McGhee, The University of Tennessee at Martin and Jim Giermanski, Belmont Abbey College

11:45 AM – 1:00 PM Lunch
Speaker: Bea Sanders, AICPA
"IFAC's Education Committee and Its Changing Role"

1:15 PM – 2:45 PM Competitive Paper Session #3
Session A – Disclosure Issues
Moderator: Ervin Black, Brigham Young University

Voluntary Disclosures and Non-U.S. Firms Mergers and Acquisitions
Hollis Ashbaugh, University of Wisconsin–Madison and Paquita Davis-Friday, University of Notre Dame

The Relationship of Corporate Nonfinancial Disclosure Practices and Financial Analyst Behavior across Three European Countries
Ann Vanstraelen, University Maastricht; Marilyn Zarzeski, University of Mississippi; and Sean W.G. Robb, University of Toronto

Accounting Disclosure Judgment in China
Joseph J. Schultz, Jr., Arizona State University and Yunwei Tang, Ernst & Young Dahua

Session B – Earnings Management Issues
Moderator: Teresa Conover, University of North Texas

Earnings Management: Some International Evidence
Cheryl L. Fulkerson, Scott B. Jackson, both at The University of Texas at San Antonio and Gary K. Meek, Oklahoma State University

An Investigation of Investors' Use of Reported Cash Flow and Accrual Information for Eight Countries
Joan Hollister, Marist College and Victoria Shoaf, St. John's University

The Japanese Market for Corporate Control—An Event Study of Domestic and Foreign Acquisitions by Japanese Bidders
Huong Ngo Higgins, Worcester Polytechnic Institute

Session C – Risk Disclosure in Germany
Regulating Risk Disclosure in Germany—A Leap into the Unknown
Martin Glaum, Giessen University

3:00 PM – 4:00 PM Research Forum
Session A
Moderator: Robert Larson, University of Dayton

International Convergence of Accounting Practices: Choosing between IASs and U.S. GAAP
Ann Tarca, Ph.D. Student, University of Western Australia

Theory Leading Accounting Practice: World Order and Uniform Accounting Standards
Ratnam Alagiah, Griffith University

Session B – The Role of Management in Transitional Economies
Moderator: Obeua Persons, Rider University

The Long-Run Success of Cross Border Mergers and Acquisitions

The Impact of the Financial Reporting Review Panel on the Independence of Auditors in the U.K.
Stella Fearnley, Tony Hines, Karen McBride, and Richard Brandt, Portsmouth Business School

The Relationship between Returns and Unexpected Earnings: A Global Analysis by Accounting Regimes
Mark Myring, Ball State University

6:00 PM – 8:00 PM
Closing Reception

Note: The following three papers were accepted and included in the above program, but were not presented at the conference:

Financial Statement Information Analysis in Chinese Stock Market
Yu Xin, Chinese University of Hong Kong

The Japanese Market for Corporate Control—An Event Study of Domestic and Foreign Acquisitions by Japanese Bidders
Huong Ngo Higgins, Worcester Polytechnic Institute

A Framework to Explain Deep and Surface Study Behaviors of Accounting Students
Hiewu Su, National Dong Hua University; Dennis W. Taylor, Curtin University of Technology; and Tungshan Chou, National Hualien Teachers College

AMERICAN ACCOUNTING ASSOCIATION
INTERNATIONAL ACCOUNTING SECTION
2002 MIDYEAR EXECUTIVE BOARD, COMMITTEE CHAIRS, AND EDITORS MEETING

FT. LAUDERDALE, FLORIDA, FRIDAY, JANUARY 11, 2002, 9:00 AM

Members Present: David J. Sharp, Chairperson
Ajay Adhikari, Vice Chairperson–Academic
Pat Edgar, Vice Chairperson–Practice
Robert K. Larson, Secretary
Bruce Behn, Treasurer
David Senteney, Annual Program Chair
Hollis Ashbaugh, Continuing Education Chair
J. Timothy Sale, Information Technology Chair (Webmaster)
Donna Street, Midyear Meeting Chair
Nancy B. Nichols, Midyear Meeting Co-Chair
Rick Niswander, Midyear Meeting Co-Chair
R. S. Olusegon Wallace, Editor, *Journal of International Accounting Research*
Don Herrmann, Editor, *Forum* (Section Newsletter)
Thomas (Mitch) McGhee, Teaching Resources Chair
Paquita Friday, Outstanding International Accounting Dissertation Award Chair

Meeting called to order by Sharp.

