

INTERNATIONAL  
ACCOUNTING SECTION  
of the



American  
Accounting  
Association

NO. 81

# FORUM

INTERNATIONAL ACCOUNTING

Spring 2004

EDITOR: Jeannie J. Harrington  
Middle Tennessee State University

## President's Message

Greetings to all International Accounting Section Members,

Our section has been very busy since our annual business meeting in Honolulu. I would like to thank all the hard working volunteers of the International Accounting Section that have helped to move our section forward. In my Fall 2003 message, I outlined four areas that would be the focus of my efforts this year: People, the Journal, the Midyear Conference, and an Operations Manual. In this letter, I again discuss these four areas, starting with major accomplishments and concluding with plans for the rest of the year.

**Journal.** R. S. O. "Segun" Wallace, inaugural editor of the *Journal of International Accounting Research (JIAR)*, died in July 2003. As a token of the section's thanks for all of his work on behalf of the section journal, we have sent a hanging wooden clock to Segun's widow, Rosemary Wallace. The inscription on the plaque states:

American Accounting Association,  
International Accounting Section  
in Appreciation

to R. S. Olusegun Wallace for  
Outstanding Service as

Editor of *Journal of International  
Accounting Research*, 2001-2003

Again, we acknowledge our  
gratitude and we hope that the



Robert Larson

transition for Mrs. Wallace to her new home in the U.K. is going well. Dr. Terrence Cooke has written a remembrance of Dr. Wallace that will appear in the next issue of *JIAR*.

We are grateful for all the hard work that Bruce Behn and Lynn Rees have done as *JIAR* co-editors for 2003-2004. The second issue of *JIAR* was published in Fall 2003, the third issue is currently being processed by Sarasota, and three papers have already been accepted for the fourth issue.

A major goal for this year was to select a new editor for *JIAR*. The Publications Committee, headed by Jenice Prather-Kinsey, did a great job. At the San Diego Midyear Conference, the Executive Committee unanimously accepted the committee's recommendation. We are extremely pleased that Lee Radebaugh has agreed to become the next *JIAR* editor, effective July 1, 2004. Lee, a past section President, brings a wonderful portfolio of talents and experiences to his position as *JIAR* editor. A complete announcement has already been sent by email to all section members, was posted on the national AAA website, and is in this issue of the *Forum*. I want to thank everyone involved in this successful search.

**Midyear Conference.** Our 2004 Midyear Conference was held January 30 and 31 in San Diego. It was a wonderful Conference (the complete program is published in this issue of the *Forum*). After a great lunch on Friday, we had an outstanding series of Plenary Speakers, led by Mary Barth (IASB board member). Saturday was a full and busy day starting with breakfast and ending with the reception honoring Past Presidents. In between were eight hours of CPE geared for a wide variety of interests. We had eight research paper sessions, two international accounting education panels, one international accounting research perspectives panel, and one Ph.D. student research session. Dr. Radebaugh's appointment as editor was announced at the Saturday lunch and that afternoon he showed his great skills in diplomacy as he served as a member of an international accounting research panel. We had 89 people attend the San Diego Conference, which we believe is our largest Midyear Conference to date. The excellent plenary speakers, panels, paper presentations, etc., could not have been done without the work of the Midyear Conference Committee, which was co-chaired by Judi Hora and Joe Godwin. I would like to thank both of them and their committee, as well as all of the presenters, moderators, discussants, panelists,

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

reviewers, and committee members for creating a wonderful 10th anniversary meeting.

Bruce Behn, President-Elect, with the help of Donna Street and others, is already working on future meetings. The 2005 Midyear Conference has tentatively been set for San Antonio in the first week of February. Wayne Thomas and Joe Godwin are among those scheduled to work on the 2005 Conference. In addition, I am extremely pleased that the International Accounting Section will be having a joint Midyear Conference with the Auditing Section in 2006 in California or Arizona.

In order to foster a continuation of good planning for our Midyear Conferences, we will need to make a change in our bylaws. Currently, the President can officially appoint people to the Midyear Conference Committee for only a one-year term. Technically, people are appointed effective in August for a meeting that is usually held in January or February. This procedure does not allow for proper planning. We need a better mechanism. This spring, a proposal will be sent to the Advisory Board that will allow the section President to appoint members to the Midyear Conference Committee for two- or three-year terms.

**Goals for the Rest of the Year.** Cheryl Linthicum and the Annual Program Committee are doing a great job preparing for the AAA Annual Meeting in Orlando. Eighty-seven papers were submitted and we have been allotted 11 sessions this year for research presentations and panels. Tom Jones, an IASB board member, will be our luncheon speaker. At the luncheon, we will also announce the winners of the Outstanding IAS Dissertation Award, the Outstanding IAS Educator Award, and the Outstanding IAS Service Award. The committees selecting these awards are chaired by, respectively, Wayne Thomas, Tim Sale, and Mark Myring. According to chair Judy Beckman, a couple of International Accounting CPE sessions are also in the works. We should have great IAS programs in Orlando. Gary Braun and all the regional coordinators are also working hard to make sure that our section and international accounting are well represented at the regional meetings.

Another major goal for the second half of the year is to develop a section operations manual. This will help us to continue and further develop our best practices. We need to preserve our institutional memory. Our section historian, Norlin Rueschoff, has also suggested that we preserve our section records by donating copies of them to the accounting history library at the University of Mississippi. Ole Miss recently accepted the AICPA's library.

Many section members are keenly interested in the teaching of International Accounting. The Teaching and Curriculum Committee, chaired by Sara York

Kenny, is continuing to gather syllabi and other materials for use by our section members. They are especially interested in any recent international accounting cases.

Space prevents me from naming all of the many other people that are actively working on behalf of the section. The section is people. We need to help people get and stay involved in and connected to the section. The nominations committee is already at work. Soon, the Call for Volunteers for 2004–2005 will go out. Currently, we have over 100 people holding positions as officers, committee chairs, committee members, country directors, and advisory board members. Remember to volunteer!

We also have a challenge. Membership in the national AAA, as well as our section and most every section, has declined again. Some attribute this to the national AAA \$50 dues increase this year. Others to the fact that many accounting academics are retiring while few new accounting Ph.D.s are graduating. Some point out that most section newsletters are on the web for free and that many universities have purchased electronic versions of all AAA journals for their faculty members. Nancy Nichols is chairing the membership committee and will be looking further into these issues.

In closing, I think that our section is well positioned. Our journal is developing nicely and we have selected a strong new editor, Lee Radebaugh. The *Forum* is a great clearinghouse of information, thanks to the hard work of Jeannie Harrington and others. The 10th Midyear Conference was a great success and plans are well underway for 2005 and 2006. Our plans for the Annual Meeting in Orlando look very good. Let's keep up the momentum.

**INTERNATIONAL ACCOUNTING SECTION  
FORUM DEADLINES FOR  
2004**

**Summer 2004 Issue – May 15, 2004**

**Fall 2004 Issue – September 15, 2004**

**Spring 2005 Issue – January 15, 2005**

Please submit items via email using a Microsoft® Word format file as an attachment. Submit to Jeannie Harrington at [jharrington@mtsu.edu](mailto:jharrington@mtsu.edu). If mailing materials, please send to:

Jeannie Harrington, *Forum* Editor

Department of Accounting

PO Box 50

Middle Tennessee State University

Murfreesboro, TN 37132

Phone: (615) 898-2038 — Fax: (615) 898-5839

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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 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 website:**

- Information Technology Committee (Webmaster)

### **Makes information available on the website, 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 2004–2005

Below is a list of IAS committees for the period August 2004 to August 2005. Section members interested in serving on a committee should complete the form and send it to the address below:

Bruce K. Behn  
Department of Accounting and Business Law  
College of Business Administration  
The University of Tennessee  
Knoxville, TN 37996-0560  
Phone: (865) 974-1760  
Fax: (865) 974-4631  
Email: bbehn@utk.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).

