

INTERNATIONAL
ACCOUNTING SECTION
of the



American
Accounting
Association

FORUM

INTERNATIONAL ACCOUNTING

NO. 91

Summer 2007

EDITOR: Jeannie J. Harrington
Middle Tennessee State University

PRESIDENT'S MESSAGE

Greetings to all of our 1,000+ members of the International Accounting Section. I have especially enjoyed serving as president of the section this past year and look forward to staying involved in the section for many years to come. Thank you for all your active participation within the International Accounting Section. We have 18 committees and 7 regional coordinators, each of which deserves a special thank you. I also want to personally thank Lee Radebaugh for his work with our section journal, the *JJAR*, and Jeannie Harrington and Christopher Hodgdon for their work with the *Forum*.

I hope to see many of you in Chicago, August 5-8, for the American Accounting Association's Annual Meeting. Greg Burton did a marvelous job as chair of the annual program committee for the International Accounting Section. We had both a record number of international accounting papers submitted and a record number of papers accepted for presentation at the annual meeting. Well over 100 papers on international accounting topics were submitted for the meeting. More papers require more reviewers. Thanks to those of you that volunteered to review papers for the annual meeting. The international accounting section has 18 concurrent sessions with 3 papers in each session for a record total of 54 papers to be presented at the meeting. We also have three panel sessions on research issues raised by international corporate governance, a globally converged conceptual framework, and Japanese accounting. A copy of the annual meeting program for the International Accounting Section is included in this issue of the *Forum*.

Our luncheon speaker at the annual meeting on Monday, August 6, will be Arthur Wyatt. Arthur Wyatt, when it comes to accounting, seems to have done it all. He was an accounting professor at the University of Illinois, a partner with Arthur Andersen, and a board member of the Financial Accounting Standards Board. More importantly for our section, he served as chairman of the International Accounting Standards Committee as well. He is one of my favorite speakers. I still remember hearing him as a doctoral student speaking on the subject of leases. He joked that he got nervous on airplanes since the lessor structured the lease as a sales type lease and the lessee structured the lease as an operating lease, the plane ceased to exist on anyone's records. If you are coming to the annual meeting in Chicago, please attend our international section luncheon. To help encourage all of



Don Herrmann

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

our members to attend, the International Accounting Section is covering \$10 of the luncheon cost for each member attending.

We will also be giving out the outstanding service, outstanding dissertation, and outstanding educator award at the luncheon. Special thanks goes to Sid Gray, Erv Black, and Gary Entwistle for chairing these selection committees. The annual business meeting will be held on Monday at 2:15 immediately following the international section luncheon. This is an excellent opportunity to meet people in the International Accounting Section and learn about ways you can have a greater involvement in the section.

One of the major tasks of the section this year was to find a new Editor for our section journal, the *Journal of International Accounting Research*. I greatly appreciate the hard work of the publications committee chaired by Teri Conover in arriving at their recommendation. We announced the selection of the new editor at the Midyear Meeting in Charleston, South Carolina. The new editor is Ken Ferris at Claremont Graduate University. He is already hard at work developing the new editorial board and working on transition issues with our current editor, Lee Radebaugh. Ken comes with a wealth of editorial experience, having previously served as the editor of another AAA journal - *Behavioral Research in Accounting* from 1990-1993. He has over 50 publications in journals such as *TAR*, *AOS*, *CAR*, *Decision Sciences*, *JFQA*, *JBFA*, *ABR*, and *JAAF*. I think Ken is an ideal fit for editor of our journal. My dream is to see our journal to continue to grow in status to equal and even exceed that of other high-quality section journals such as *AJPT*, *BRIA*, and *JATA*.

The 14th International Midyear Meeting will be held in San Diego on February 8-9, 2008. Carolyn Callahan is planning the Doctoral/New Faculty Consortium to be held on February 7 just prior to the Midyear Meeting. We are extremely grateful for the generous support from KPMG for both the Midyear Meeting and the Doctoral/New Faculty Consortium.

I hope everyone is enjoying their summer. I taught a class on International Accounting at Regent's College in London in June. Our class visited with Mary Barth at the International Accounting Standards Board (IASB) and sat in as observers as the IASB discussed issues related to financial statement presentation. I encourage each of you to take a little time and visit the IASB's website (www.iasb.org) to keep up with the developments at the IASB.