1. Adoption of agenda. Sharp asked that the agenda be adopted. Agenda was approved.
2. Reports/comments of Officers
   Treasurer's Report. Behn reported that the section was in good financial health. The balance for the section has increased, but that will be reduced when the expenses for the Midyear Meeting are received.
3. Reports of Committee Chairs and Editors
   A. Midyear Meeting. Street reported that 55 people had preregistered for the 2002 Midyear Meeting in Ft. Lauderdale, FL. About 40 papers were submitted to the conference. All agreed that a great program had again been arranged. The *Forum* will list the Midyear Meeting's program and will also note any papers accepted but not presented.
   B. Section Journal. Wallace gave a very positive report about the journal. In 2001, about 33 papers were submitted to the journal. While none have been accepted, 11 were sent back for revisions. Four papers have already been received in 2002. Wallace stated that the journal has received many good papers. Given these events and a probable timeline, it appears that the first issue of the journal may be ready by August 2002. Wallace also noted that additional associate editors and editorial board members have been added to help handle the large number of paper submissions.
   C. Annual Program. Senteney stated that he is unsure how many sessions the section will be allocated. National appears to be planning to drop one concurrent session from each section in order to sponsor a series of open forums. This year we are also using an online submission, review, and notification process for the first time. While no final numbers are available yet, the number of papers submitted should be between 50 and 60. Also, between 50 and 60 reviewers have been lined up. Preliminary plans are to have one discussant for each paper session. National has been suggesting that each section only use one reviewer for each paper given concerns about the limitations of the online system. Senteney asked for feedback. The general feeling seemed to be that it was much better to assign each paper to two or three reviewers. There was also a discussion regarding the luncheon speaker at the Section's luncheon in San Antonio.
   D. Continuing Education. Ashbaugh reported that there were no new CPE submissions and that, therefore, the same International Accounting CPE sessions will most likely be held again at the national meeting.
   E. Information Technology. Sale said he continues to maintain and update the section web site and to contact him if you have ideas of what should be on the web site.

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IAS 2002 Midyear Executive Board, Committee Chairs, and Editors Meeting *(continued from page 7)*

F. Nominations. Sharp (for Doupnik) reported that the call for nominations was posted in the *Forum*. Currently, only two nominations (both for Vice Chair–Academic) had been received. Sharp requested all present to send in nominations.

G. Outstanding Dissertation Award. Friday reported that the call for submission has gone out, including the posting in the *Forum*. Review of submissions will begin in February.

H. Section Historian. Friday (for Rueschhoff) reported that the Historian's web page has been updated and linked to the Section's web page.

4. Other business. There was a discussion about the Gift Membership Program.
5. The meeting adjourned at 10:15 AM.

NEW DIRECTIONS FOR ACCOUNTING-ETHICS RESEARCH SEVENTH SYMPOSIUM ON ETHICS RESEARCH IN ACCOUNTING

CALL FOR PAPERS: MARCH 1, 2002

The Professionalism and Ethics Committee of the AAA invites papers for the Seventh Symposium on Ethics Research in Accounting, which will be held immediately preceding the 2002 AAA Annual Meeting in San Antonio. Because of the current importance of the issue, we hope to devote at least one session to focus on new directions for accounting ethics research. We also welcome papers examining any other aspect of ethics in accounting. At the author's discretion, papers will also be considered for publication in either *Research on Accounting Ethics* OR *Accounting and the Public Interest*, which is a new journal published by the Public Interest Section of the AAA. We are especially interested in encouraging Ethics Research by our new Ph.D. students. We will present an award for the best paper submitted by a Ph.D. student to the symposium.