- |   |  |
|---|--|
| <input type="checkbox"/> Annual Program   | <b>Regional Program</b>                      |
| <input type="checkbox"/> Midyear Meeting  | <input type="checkbox"/> Northeast Region    |
| <input type="checkbox"/> Continuing Education   | <input type="checkbox"/> Mid-Atlantic Region |
| <input type="checkbox"/> Research   | <input type="checkbox"/> Ohio Region         |
| <input type="checkbox"/> Teaching Resources   | <input type="checkbox"/> Midwest Region      |
| <input type="checkbox"/> International Relations  | <input type="checkbox"/> Southeast Region    |
| <input type="checkbox"/> Information Technology   | <input type="checkbox"/> Southwest Region    |
| <input type="checkbox"/> Outstanding Dissertation Award   | <input type="checkbox"/> Western Region      |
| <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: _____) |  |

Name \_\_\_\_\_

Affiliation \_\_\_\_\_

Address \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

## INTERNATIONAL ACCOUNTING SECTION

SEPTEMBER 1, 2002 – AUGUST 31, 2003	ACTUAL YTD	
<b>Cash Inflows</b>		
Dues–Full Members	\$21,892.33	
Dues–Associate Members	312.00	
Journal Submission Fees	935.00	
Journal Subscriptions	1,022.00	
Midyear Meeting Registration	7,400.00	
Interest Income	640.67	
Contributions	10,450.00	
<b>Total Cash Inflow</b>		\$42,652.00
<b>Cash Outflows</b>		
Journal		
Editor Expenses	0.00	
Journal Promotion	400.00	
Copying, Printing, Mailing	7,254.84	
AAA Staff Support	4,137.00	
<b>Total Journal</b>		11,791.84
Newsletter		
Printing	4,095.00	
Mailing	2,616.14	
AAA Staff Support	1,050.00	
<b>Total Newsletter</b>		7,761.14
Annual Meeting		
Luncheon Expenses	1,657.23	
Plaque for Outgoing Chair	0.00	
Program Chair: Admin Expenses	0.00	
Other	0.00	
<b>Total Annual Meeting</b>		1,657.23
Midyear Meeting		
AAA Staff Support	1,067.09	
Hotel–Rooms/Food/Beverage	12,254.55	
Speakers	366.68	
Meeting Coordinator Expenses	1,059.13	
Printing and Postage	226.00	
AAA Doctoral Scholarships	1,000.00	
Miscellaneous	0.00	
<b>Total Midyear Meeting</b>		15,973.45
General/Administrative		
Postage and Printing	60.40	
Website Development	0.00	
Awards	362.50	
Council Fee	640.67	
Gift Memberships and other miscellaneous	0.00	
<b>Total General/Administrative</b>		1,063.57
Committee		
Officer Travel and Committee Meetings	2,290.21	
<b>Total Committee</b>		2,290.21
<b>Total Cash Outflow</b>		\$40,537.44
<b>Net Change in Cash</b>		\$2,114.56
<b>Cash Balance, September 1, 2002</b>		\$124,713.83
<b>Cash Balance, August 31, 2003</b>		\$126,828.39
<b>Current Restricted Balance</b>		\$73,586.21
<b>Current Unrestricted Balance</b>		\$53,242.18

**CALL FOR PAPERS**  
**ASIAN ACADEMIC ACCOUNTING ASSOCIATION**  
**5th Annual Conference in Bangkok, Thailand**  
**October 11–13, 2004**

The Asian Academic Accounting Association was established in 1998 to help enhance accounting education and research in Asian universities by providing a forum for accounting academics in Asia and elsewhere. Its first four annual conferences were held in Singapore (2000), Malaysia (2001), Japan (2002), and Korea (2003). The 5th Annual Conference of the Asian Academic Accounting Association will be hosted by Chulalongkorn University in Bangkok, Thailand. Papers in all areas of accounting are invited for parallel sessions or research forums. Parallel sessions will last for 90 minutes and will typically contain three papers. All submissions must be original and should not have been previously accepted for publication. Papers should be written in English and must be submitted electronically in a Microsoft Word® or pdf file to the conference website (<http://aaaa2004.acc.chula.ac.th>). Abstracts without the complete paper will not be accepted. In order for the paper to be included in the conference program, at least one author must register for the conference by the deadline indicated below. The Asian Academic Accounting Association will also hold its Second Annual Doctoral Consortium in Bangkok on October 9–10, 2004. Information on the doctoral consortium is available on the conference website.

**Important Dates:**

Deadline for paper submission	April 15, 2004
Author notification on paper	July 15, 2004
Registration deadline for authors	August 15, 2004

Chulalongkorn University is the oldest and one of the most prestigious universities in Thailand. It was founded in 1917 by King Vajiravudh (Rama VI) in tribute to his father, King Chulalongkorn (Rama V). It has over 30,000 students and 2,800 faculty members in 18 colleges, 11 research institutions, and 3 teaching institutions. Its Faculty of Commerce and Accountancy was established in 1938 and currently has 2,300 undergraduate students, 1,200 graduate students, and 135 full-time faculty members. It is located in an historical campus in the heart of Bangkok.

For registration and other information on the 2004 Asian Academic Accounting Association Conference please check the conference website indicated above, or contact Professor Oranuj Soongswang at Chulalongkorn University ([aaaa2004@acc.chula.ac.th](mailto:aaaa2004@acc.chula.ac.th)) or Professor Shahrokh Saudagaran at Oklahoma State University ([shahrok@okstate.edu](mailto:shahrok@okstate.edu)).

**NEW EDITOR**  
**JOURNAL OF INTERNATIONAL ACCOUNTING RESEARCH (JIAR)**  
**EFFECTIVE JULY 1, 2004**



*New Editor, JIAR,*  
*Lee Radebaugh*

Dr. Lee Radebaugh is KPMG Professor of Accountancy and Information Systems at Brigham Young University. He is a past President of the International Accounting Section and received the IAS Outstanding Educator Award in 1998. Dr. Radebaugh has a D.B.A. from Indiana University with a major in International Business. In addition to publishing leading textbooks in International Business and International Accounting, Dr. Radebaugh has published numerous articles. His research has been published in the *Journal of Accounting Research*, the *Journal of International Business Studies*, the *Journal of International Financial Management and Accounting*, and the *International Journal of Accounting*. Dr. Radebaugh has served on the editorial boards of *JIBS*, *IJA*, *AIIA*, *JIFMA*, and *Management International Review*. At Brigham Young University, he has been the Director of the School of Accountancy, the Director of the Center for International Business Education and Research, and the Associate Dean of the Marriott School of Management.

Dr. Radebaugh will begin his editorship on July 1, 2004. In the interim, all journal submissions and inquiries should continue to be directed to Bruce Behn, current *JIAR* co-editor.