Scope and Aims of Symposium

The purpose of the symposium is to explore new frontiers of ethics research in an accounting context. The symposium will provide an opportunity for researchers and practitioners interested in ethics in an accounting setting to discuss recent research, exchange information, to network, and to discuss emerging issues encountered in practice. Both presentation and forum sessions will be included in the program.

Location and Dates

The symposium will be held in San Antonio immediately prior to the AAA Annual Meeting. The meetings will be held in the main convention hotel, or within a convenient walking distance from the hotel.

Details for Paper Submission

One (1) copy of the completed manuscript should be transmitted as an attached Microsoft Word® file to Dick Bernardi (rbernardi@rwu.edu) on or before March 1, 2001. To preserve the anonymity of the review process, please remove any references to authors on the cover page and in the body of the paper.

A nonrefundable submission fee of U.S.$10 (made payable to the American Accounting Association) should be submitted concurrently to:

Richard Bernardi
Gabelli School of Business
Roger Williams University
One Old Ferry Road
Bristol, Rhode Island
02809-2921
rbernardi@rwu.edu
Phone: (401) 254-3672
Fax: (401) 254-3545

Please indicate in your submission cover letter whether you want your submission to be concurrently considered for publication in either *Research on Accounting Ethics* OR *Accounting and the Public Interest*. Professor Bill Schwartz (Editor of *Research on Accounting Ethics)* and Professor Jesse Dillard (Editor of *Accounting and the Public Interest)* have graciously waived the journal submission fee.

FT Knowledge
FINANCIAL TIMES

INTERNATIONAL ACCOUNTING and TAX SEMINARS
USA, 2002

The following events will be held in the USA in 2002. Others are likely to be added for the Fall. Program details are published on http://www.iaseminars.com as soon as they are available.

New York International Tax Seminars (June 3–7, 2002)

Understanding current tax practice and planning opportunities in:
June 3: USA
June 4: U.K./Canada
June 5: Europe
June 6: Latin America
June 7: Asia/Australia

Miami International Accounting Seminars (September 23–27, 2002)

September 23: Global Accounting Convergence (IAS vs. U.S. GAAP)
September 24: Accounting for Derivatives and Other Financial Instruments
September 25–26: Review of U.S. GAAP (two-day course)
September 27: A Foreign Registrant's Guide to the U.S. Capital Markets and SEC Regulations

Pricing

Number of Days		Saving
1	U.S.$749	
2	U.S.$1,398	U.S.$100
3	U.S.$2,047	U.S.$200
4	U.S.$2,696	U.S.$300
5	U.S.$3,245	U.S.$500

For further information, please contact the program consultants:

International Accounting Seminars Ltd.
62 Salusbury Road
London NW6 6NP
Tel: +44 20 7372 0224
Fax: +44 870 122 5784
Email: marc@iaseminars.com
Web Site: http://www.iaseminars.com

AAA members will receive a 25 percent discount off the full brochure price. Interested parties should contact AAA member Marc Gardiner via web site http://www.iaseminars.com

HAVE YOU SEEN...?

Wayne B. Thomas, University of Oklahoma

Editorial Note: If you have an abstract or know of an abstract that would be of interest to the members of the AAA International Accounting Section, please email the reference information and abstract to Wayne Thomas at wthomas@ou.edu.

Doupnik, Timothy S., and Larry P. Seese, "Geographic Area Disclosures under SFAS No. 131: Materiality and Fineness," *Journal of International Accounting, Auditing and Taxation* (Vol. 10 No. 2. 2001): 117–138.

This paper describes and evaluates certain aspects of the enterprise-wide geographic area disclosures provided by *Fortune* 500 companies in the implementation of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The first objective of this study is to determine how companies are complying with the materiality criterion of SFAS No. 131 for determining when an individual country is reportable. The second objective is to evaluate whether foreign operation disclosures provided by companies in accordance with SFAS No. 131 result in a finer set of information than was provided under SFAS No. 14. The results suggest that there is considerable diversity among companies in the way that materiality is defined, with a majority of companies that provide country-level disclosures using quantitative thresholds less than 10 percent. For a large percentage of companies, the information provided under SFAS No. 131 appears to be finer than the information provided under SFAS No. 14. However, a significant minority of companies has taken a step backward in this regard.

Bergström, Clas, and Ellen Tang, "Price Differentials between Different Classes of Stocks: An Empirical Study on Chinese Stock Markets," *Journal of Multinational Financial Management* (Vol. 11 No. 4-5, 2001): 407–426.

This paper investigates the effect of strict segmentation on pricing in the context of the Chinese stock markets. The paper demonstrates that information asymmetry between foreign investors and domestic investors, liquidity effects, diversification effects, clientele bias, risk-free return differentials between foreign and domestic investors, and foreign exchange risks are significant factors in explaining discounts on shares that can only be owned by foreign investors.

Buch, Claudia M., and Stefan M. Golder, "Foreign versus Domestic Banks in Germany and the U.S.: A Tale of Two Markets?" *Journal of Multinational Financial Management* (Vol. 11 No. 4-5, 2001): 341–361.

Regarding the market shares of foreign banks, Germany and the U.S. seem to represent two polar cases. While Germany is well integrated into international capital flows, market shares of foreign banks are among the lowest of industrialized countries. In the U.S., by contrast, where branching restrictions have hampered the regional expansion of (domestic and foreign) banks until recently, foreign banks still hold substantially larger shares of the commercial banking market. This paper analyzes whether markets serviced by domestic and foreign banks in the two economies are segmented. We find evidence for an incomplete integration of markets serviced by foreign and domestic banks both in the U.S. and in Germany and large regional disparities of market shares of foreign banks in the U.S.

Citron, David B., "The Valuation of Deferred Taxation: Evidence from the U.K. Partial Provision Approach," *Journal of Business Finance and Accounting* (Vol. 28 No. 7/8): 821–852.

The U.K. provides a virtually unique environment in which to examine the information content of the partial provision approach to deferred tax accounting. In addition, this issue is of particular interest to U.K. accounting standard setters in light of trends toward international accounting standard harmonization. Taking the total amount of deferred taxation to be equal to the partial balance sheet provision plus the potential portion appearing in the notes, this study tests the relationship between these various deferred tax components and market value. It also examines the economic rationale for the potential portion. It finds that, while the full amount of deferred taxation is not valued by the market as a liability, there is evidence of the partial balance sheet provision being so valued.

Claus, James, and Jacob Thomas, "Equity Premia as Low as Three Percent? Evidence from Analysts' Earnings Forecasts for Domestic and International Stock Markets," *The Journal of Finance* (Vol. 56 No. 5, 2001): 1629–1666.

The returns earned by U.S. equities since 1926 exceed estimates derived from theory, from other periods and markets, and from surveys of institutional investors. Rather than examine historic experience, this study estimates the equity premium from the discount rate that equates market valuations with prevailing expectations of future flows. The accounting flows projected are isomorphic to projected dividends but use more available information and narrow the range of reasonable growth rates. For each year between 1985 and 1998, it is found that the equity premium is around 3 percent in the U.S. and five other markets.

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Have You Seen...? *(continued from page 10)*

Cooke, Sarah, Laurence Rivat, Martin Faarborg, and Paul Pacter, "Accounting Standards," *International Tax Review* (July 2001): 27–36.

It is unclear how tax authorities will respond to the globalization of accounting standards. For example, the recent trend in the U.K. has been for tax accounting standards to move closer to U.K. GAAP. It remains to be seen, however, whether the tax rules will evolve in accord with International Accounting Standards (IAS). It is possible that the link between accounts and tax will not be sustained, particularly because the trend in IAS toward a universal fair value approach could lead to extremely volatile tax liabilities. This article summarizes recent developments relating to IAS, with particular emphasis on the insurance industry, and reviews accounting developments in selected countries.