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# MINUTES AAA INTERNATIONAL ACCOUNTING SECTION OFFICERS MEETING

January 30, 2004 • 9:00 – 10:00 AM • San Diego, California

**In attendance:** President Robert Larson, Vice Chair–Academic Bruce Behn, Paul Munter (representing Brian Hegarty Vice Chair–Practice), Treasurer Don Herrmann, and Secretary Donna Street. Jenice Prather-Kinsey (Chair Publications Committee) and Lee Radebaugh also attended portions of the meeting.

Larson called the meeting to order and provided an overview of the agenda.

## **JIAR Editor**

The officers met with Jenice Prather-Kinsey, Chair of the Publications Committee. Prather-Kinsey reported that her committee arranged for a call for nominations for editor of the *Journal of International Accounting Research (JIAR)* to be published in numerous outlets. Having reviewed and discussed all formal nominations received, the Publications Committee recommended that Professor Lee Radebaugh be named as the new editor.

The officers thanked Prather-Kinsey and her committee for their work.

Following her report, Prather-Kinsey left the room. The officers voted unanimously to accept the recommendation of the Publications Committee and to invite Radebaugh to become the next editor of *JIAR*.

## **Overlapping AAA Section Meetings**

The officers discussed the issue of overlapping AAA section meetings affecting the ability of some members to attend all meetings they are interested in. For example, some International Accounting Section members were unable to attend this year's Midyear as the Financial Reporting Section met on the same dates.

It was decided that the International Section will work more aggressively to coordinate with other sections to minimize overlap. Additionally the International Section will continue to work toward arranging joint meetings with other sections. For example, the 2006 International Accounting Section meeting will be held jointly with the Auditing Section.

## **Membership**

There was a brief discussion of membership. With the \$50 dues increase, AAA membership has declined recently as has the membership of several sections. Further discussion will follow at the August meeting.

The officers voted unanimously to add the equivalent of the section membership fee to the Midyear registration fee of those that are not members of the International Accounting Section. Those that are already AAA members will then become International Accounting Section members.

## **Meeting with Radebaugh**

The officers met briefly with Lee Radebaugh who accepted our invitation to become the next editor of *JIAR*. It was decided that his appointment would be announced during lunch on Saturday (January 31). The next issue of the *Forum* will provide details on the appointment of Radebaugh as *JIAR* editor. Acting co-editors, Bruce Behn and Lynn Rees, will turn over editorial responsibilities to Radebaugh on July 1, 2004.

The officers thanked Radebaugh for assuming this important role.

## **Texas CPA Exam**

In response to a request from a section member, the officers of the International Section agreed to send a letter to the Texas Society of CPAs. The letter will request that the Society reverse its recent decision and again allow an International Accounting course to count toward the accounting hours required to sit for the CPA exam in Texas. Larson will draft the letter and circulate it among the officers for approval.

## **IASB Constitutional Review**

The officers decided to prepare a letter in response to the Trustee's review of the IASB constitution. Larson will prepare the letter.

A decision was made later in the meeting that Behn and Street will prepare an editorial for the next issue of *JIAR*. The editorial will address the significance of the academic community responding to the Trustee's invitation to comment (posted on the IASB website at <http://www.iasb.org.uk>) and speak up on the importance of having a high-quality independent international accounting standard setter. The editorial will further address the importance of continuing to require that at least one IASB seat be held by an accounting academic.

Larson adjourned the meeting.

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# MINUTES AAA INTERNATIONAL ACCOUNTING SECTION OFFICERS AND COMMITTEE CHAIRS MEETING

January 30, 2004 • 10:00 – 11:25am • San Diego, California

**In attendance:** Robert Larson (President), Bruce Behn (Vice Chair–Academic), Paul Munter (representing Brian Hegarty, Vice Chair–Practice), Don Herrmann (Treasurer), Donna Street (Secretary), Jenice Prather-Kinsey (Chair, Publications Committee), Cheryl Linthicum (Chair, Annual Meeting), Lynn Rees (Co-Editor *JJAR*), Norlin Rueschhoff (Historian), Judi Hora (Co-Chair, 2004 Midyear Meeting), Victoria Shoaf (Northeast Regional Programs Coordinator), Paul Herz (Western Regional Programs Coordinator), Sara York Kenny (Chair, Teaching and Curriculum), Joe Godwin (Co-Chair, 2004 Midyear Meeting), Gary Braun (Chair, Regional Programs), and Wayne Thomas (Chair, Outstanding Dissertation Award)

## President's Report

Larson called the meeting to order and distributed the agenda.

Larson announced that a clock had been sent to Rosemary Wallace recognizing Segun's service as the first editor of *Journal of International Accounting Research (JIAR)*.

To assist in preparation of the Section Manual, Larson requested that all committee chairs prepare a detailed description of the duties and procedures associated with their position and forward it to him.

Larson requested self introductions from all in attendance.

## Treasurer's Report

Hermann distributed a statement of cash flows for the period September 1, 2003 through December 31, 2003 and a copy of the 2003/2004 budget.

He reported that a decline in AAA membership appears to have resulted in lower section membership. Hopefully, membership renewals will soon be received from those that did not attend the Hawaii meeting.

The last printed copy of the *Forum* is reflected in the cash outflows. It is important to note that with distribution being primarily electronic, in the future, this expense will greatly decrease.

There was a discussion on how to contact members for which the section has no email address regarding electronic distribution of the *Forum*. Street recommended they be sent a postcard indicating hard copies of the *Forum* will only be mailed to those making a specific request. A motion was made and seconded to this effect. The motion passed.

Hermann also noted that the cash outflows include a one-time charge for having *JJAR* materials mailed from Saudi Arabia to Co-Editor Behn.

## Membership

Larson reported that Nichols has some projects underway to encourage membership. She will report on these in August.

Larson noted that national AAA dues have increased \$50. The AAA believes it is subsidizing sections, particularly those with journals. A cost study is underway by the AAA, and it appears AAA may allocate additional cost associated with the journal to the International Accounting Section.

Larson also announced the section officers had voted to add to the Midyear Meeting registration fee the cost of section membership for any attendees that are not section members. This was deemed necessary given the section's very reasonable registration fee of \$100.

Larson also noted we may need to password protect the Forum to encourage membership.

## Midyear Meeting

Godwin referred those in attendance to the printed program for information on plenary sessions, panels, and paper presentations.

Hora reported that forty-two papers had been submitted. Twenty-eight papers were accepted yielding an acceptance rate of 67 percent. Four papers were withdrawn by the authors after notification of acceptance.

Over 80 people preregistered for the meeting. (Total attendance was later determined to be 89 following on-site registrations.)

Reviewers were pulled from the AAA national list of International Accounting Section reviewers. Approximately 60 reviewers were utilized. Each paper was reviewed by three individuals.

Following discussion, a decision was made that any no-shows will be deleted from the Midyear program before it is printed in the *Forum*.

A discussion of future Midyear meetings followed. Behn announced that Godwin and Thomas will co-chair the 2005 meeting, which will be held in San Antonio. Behn also indicated that preliminary plans are underway to sponsor a new faculty and doctoral consortium preceding the 2005 Midyear.

Behn also announced that the Auditing Section executive committee has approved a joint meeting with the International Accounting Section for 2006. Preliminary plans are to include a half day of joint plenary sessions with big name speakers. There will also be a

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## Minutes — Officers and Committee Chairs Meeting

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joint reception. Street met with the Auditing Section's executive committee and 2006 Midyear committee members at their 2004 meeting in Clearwater, Florida to discuss the event. Street reported that the meeting went very well and that she and Thomas will continue to work with the Auditing group during the next few weeks to determine a meeting date and location. The meeting will likely be held on the west coast in either California or Phoenix in mid-January.