Dye, Ronald A., and Shyam Sunder, "Why Not Allow FASB and IASB Standards to Compete in the U.S.?" *Accounting Horizons* (Vol. 15 No. 3, 2001): 257–271.

This paper discusses arguments for and against introducing competition into the accounting standard-setting process in the U.S. by allowing individual corporations to issue financial reports prepared in accordance with either FASB or IASB rules. The paper examines several arguments supporting the status quo, including: (1) the FASB's experience and world leadership in making accounting rules; (2) the increased risk of a "race to the bottom" under regulatory competition; (3) the inability of most users of financial reports to understand the complex technical issues underlying accounting standards; (4) the possibility that IASB's standards will be diluted to gain international acceptance, allowing additional opportunities for earnings management; (5) the risks of the IASB being deadlocked or captured by interests hostile to business; (6) the costs of experimentation in standard setting; and (7) economies from network externalities. Arguments examined on the other side include how competition will (1) help meet the needs of globalized businesses; (2) increase the likelihood that the accounting standards will be efficient; (3) help protect standard setters from undue pressure from interest groups; (4) allow different standards to develop for different corporate clienteles; (5) allow corporations to send more informative signals by their choice of accounting standards; (6) protect corporations against capture of regulatory body by narrow interests; and (7) not affect network externalities at national or global scales.

Gemba, Kiminori, and Fumio Kodama, "Diversification Dynamics of the Japanese Industry," *Research Policy* (Vol. 30 No. 8, 2001): 1165–1184.

The diversification dynamics of R&D activities and business of Japanese industry was analyzed. The diversification of R&D activities developed in many industries during the 1980s but did not develop well during the early 1990s. There were some industries of which diversification in business developed just as it followed their R&D activities. The direction of diversification in R&D activities and business was also analyzed. It was found that the direction of diversification for high-tech and scale-intensive industries was downstream. Furthermore, the relationship between "diversification" and "performance" was analyzed using quantitative methods. The analysis showed that profitability dropped generally in industries that were highly diversified in unrelated fields. On the other hand, the progression of diversification in unrelated fields contributed to high sales growth. In addition, according to the results of the case study and quantitative analysis, it was found that diversification strategy that expanded into downstream activities with core technology or core component technology contributed to increased profitability.

Goergen, Marc, and Luc Renneboog, "Investment Policy, Internal Financing and Ownership Concentration in the U.K.," *Journal of Corporate Finance* (Vol. 7 No. 3, 2001): 257–284.

This paper investigates whether investment spending of firms is sensitive to the availability of internal funds. Imperfect capital markets create a hierarchy for the different sources of funds such that investment and financial decisions are not independent. The relation between corporate investment and free cash flow is investigated using the Bond and Meghir (*Review of Economic Studies* 61 [1994a, 197]) Euler-equation model for a panel of 240 companies listed on the London Stock Exchange over a six-year period. This method allows for a direct test of the first-order condition of an intertemporal maximization problem. It does not require the use of Tobin's *q*, which is subject to mismeasurement problems. Apart from past investment levels and generated cash flow, the model also includes a leverage factor which captures potential bankruptcy costs and the tax advantages of debt. More importantly, we investigate whether ownership concentration by class of shareholder creates or mitigates liquidity constraints. When industrial companies control large shareholdings, there is evidence of increased overinvestment. This relation is strong when the relative voting power (measured by the Shapley values) of the combined equity stakes of families and industrial companies and the Herfindahl index of industrial ownership are high. This suggests that a small coalition of industrial companies is able to influence investment spending. In contrast, large institutional holdings reduce the positive link between investment spending and cash flow relation and, hence, suboptimal investing. Whereas there is no evidence of overinvesting or underinvesting at low levels of insider shareholding, a high concentration of control in the hands of executive directors reduces the underinvestment problem.

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Have You Seen...? *(continued from page 11)*

Gordon, Elizabeth, "Accounting for Changing Prices: The Value Relevance of Historical Cost, Price Level, and Replacement Cost Accounting in Mexico," ***Journal of Accounting Research*** **(Vol. 39 No. 1, 2001): 177–200.**

This paper investigates the value relevance of historical cost, price level, and replacement cost accounting using a sample of Mexican firms from 1989 to 1995. It contributes to prior research by distinguishing between two distinct aspects of changing prices: (1) the change in the general price level, and (2) the change in the value of specific nonmonetary assets. Mexico was selected to examine because it is unique in requiring and disclosing separately price level and replacement cost adjustments. A sample of Mexican firms also addresses a key reason cited for mixed results in previous assessments of the usefulness of price level and replacement cost accounting using United States data: the effects of inflation are too weak to detect. High rates of inflation in Mexico, ranging between 7 percent and 52 percent during the sample period, mitigate that potential problem. Results indicate that replacement cost adjustments are relatively and incrementally relevant beyond historical cost and price level measures while price level adjustments are incrementally value relevant beyond historical measures.

Johanson, Ulf, Maria Martensson, and Matti Skoog, "Measuring to Understand Intangible Performance Drivers," ***European Accounting Review*** **(Vol. 10 No. 3, 2001): 407–437.**

The present qualitative study explores what eleven Swedish organizations have systematically worked at to increase the understanding of the importance of intangibles as performance drivers. The present analysis is accomplished using a combination of evolutionary theory, knowledge-based theory, and organizational learning. The results indicate that assets in an accounting sense seem to be of less interest than perceptions of activities that enable future performance. These "enables" are often customer and employee perceptions of individual, organizational, and relational competence. The way for the firms to ascertain a continuous organizational learning process with respect to the value creation chain is to measure intangibles as well as to maintain organizational routines that ensure the transformation of measurement results into action.

Lipe, Robert C., "Lease Accounting Research and the G4+1 Proposal," ***Accounting Horizons*** **(Vol. 15 No. 3, 2001): 299–310.**

The Group of Four Plus One (G4+1) is a cooperative effort by national accounting standard setters from Australia, Canada, New Zealand, the U.K., and the U.S., plus the International Accounting Standards Committee. Conclusions reached by the G4+1 are not recognized as GAAP in any financial-reporting jurisdiction. However, by the very nature of its membership, its conclusions influence standard setting in many jurisdictions. Thus, publication of "Leases: Implementation of a New Approach" indicates that accountants may soon be redeliberating the appropriate accounting treatment for lease transactions. This commentary provides an overview of key results from prior research and proposes possible future research topics in the leasing area.

Malmi, Teemu, "Balanced Scorecards in Finnish Companies: A Research Note," ***Management Accounting Research*** **(Vol. 12 No. 2, 2001): 207–220.**

The balanced scorecard seems to be the latest management fashion to sweep the organizational world. Despite its apparent popularity, only limited systematic, research-based evidence on BSC applications has been seen. This study aims to find out how BSCs are applied in Finland and why companies adopt them. The study comprised a series of semistructured interviews in 17 organizations. It appears that BSCs are used basically in two different ways. The first approaches management by objectives. The second is to use BSCs merely as an information system. Moreover, the findings suggest that the idea of linking measures together based on assumed cause-and-effect relationships was not well understood by the early adopters of BSCs. In explaining the popularity of BSCs in Finland, supply-side forces seem to have an important role. These results, as well as the definition of the BSC, are discussed and ideas for further research are presented.

Mriza, Malik, and Iam Zimmer, "Disclosure of Reserve Quantum in the Extractive Industries," ***Accounting and Finance*** **(Vol. 41 No. 1/2, 2001): 63–91.**

This study explores why some firms in the extractive industries disclose mineral reserve quantum in their annual reports and others do not. It is proposed that the firms' reserve disclosure policies are a function of the extent of information asymmetries, as well as information production, litigation, and proprietary costs. More specifically, it is proposed that a firm's decisions to disclose reserves in the annual report are a function of the stage of the firm's operations, use of project financing, and the cost of measuring reserves. Empirical tests are confirmatory.