### Strategic Planning

Larson noted that the bylaws need to be revised to allow the section President to appoint Midyear meeting committee members in advance for multi-year appointments. A formal proposal will be submitted to the Advisory Board, which must approve the proposed change before a vote can take place in Orlando in August 2004.

### Annual Meeting

Linthicum reported that Tom Jones, Vice-Chair of the IASB, will serve as our lunch speaker.

The Outstanding Service Award will be presented at the Annual Meeting, not at the Midyear as originally planned.

Emails were sent to everyone on the AAA reviewers list (willing to review international accounting papers). Some appear to be having trouble with their AAA passwords and this has affected those willing to review papers.

Linthicum received 77 papers. Reviews are due back to her on February 14. Some members volunteering to serve as discussants have requested that only one paper be assigned to them. Following discussion, a decision was made that this was okay.

The number of sessions to be allocated to the International Accounting Section at the Annual Meeting by national AAA has not yet been determined. (It has since been determined to be 11 sessions.)

Discussion followed regarding how many panels the section should sponsor and possible panel topics.

### Continuing Education

Larson reported for Continuing Education Committee Chair Judy Beckman. Paul Pacter has submitted a proposal to do a workshop on IFRS and U.S. Convergence at the Annual Meeting. It is also assumed that Fred Choi will likely continue to do his International Accounting workshop.

### Information Technology

Larson reported for Information Technology co-chairs Tim Sale and David Senteney.

The new website design has been developed and is being refined. The new site should be operational by this Spring.

A recent bylaw change indicates webmasters will be appointed for three-year terms.

### Nominations

Larson reported for Nominations Committee Chair David Sharp. The process is underway. Those in attendance were reminded that nominations are due to Sharp by February 1.

### Outstanding Dissertation

Thomas reminded those in attendance that the deadline for submissions is fast approaching. Some submissions have been received. All submissions will be forwarded to committee members once the deadline has passed.

### Outstanding Educator

Larson reported for Outstanding Educator Award Chair Tim Sale. The deadline for nominations is February 28. Sale will report in August.

### Service Award

Larson reported for Mark Myring, Chair of the Section Award Committee. The review is in process and the recipient will be announced at the section luncheon in August.

### Publications Committee

Prather-Kinsey reported that her committee arranged for a call for nominations for editor of *JJAR* to be published in numerous outlets. Having reviewed and discussed all formal nominations received, the publications committee recommended a candidate. The name of this individual was submitted to the officers during their morning meeting. The officers then unanimously approved the selection of the Publications committee.

The attendees were informed that the new editor would be introduced at Saturday's luncheon (Jan. 31).

### JJAR Update

Behn distributed a report on journal activity that included a comprehensive review of the number of submissions received and the acceptance rate since he and Rees assumed co-editorship of the journal in August. Behn indicated the review turnaround time continues to be very good.

Terence Cooke is writing a dedication to Segun Wallace for the next issue of *JJAR*.

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## Minutes — Officers and Committee Chairs Meeting

(continued from page 9)

### **Forum**

Larson reported for *Forum* editor Jeannie Harrington (whose plane was arriving momentarily). The next issue may be a bit delayed due to cutbacks on AAA staff. To overcome this problem, deadlines for *Forum* submissions will be moved back earlier.

### **Regional Programs**

Braun reported that approximately 20 international accounting papers had been submitted to regional meetings. Additionally, a proposal for a panel had been submitted and accepted. The deadline for the Ohio Regional had not yet passed, so these numbers exclude any submissions for the Ohio meeting.

### **Historian**

Rueschoff reported that the section website had been updated for 2003–2004 officers and committee chairs. Rueschoff has put together a bound volume of all past issues of the *Forum* (published prior to Harrington taking over the editorship). We will explore donating a copy of these and other items to the accounting history library at the University of Mississippi.

### **Teaching and Curriculum Committee**

York Kenny reported that two teaching and curriculum sessions would be conducted at the Midyear Meeting.

York Kenny indicated that her committee plans to add additional teaching materials to the section website. A discussion followed on how to encourage section members to develop cases for international accounting classes.

### **Other Business**

Larson reported on decisions made at the preceding officers meeting.

Larson announced that the section officers will send a letter to the Texas Society of CPAs. The letter will request that the Society reverse its recent decision and again allow an international accounting course to count toward the accounting hours required to sit for the CPA exam in Texas. Larson will draft the letter for the officers to approve.

Larson explained that the Trustees of the IASC Foundation are undertaking a review of the IASB Constitution. The section officers will prepare a response to the Trustee's outstanding Invitation to Comment.

Larson thanked those attending for their service to the International Accounting Section and adjourned the meeting.

**CALL FOR PAPERS**  
**THE INTERNATIONAL ACCOUNTING SECTION**  
**of the American Accounting Association**  
***Journal of International Accounting Research***

**Co-Editors:** Bruce K. Behn (University of Tennessee) and Lynn L. Rees (Texas A&M University)

**EDITORIAL POLICY**

The *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 *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. **FOR SUBMISSIONS BEFORE JULY 1, 2004:**

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 Microsoft® Word or PDF files. In the case of manuscripts reporting on field surveys or experiments, the instrument (e.g., questionnaire, case, interview plan) should also be submitted in a separate file, with the identity of the author(s) deleted. Email the cover page, manuscript, and, if applicable, the instrument as attached files to Bruce K. Behn, Co-Editor, at: [bbehn@utk.edu](mailto:bbehn@utk.edu). 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 website at: <https://aaahq.org/AAAforms/jiarsubmit.cfm>. Please indicate in the email that you have charged the fee. Alternatively, the submission fee may be paid by check to the American Accounting Association, and mailed to Bruce K. Behn, Co-Editor, *Journal of International Accounting Research*, Department of Accounting and Business Law, The University of Tennessee, 621 Stokely Management Center, Knoxville, TN 37996-0560.

**FOR SUBMISSIONS AFTER JUNE 30, 2004:**

The above procedures apply with the exception of mailing and emailing the appropriate information to: Lee H. Radebaugh, Editor, *Journal of International Accounting Research*, School of Accountancy and Information Systems, Marriott School of Management, Brigham Young University, Provo, UT 84602-3068; Email: [lee\\_radebaugh@byu.edu](mailto:lee_radebaugh@byu.edu).

3. If electing to submit hard copies, four copies of manuscript should be mailed to Bruce K. Behn 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 website (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 Reviews Editor: Dr. Wayne Thomas, School of Accounting, Price College of Business, University of Oklahoma, 307 W. Brooks #200, Norman, OK 73019-4004, U.S. Scholars interested in reviewing books are requested to forward their names and particular interests to the Book Reviews Editor.

**MANUSCRIPT PREPARATION STYLE**

Manuscript preparation style should be based on the format used by *The Accounting Review*. Please use this editorial style with all submissions.

# AAA INTERNATIONAL ACCOUNTING SECTION MIDYEAR MEETING

San Diego, California

Funding Provided by the KPMG Foundation

## FRIDAY, January 30, 2004

### PLENARY SESSIONS

Moderator: Joe Godwin, Grand Valley State University

#### 1:00 – 1:20

Introductory Remarks, Paul Munter, Partner, KPMG

#### 1:20 – 2:00

IASB Update, Mary Barth, Stanford University and International Accounting Standards Board

#### 2:20 – 2:50

IASB Developments in Financial Instruments, Ian Hague, Canadian Accounting Standards Board

#### 2:50 – 3:20

SEC Update on International Accounting, Scott Taub, Deputy Chief Accountant, Securities and Exchange Commission

#### 3:40 – 4:10

International Practice  
Developments and Compliance  
with Sarbanes-Oxley, D. J.  
Gannon, Partner, Deloitte &  
Touche

#### 4:10 – 5:00

Panel Discussion of Regulatory  
and Practice Developments in  
International Accounting

Panelists: Mary Barth, Ian Hague,  
Scott Taub, D. J. Gannon



*Regulatory and Practice Developments in International Accounting Panelists Mary Barth, Paul Munter, D. J. Gannon, Ian Hague, and Scott Taub*

## SATURDAY, January 31, 2004

### 8:00 – 9:40 Breakout Session #1

#### Concurrent Session A: Contemporary Evidence of Earnings Management

Moderator: Lynn Rees, Texas A&M University

“Earnings Management through Affiliated Transactions”

Wayne B. Thomas, University of Oklahoma, Don Herrmann, Oregon State University, and  
Tatsuo Inoue, Kwansei Gakuin University, Japan

“Association between Earnings Management and Properties of Independent Audit Committee Members”  
S. Mitchell Williams, Singapore Management University

“Earnings Management among Firms Reporting under IFRS”

Cecilia Lin, Oklahoma City University and Mari Paananen, Berry College

#### Concurrent Session B: Cultural Analysis in Decision Making

Moderator: Gary Braun, The University of Texas at El Paso

“Organizational Management Control Systems: A Cross-Cultural Analysis”

Vairam Arunachalam, University of Missouri–Columbia, Chris Chan, University of Hong Kong, and Jenice  
Prather-Kinsey, University of Missouri–Columbia

Discussant: Ervin Black, Brigham Young University

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## Midyear Meeting

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“Otra Empanada en la Parilla: Examining the Role of Culture and Information Sharing in Chile and Australia”

Juan Alaudio Lopez V., Universidad del Desarrollo, Chile, Stephen B. Salter, University of Cincinnati, and Axel K-D. Schulz, The University of Melbourne

Discussant: Gary Braun, The University of Texas at El Paso

“An Investigation of the Organizational and Behavioral Effects of Corporate and National Culture in Budgeting Systems”

Patricia Casey Douglas, Loyola Marymount University, Hassan HassabElnaby, University of Toledo and Benson Weir, Virginia Commonwealth University

Discussant: Linda Nichols, Texas Tech University

### 10:10 – 11:50 Breakout Session #2

#### **Concurrent Session C: Accounting Modeling in China**

Moderator: Gary Entwistle, University of Saskatchewan

“Accounting Valuation Models: The Role of the Quality of Accounting Systems, Corporate Governance, and Financial Analysts in China”

Ran Ron Barniv, Kent State University and Yan Bao, Frostburg State University

Discussant: Chima Mbagwu, University of Saskatchewan

“Evidence from China on Value-Relevance of Operating Income vs. Below-the-Line Items”

Shimin Chen, University of Louisiana at Lafayette and Yuetang Wang, Nanjing University, China

Discussant: Gary Entwistle, University of Saskatchewan

“The Impact of Increased Accounting Disclosure on Information Asymmetry: Evidence from an Emerging Market”

Haiyan Zhou, The University of Texas–Pan American

Discussant: Gary Entwistle, University of Saskatchewan

#### **Concurrent Session D: Role of Regulation on International Accounting Issues**

Moderator: Teresa Conover, University of North Texas

“The Role of Regulation and Enforcement in Securities Market Interpretation of Accounting Information”

Andrew S. Hilton, University of Alberta, Canada

“The Influence of U.S. Regulatory Lemons on Enforcement Strategies for Financial Reporting: The Case of the U.K. Financial Reporting Review Panel”

Stella Fearnley, Tony Hines, and Karen McBride, all of University of Portsmouth, U.K.

“An Examination of Profit Shifting Using Transfer Prices”

Canri Chan and Steven P. Landry, both of Monterey Institute of International Business Studies

#### **Concurrent Session E: Methods and Issues in Teaching International Accounting**

Moderator: Stephen R. Goldberg, Grand Valley State University

Panelists: Sara York Kenny, International Finance Corporation, World Bank, Stephen B. Salter, University of Cincinnati, and Cheryl L. Linthicum, The University of Texas at San Antonio



*Teaching International Accounting Panelists Cheryl Linthicum, Stephen Goldberg, Sara York Kenny, and Stephen B. Salter*

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## Midyear Meeting

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*President Rob Larson makes announcements at Saturday Luncheon*



*Jenice Prather-Kinsey, Chair of the Publications Committee, announces the new JIAR Editor*

### 1:20 – 3:00 Breakout Session #3

#### **Concurrent Session F: Effect of Corporation Disclosures: An International Perspective**

Moderator: Tony Kang, Singapore Management University

“A Cross-Country Comparison of Voluntary Disclosure: The Use and Possible Abuse of Pro Forma Earnings”

Gary Entwistle, Glenn Feltham, and Chima Mbagwu, all of University of Saskatchewan

Discussant: Tony Kang, Singapore Management University

“Legal Orders and Corporate Disclosures: The “Transplant Effect””

S. Mitchell Williams, Singapore Management University

Discussant: Tony Kang, Singapore Management University

“Voluntary Disclosure on Corporate Governance in the European Union”

Heidi Vander Bauwhede and Marleen Willekens, both of Catholic University of Leuven, Belgium

Discussant: Shimin Chen, University of Louisiana at Lafayette

#### **Concurrent Session G: Current Topics in International Accounting**

Moderator: John Eichenseher, University of Wisconsin–Madison

“IPO Anomalies and Innovation Capitals”

Chen-Lung Chin, National Cheng-Chi University, Taiwan, Phil Picheng Lee, Pace University and Pei-Yu Chen, National Chang-Hua University, Taiwan

“Loan Loss Provisions by Banks in Hong Kong, Malaysia, and Singapore”

Li Li Eng and Sandeep Nabar, both of Oklahoma State University

“An Empirical Analysis of Professional and Nonprofessional Investors’ Use of the Investor Relations Website of a Dutch Multinational: Who Uses What and When?”

Frank Hodge, University of Washington and Maarten Pronk, Tilburg University, The Netherlands

Discussant of all three papers: John Eichenseher, University of Wisconsin–Madison

#### **Concurrent Session H: Research Ideas from Different Perspectives**

Moderator: Joe Godwin, Grand Valley State University

Panelists: Sara York Kenny, International Finance Corporation, World Bank, Paul Munter, Partner, KPMG, Lee Radebaugh, Brigham Young University, and John Hepp, University of Wisconsin–Madison



*Research Ideas from Different Perspectives  
Panelists Sara York Kenny, Lee Radebaugh,  
and John Hepp*

## Midyear Meeting

(continued from page 14)

### 3:20 – 5:00 Breakout Session #4

#### Concurrent Session I: International Research of Doctoral Students

Moderator: Li Li Eng, Oklahoma State University

“Valuation Properties of Earnings, Book Value, and Residual Income: The Case of Four Southeast Asian Countries”

Kriengkrai Boonlert-U-Thai, Gary Meek, and Shahrokh Saudagaran, all of Oklahoma State University

“Local Analyst Earning Forecast Advantages in Europe”

Steven F. Orpurt, University of Chicago

“The Influence of Specific Accounting Differences on the Choice between IFRS or U.S. GAAP”

Sofie Van der Meulen, Catholic University of Leuven, Belgium

#### Concurrent Session J: The Impact of International Accounting Standards

Moderator: Jeannie Harrington, Middle Tennessee State University

“The Change in the Value-Relevance of Earnings and Book Values in Equity Valuation over the Past Twenty Years: The Impact of Adopting International Accounting Standards by Kuwaiti Corporations”

Mostafa A. El Shamy and Rashid Al Kenai, both of Kuwait University

“The Influence of Corporate Governance Recommendations and Practices on Financial Statement Quality”

A. Gaeremynck, A. Renders, and M. Willekens, all of Catholic University of Leuven, Belgium

“Fair Values in IAS GAAP”

David Alexander, University of Birmingham, U.K.