Omran, Mohammed Omran, and John Pointon, "Does the Inflation Rate Affect the Performance of the Stock Market? The Case of Egypt," ***Emerging Markets Review*** **(Vol. 2 No. 3, 2001): 263–279.**

The intention of this paper is to examine the impact of the inflation rate on the performance of the Egyptian stock market. Particular attention is paid to the effects of the rate of inflation on various stock market performance variables, in terms of market activity and market liquidity. From the co-integration analysis through error correction mechanisms (ECM), significant long-run

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Have You Seen...? *(continued from page 12)*

and short-run relationships between the variables are found, implying that the inflation rate has had an impact upon the Egyptian stock market performance generally.

Soltani, Bahram, "Some Empirical Evidence to Support the Relationship between Audit Reports and Stock Prices—The French Case," *International Journal of Auditing* (Vol. 4 No. 3, 2000): 269–291.

Acting as an independent intermediary, the auditor facilitates market transactions by providing an "opinion" on financial statements that should help to reduce the information asymmetry between the company and its potential investors. Whether audit qualifications have informational value to investors is a question that needs further investigation, as previous empirical studies on this issue yield mixed results. Moreover, a majority of the research papers in this area have been conducted in Anglo-Saxon countries, in contrast to continental European countries where very little attention has been paid to the auditors' role in stock markets. The present study is based on a large sample of qualified opinions (543 for the period 1986–1995), using different expected event dates and market models. The results of the study demonstrate the significant negative abnormal returns around the announcement dates of audit opinions. The empirical part of this study was carried out in the French market that has some significant differences from the U.K. and the USA markets. The author believes that the differences, in the area of reporting, level of disclosure, and accounting and auditing practices, can play an important role in the research field of event studies.

THE 9TH IAAER WORLD CONGRESS OF ACCOUNTING EDUCATORS

Co-Organized by

The International Association for Accounting Education and Research (IAAER) and The Hong Kong Academic Accounting Association (HKAAA)

November 14–16, 2002 in Hong Kong

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Papers should be submitted by April 15, 2002 to:

Professor Michimasa Sato or Associate Professor Akihiro Noguchi, AAAA 2002, School of Economics, Nagoya University, 4648601 JAPAN.

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Abstracts of accepted papers will be published in the Conference Proceedings. They should be presented uniformly on a single A4 or 8 ½" × 11" page, typed, single-spaced, Times New Roman, 12-point, headed by title, author(s), affiliation(s), and address for correspondence, mentioning the name of the author who will present the paper.

Key Dates

Deadlines for submission of papers	**April 15, 2002**
Authors notified of acceptance of papers	**July 15, 2002**
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14TH ASIAN-PACIFIC CONFERENCE ON INTERNATIONAL ACCOUNTING ISSUES
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The Fourteenth ASIAN-PACIFIC Conference on International Accounting Issues will be held on November 23–26, 2002 in the Disneyland area of Los Angeles, USA. The main theme of the conference is “Quality of Earnings: Challenges for Standard Setters in the New Economy”. 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.

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1. Each contributor is required to submit online a double-spaced copy of the full paper or panel discussion proposal in Microsoft Word® for Windows® format (Windows 95 or higher is the preferred format). Abstracts without full papers will not be accepted.
2. For submission of your paper, please go to conference web site http://www.craig.csufresno.edu/apc and submit your paper as attachment. The paper cannot contain any page numbers, headers, and footers.

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CALL FOR NOMINATIONS
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The International Accounting Section of the American Accounting Association invites nominations for its Outstanding International Educator Award. The general selection criteria are as follows:

> The award is made to an individual who has made a substantial contribution to international accounting education through scholarly endeavors in research and teaching over a sustained period of time—through publication, educational innovation, research guidance to students, active involvement in the activities of international professional and academic organizations, and serving as an example to others in promoting international accounting education.

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14th Asian-Pacific Conference Call for Papers *(continued from page 14)*

3. All papers will be subject to a blind-review process. The submission of a paper for review means the author certifies that the manuscript is not copyrighted, and has not been published elsewhere. Further, abstracts of accepted papers will be published in the Conference Proceedings only if at least one author registers and attends the conference.
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