#### Concurrent Session K: Teaching International Accounting across Cultures

Moderator: Marinilka B. Kimbro, Insituto de Empresa, Madrid

Panelists: Paul Herz, University of Wyoming, Marinilka B. Kimbro, Insituto de Empresa, Madrid, William Brent Carper, Fayetteville State University and Richard Briston, University of Hull, U.K.



*Teaching International Accounting across Cultures Panelists Richard Briston, William Brent Carper, Paul Herz and Marinilka Kimbo*

### 5:30 –7:30 Closing Reception Honoring Past Section Presidents (Chairs)



*The AAA International Accounting Section would like to thank all of our past Presidents (Chairs) for their service to the section. The following past section Presidents (Chairs) were in attendance at the Saturday evening reception: Ajay Adhikari, 2002–03, Juan Rivera, 1992–93, Teresa Conover, 2000–01, Lee Radebaugh, 1978–79, and Norlin Rueschhoff, 1980–81.*

*Many thanks to Joe Godwin and Judith Hora (not pictured) for chairing such a wonderful San Diego Midyear Meeting.*



# CALL FOR PAPERS

## 11th Anniversary (2005) Midyear Conference of the International Accounting Section of the American Accounting Association

### **\*Funding Provided by the KPMG Foundation\***

1. Houston, Texas – March 4–5, 1995
2. Vancouver, British Columbia, Canada – March 29–30, 1996
3. New Orleans, Louisiana – March 13–15, 1997
4. Chicago, Illinois – April 3–4, 1998
5. Orlando, Florida – January 8–9, 1999
6. Tampa, Florida – January 9–10, 2000
7. Phoenix, Arizona – January 12–13, 2001
8. Fort Lauderdale, Florida – January 11–12, 2002
9. Orlando, Florida – February 7–8, 2003
10. San Diego, CA – January 30–31, 2004
11. **San Antonio, TX – TBA**

### **Call for Papers and Panel Proposals**

The conference facilitates teachers, researchers, and practitioners interested in international accounting to exchange information, network, and discuss emerging issues. Papers or panel discussions on any area of international accounting are welcome.

### **\$500 Prize – Best International Accounting Case**

The best international accounting case submitted to the Midyear Conference will win a \$500 prize, which may be used to offset travel costs. To win the prize, at least one author of the paper must register, attend, and present the case at the conference. If the winning case has multiple authors, the prize will be divided evenly among the authors.

### **\$500 Scholarships for Doctoral Students**

A special session will feature the work of doctoral students and/or new Ph.D.s engaged in international accounting research. A limited number of \$500 scholarships to attend the conference will be available for doctoral students submitting papers. Scholarship applications must be in the form of a letter of recommendation from the Ph.D. advisor.

### **Saturday Night Reception to Recognize Past Presidents of the Section**

The conference will include Lunch both Friday and Saturday as well as Receptions both Friday and Saturday evening.

**Deadline: September 30, 2004.** All papers and proposals must be in English. **Papers should be emailed as a Word or PDF attachment** to Wayne Thomas at [wthomas@ou.edu](mailto:wthomas@ou.edu). No papers will be accepted by fax. Author(s) will be notified of conference acceptance/rejection by November 1, 2004. For those submitting panel proposals, please contact Joseph H. Godwin at [godwinj@gvsu.edu](mailto:godwinj@gvsu.edu).

**Registration and hotel information should be available by August 15, 2004.**

**Conference updates will be posted on the AAA International Accounting Section websites at:  
<http://www.cba.uc.edu/cbainfo/ias>.**



## 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.

**Bodnar, Gordon M., Lee-Seok Hwang, and Joseph Weintrop, "The Value Relevance of Foreign Income: An Australian, Canadian, and British Comparison," *Journal of International Financial Management & Accounting* (No. 3 Vol. 14, 2003): 171-193.**

In this paper we examine the value relevance of geographical earnings disclosures for firms listed and domiciled in Australia, Canada, and the United Kingdom. We find that foreign earnings in all three countries are valued differently than domestic earnings. The estimate of the association coefficient for foreign earnings changes with returns is positive in all three countries and statistically larger than the association coefficient for domestic earnings changes in Canada and the United Kingdom. Further tests show that this difference is related to relative growth opportunities of overseas operations to domestic operations. These findings are similar to results for foreign earnings association coefficients for American-based multinationals found in Bodnar and Weintrop (1997). These results indicate that across countries the market perceives the results of foreign operations as value-relevant and suggest that greater emphasis should be placed on the required disclosure of segmental data rather than on the concern that all countries prepare the segmental information using a common GAAP.

**Chan, K. Hung, Kenny Z. Lin, and Phyllis Lai Lan Mo, "An Empirical Study on the Impact of Culture on Audit-Detected Accounting Errors," *Auditing: A Journal of Practice & Theory* (No. 2 Vol. 22, 2003): 281-295.**

This study draws on the theoretical framework of Hofstede's model to examine the impact of different cultural dimensions on audit-detected accounting errors. Based on the accounting errors detected in 80 foreign enterprises of different cultures operating in China, we test the direct effect of the cultural dimensions, power distance, and individualism on the magnitude of accounting errors. The results indicate that power distance and individualism have significant explanatory power in describing the differences in the relative magnitude of errors. Centralization of power in a few individuals, management override of controls, and less competent personnel are important attributes of a large power distance enterprise that contribute to larger errors. Enterprises of an individualist culture, which are characterized by higher personnel turnover and more reliance on accounting numbers for individual performance evaluation, are found to have larger errors.

These results should be useful for auditors in assessing the likelihood of material errors from a cultural perspective.

**Ding, Yuan, Herve Stolowy, and Michael Tenehaus, " 'Shopping Around' for Accounting Practices: The Financial Statement Presentation of French Groups," *Abacus* (No. 1 Vol. 39, 2003): 42-65.**

This article illustrates the progressive move away from traditional accounting practices through a study of the presentation of financial statements. Based on a sample of one hundred large French industrial and commercial groups over a ten-year period, and applying a logistic regression method, our survey confirms a trend among French companies, which are increasingly turning their backs on traditional national practices regarding the balance sheet format, the income statement format, the voluntary disclosure of a statement of changes in shareholders' equity and the cash flow statement format. This move toward "alternative" practices is made possible by the flexibility of French regulation, and can probably be explained by the desire of French firms to attract more investment on international capital markets. However, this trend shows no signs of a clear orientation toward any particular accounting model (IAS, U.S., or U.K.). The behavior of the French firms observed in our study can be considered as a kind of "shopping around" for accounting practices.

**Douthett, Edward B., Jonathan E. Duchac, In-Mu Haw, and Steve Jong Lim, "Differential Levels of Disclosure and the Earnings-Return Association: Evidence from Foreign Registrants in the United States," *International Journal of Accounting* (No. 2 Vol. 38, 2003): 117-142.**

Foreign companies listing on U.S. exchanges are required to report financial information under U.S. GAAP on Form 20-F using either Item 17 or Item 18 disclosure rules. These two disclosure rules differ in that Item 17 allows many exemptions from U.S. GAAP, while Item 18 requires disclosure of all financial information in accordance with U.S. GAAP. This study examines the differential earnings-return association between Item 17 and Item 18 filers. We find significantly higher earnings-return associations for Item 18 filers than for Item 17 filers. While the earnings-return association of Item 18 foreign firms is not different from that of matched U.S. firms (which fundamentally use

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## Have You Seen...? (continued from page 17)

Item 18 rules), the earnings-return association of Item 17 foreign firms is significantly lower than that of matched U.S. firms. Overall, the results are consistent with the idea that higher levels of disclosure may be related to lower discount rates and higher earnings response coefficients.

**Hope, Ole-Kristian, "Analyst Following and the Influence of Disclosure Components, IPOs, and Ownership Concentration," *Asia-Pacific Journal of Accounting and Economics* (No. 2 Vol. 10, 2003).**

Financial analysts serve an important role as intermediaries between firms and investors. In this paper, I investigate factors associated with variations in analyst following using an international sample. Prior research has found that analyst coverage is positively associated with overall firm disclosure. I hypothesize and find that not all forms of disclosure are equally important to analysts. Specifically, controlling for firm- and country-level factors, I document that analyst following is more strongly associated with the extent of note disclosure than the comprehensiveness of the basic financial statements. I further find that analyst following is greater in environments with active IPO markets, suggesting that analysts value the potential for future revenues. Finally, I show that analyst following is negatively related to firm ownership concentration. This is consistent with concentrated ownership changing the nature of the agency problem and reducing the value of analyst-provided services.

**Hope, Ole-Kristian, "Firm-Level Disclosures and the Relative Roles of Culture and Legal Origin," *Journal of International Financial Management & Accounting* (No. 3 Vol. 14, 2003).**

Researchers have long been interested in studying firms' disclosure practices and what factors shape these practices. Accounting research has traditionally been interested in the role culture plays in a variety of financial reporting settings, including financial disclosure. Recent literature has focused more on the effects of variations in legal institutions internationally. In this paper, I investigate the relative roles of legal origin and national culture in explaining firm-level disclosure levels internationally. Using a significantly larger and more representative sample than prior research, I document, using univariate and multivariate analyses, that both legal origin and culture (as operationalized by Hofstede and Schwartz) are important in explaining firm disclosure. Neither legal origin nor culture dominates with respect to overall explanatory power for variations in disclosure levels. Consequently, it is premature to write off culture as an important factor in the financial reporting environment. Furthermore, I find that legal origin is an important conditioning variable for the role of culture. Finally, although legal origin is a key determinant of disclosure levels, I hypothesize and find that its importance decreases with the richness of a firm's information environment.

**Iniguez, Raul, and Francisco Poveda, "Long-Run Abnormal Returns and Income Smoothing in the Spanish Stock Market," *European Accounting Review* (No. 4 Vol. 12, 2003).**

This study investigates the market valuation of income smoothing via a long-run analysis of the relationship between income smoothing and return and risk in the Spanish stock market. The results suggest that firms that smooth income appear to yield higher stock returns than firms that do not; they also appear to carry a lower risk associated with size and book to market factors. The study concludes that the Spanish market is not efficient in this question because it overvalues firms that artificially smooth income, and because it is possible to reduce the stock's risk by manipulating accounting profits.

**Kang, Tony, "The Association between Legal Regime and the Value-Relevance of Accounting Information: A Japan-U.K. Comparison," *Journal of International Accounting, Auditing and Taxation* (No. 2 Vol. 12, 2003): 121-130.**

Prior research has shown that there is an association between the legal regime of a firm's country of domicile and the value-relevance of its accounting information. However, it is still unclear whether it is the difference in the properties of accounting information ("the supply effect"), or alternatively, if it is the difference in the way the investors in certain jurisdictions interpret and apply that information ("the demand effect") that is mainly driving this phenomenon. Since the observed pattern in value-relevance is less likely to be observed in a particular capital market that belongs to a single legal regime (where the demand effect is assumed to be constant) in case the demand effect is mainly driving the association, I test for a marginal impact of the supply effect in a single capital market setting. Using U.S. stock price data, I find that the accounting numbers of U.K. firms, prepared under U.K. GAAP, are more value-relevant than those of Japanese firms, reported under Japanese GAAP. This result lends support to the supply hypothesis and suggests that the legal regime does have a marginal impact on the value-relevance of the accounting information.

**Kim, Byungmo, and Inmoo Lee, "Agency Problems and Performance of Korean Companies during the Asian Financial Crisis: Chaebol vs. Nonchaebol Firms," *Pacific-Basin Finance Journal* (No. 3 Vol. 11, 2003): 327-348.**

Agency problems can become more serious during an economy-wide financial crisis and they can have different roles depending on the corporate governance structure of a company. This paper examines whether agency problems explain the performance of Korean companies during the Asian financial crisis and whether agency problems explain the performance differently for chaebol versus nonchaebol firms. Korean business

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## Have You Seen...? (continued from page 18)

groups, chaebols, are known to have weaker corporate governance structures than nonchaebol firms. The results show that the performance during the crisis is somewhat closely related to agency problems. In addition, the paper presents some evidences that the role of agency problems depends on corporate governance structures.

**Kinnunen, Juha, and Markku Koskela, "Who Is Miss World in Cosmetic Earnings Management? A Cross-National Comparison of Small Upward Rounding of Net Income Numbers Among Eighteen Countries," *Journal of International Accounting Research* (Vol. 2): 39–68.**

Using a sample of approximately 87,000 earnings observations from almost 22,000 firms in 18 countries for the five-year period 1995–1999, we document firms' tendency to exercise cosmetic earnings management (CEM) worldwide. Following prior studies in the area (Thomas 1989, among others), we define CEM by small upward rounding of reported net income that generates more than expected zeros and less than expected nines as second digit of earnings numbers. We partition our sample into positive and negative earnings to see whether the anomalous frequencies are reversed in negative earnings (losses) relative to positive earnings (profits), as predicted by CEM. In addition, we analyze net sales as a control variable. We find that, due to more ample opportunities to accounting manipulation, upward rounding is much more significant on the bottom line than on the top of an income statement. Consistent with prior studies, we find a reversed pattern of CEM for net losses. In addition, we find evidence for our expectation that CEM co-varies with some institutional factors. We report that CEM decreases in spending on auditing, whereas it increases in the latitude of country's GAAP, in its cultural values (power distance) and in the importance of management bonus schemes. Contrary to our expectation, we do find significant relationships between CEM and some factors commonly considered in related recent studies, such as the degree of shareholder protection or the alignment of financial and tax accounting.

**Komulainen, Tuomas, and Johanna Lukkarila, "What Drives Financial Crises in Emerging Markets?" *Emerging Markets Review* (No. 3 Vol. 4, 2003): 248–272.**

The study examines the causes of financial crises in 31 emerging market countries during 1980–2001. It estimates a probit model using 23 macroeconomic and financial sector variables. Traditional variables such as unemployment and inflation, as well as several indicators of indebtedness such as private sector liabilities and the foreign liabilities of banks, explain currency crises rather well, and it appears currency crises occur in tandem with banking crises. Indeed, in emerging market countries the vulnerability to crisis is exacerbated by situations involving large liabilities that permit sudden capital outflows. Increases in indebtedness

followed the liberalization of capital flows and domestic financial sectors.

**Khurana, Inder, Raynolde Pereira, and K. K. Raman, "Does Analyst Behavior Explain Market Mispricing of Foreign Earnings for U.S. Multinational Firms?" *Journal of Accounting Auditing and Finance* (forthcoming).**

For U.S. multinational firms, prior research indicates that while the foreign and domestic earnings components are value-relevant, the market fails to fully incorporate the higher persistence of foreign earnings. However, findings of potential market mispricing can be attributed to alternative explanations such as unidentified risk factors or flaws in research design. In this study, we seek to circumvent these concerns by examining whether financial analysts (who are deemed to be sophisticated users of financial statements and act as intermediaries between companies and investors) fully incorporate the time-series properties of foreign and domestic earnings in formulating their earnings forecasts. Similar to market-based studies, we find that analysts do distinguish between foreign and domestic earnings. However, we find that analysts also fail to fully incorporate the higher persistence of foreign earnings. Finally, we find that analysts' underestimation of foreign earnings persistence appears to parallel the similar finding at the market level. We discuss how our findings relate to the prior literature, and what they imply for accounting research and practice. Collectively, our findings suggest analysts' lack of effectiveness as information intermediaries.

**Loh, Roger, and G. Mujtaba Mian, "The Quality of Analysts' Earnings Forecasts during the Asian Crisis: Evidence from Singapore," *Journal of Business Finance & Accounting* (No. 2 Vol. 30, 2003): 749–770.**

We bring together three disparate strands of literature to develop a comprehensive empirical framework to examine the efficiency of security analysts' earnings forecasts in Singapore. We focus specifically on how the increased uncertainty and the negative market sentiment during the period of the Asian crisis affected the quality of earnings forecasts. While we find no evidence of inefficiencies in the pre-crisis period, our results suggest that after the onset of the crisis, analysts (1) issued forecasts that were systematically upward biased; (2) did not fully incorporate the (negative) earnings-related news; and (3) predicted earnings changes that proved too extreme.

**Ndubizu, Gordian A., and R. S. Olusegun Wallace, "Contracts Valuation Assessment Noise and Cross-Border Listing of Equities on U.S. and U.K. Stock Markets," *The International Journal of Accounting* (No. 4 Vol. 38, 2003): 397–420.**

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## Have You Seen...? (continued from page 19)

This study develops and tests the hypothesis that firms in the home country have capital market incentives to cross-border list on foreign stock exchanges that have similar financial reporting with local generally accepted accounting principles (GAAP). Non-U.S. firms' contracts and the underlying GAAP are based on the home-country culture and institutional climates. This connection with culture and institution makes the local GAAP's assessment of the contracts less spurious relative to foreign GAAP. Ball et al. [*J. Account. Econ.* 29 (2000) 1] note that contracting with stakeholders in the home markets is based on local GAAP's numbers, while cross-border listing provides settings in which the value relevance of local GAAP-based contracts is assessed based on foreign GAAP. Therefore, foreign investors' assessment of the contracts using foreign stock exchange GAAP or mindset of foreign GAAP is likely to result in an assessment noise, which is value-irrelevant. The level of assessment noise depends on the differences between foreign and local GAAP. Because of the valuation implications of the assessment noise, we expect cross-border listing to diminish as the likelihood of assessment noise increases.

As predicted, we find that assessment noise undermines cross-border listing on U.S. stock exchanges. Because U.S. and local GAAPs are based on different cultural and institutional environments, assessment noise arises if U.S. investors use the mindset of U.S. GAAP financial reports to assess local GAAP-based contracts of cross-border firms. The results are robust in the London Stock Exchange in which assessment noise is induced by interpreting local GAAP contracts as if they were based on U.K. GAAP. As expected, the influences of assessment noise on cross-border listings are more robust in the United States than in the United Kingdom. Our results suggest that harmonization of financial reporting is critical in attenuating the influences of assessment noise on global capital market developments.

**Powell, Stephen, "Accounting for Intangible Assets: Current Requirements, Key Players, and Future Directions," *European Accounting Review* (forthcoming).**

This article provides an international (across country) review of current accounting requirements for intangible assets, identifies the key trend setters, and considers potential future directions in the area of accounting for intangible assets. Accounting for intangible assets is one of the least developed areas of accounting theory and regulation. This article makes up part of the special forum devoted to furthering debate on accounting for intangible assets.

**Raman, K. K., and Inder Khurana, "Litigation Risk and the Financial Reporting Credibility of Big 4 versus Non-Big 4 Audits: Evidence from Anglo-American Countries," *The Accounting Review* (forthcoming).**

Prior research suggests that Big 4 auditors provide higher quality audits in the U.S. in order to protect the firm's brand name reputation and to avoid costly litigation. In this study, we examine whether the perceived higher quality of a Big 4 audit is related to auditor litigation exposure or to reputation concerns. Specifically, we utilize an estimable proxy for financial reporting credibility—the ex ante cost of equity capital—to examine whether Big 4 auditors are perceived as providing higher quality audits (relative to non-Big 4 auditors) in the U.S., and in the less litigious (but economically similar) environments in other Anglo-American countries during the 1990–99 period. We find that a Big 4 audit is associated with a lower ex ante cost of equity capital for auditees in the U.S. but not in Australia, Canada, or the U.K. Our findings suggest that it is litigation exposure rather than brand name reputation protection that drives perceived audit quality.

**Stulz, Rene M., and Rohan Williamson, "Culture, Openness, and Finance," *Journal of Financial Economics* (No. 3 Vol. 70, 2003): 313–349.**

Differences in culture, proxied by differences in religion and language, cannot be ignored when examining why investor protection differs across countries. We show that a country's principal religion predicts the cross-sectional variation in creditor rights better than a country's natural openness to international trade, its language, its income per capita, or the origin of its legal system. Catholic countries protect the rights of creditors less well than Protestant countries. A country's natural openness to international trade mitigates the influence of religion on creditor rights. Culture proxies are also helpful in understanding how investor rights are enforced across countries.

**Vanstraelen, Ann, Marilyn Taylor Zarzeski, and Sean W. G. Robb, "Corporate Nonfinancial Disclosure Practices and Financial Analyst Forecast Ability across Three European Countries," *Journal of International Financial Management & Accounting* (No. 3 Vol. 14, 2003): 249–278.**

This paper presents evidence that companies across three continental European countries (Belgium, Germany, and the Netherlands) provide varying degrees of analyst recommended nonfinancial disclosures to the marketplace. This study is the first to examine the relationship of Jenkins Committee nonfinancial disclosure levels with the accuracy and dispersion of financial analysts' earnings forecasts. Seemingly unrelated regression tests show that larger companies and companies with a global focus voluntarily provide higher levels of both forward-looking and historical nonfinancial disclosures. Additionally, higher levels of forward-looking nonfinancial disclosures are associated with lower dispersion and higher accuracy in financial analysts' earnings forecasts.

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