The International Accounting Section is special in many ways. I especially enjoy how the section brings together individuals from a wide variety of backgrounds in which we learn from each other and develop close friendships along the way. Thanks for allowing me to serve as president of the International Accounting Section this past year. Please let me know if I can help in any way.

Best Regards,

Don Herrmann
President, International Accounting Section

DR. MARILYN TAYLOR ZARZESKI (1949—2007)

On June 24, 2007, we lost Marilyn Zarzeski, 57, a cherished colleague of the AAA International Accounting Section. Marilyn was known for her towering stature, her tireless enthusiasm, and her genuine friendship to many of us in the AAA. Marilyn became involved in the duties of the IAS as soon as she joined AAA in 1995, serving as the Southeast Regional Liaison (twice), Section Coordinator of all Regions, a member of the nominations committee and an important member of the Publications Committee for four years. I first met Marilyn at the International Accounting Research Symposium in Montvale, New Jersey in 1995. Her friendliness and zeal for research garnered many coauthors from that meeting and many more afterwards. She encouraged me to get involved in the IAS and even took me to my first Business meeting for the section—the stormy ones when we were trying to decide on a *JJAR* editor. I attended my first Midyear meeting in New Orleans with her where we purchased mardi gras masks. She made the meetings fun and personable, along with encouraging scholarship. All her articles were very useful in promoting practical knowledge, with her 1996 *Accounting Horizons* article being one of the most quoted articles in International Accounting circles. She will truly be missed for her contributions to the world of International Accounting and her friendship to many of us.



Marilyn Zarzeski

Professor Zarzeski was born and reared in Youngstown, Ohio. She was valedictorian of Austintown Fitch High School. She earned a B.A. at Notre Dame College of Ohio, an MBA at Youngstown State University, and a Ph.D. at the University of Florida.

Before being married to Tomas W. Taylor in 1992, Marilyn had several business positions in the States: internal auditor of Flagship Bank in Miami, financial control supervisor and then assistant to the Vice-President of the Operating Center of American Express Company in Fort Lauderdale. She then was promoted to Headquarters at Amex Retail Operations in New York City. This position required her to travel and service large retail clients, such as Bloomingdales, Marshall Fields, and Burdines.

Dr. Z's first academic position was at Barry University in Miami Shores, Florida. She moved to Orlando after marriage and obtained an academic appointment at the University of Central Florida. After five years at UCF, Dr. Z obtained The University of Mississippi accounting position of the Croft Institute of International Studies. She taught students in both the Croft Institute and in the E. H. Patterson School of Accountancy. Her ten refereed international accounting research studies have been published in the States or abroad. She earned three external awards for her international accounting research.

Marilyn is survived by her husband, Tomas Taylor of Oxford, Mississippi; two sons, Dean Taylor of Panama City, Florida and Dana Janezick of San Jose, California; two sisters, “Connie” Constance Ohlin and Diane Cantamessa both of Sunrise, Florida and two grandchildren.

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Zareski (continued from page 3)

The family has asked that expressions of sympathy or memorial contributions in Mrs. Zarzeski's memory be made to St. John's Catholic Church, Clayton Stevens Fund, 416 S. 5th Street, Oxford, MS 38655.
Jeannie J. Harrington, IAS *Forum* Editor

Marilyn stood tall not only in height but in her contributions to the international accounting literature and mentoring of international accounting doctoral students. She has truly been an inspiration to the International Accounting Section. Marilyn's presence and her genuine smile will truly be missed by members of the American Accounting Association.

Jenice Prather-Kinsey, Incoming President, IAS Section, 2007-08

Marilyn Zarzeski was a good friend and colleague. She was fun to talk with - and full of surprises. But by Spring 2004, Marilyn had stopped most section activities. She kept trying and wanted to complete her term on the publications committee that ended in 2005. While we remained in contact, she kept a positive attitude. Marilyn was a devout Catholic and often found a church near our meetings so she could attend Mass those weekends. Her presence, her spirit, and her courage are missed.

Rob Larson, IAS Section President, 2003-04

**International Accounting Section
Forum Deadlines, Suggestions, Comments for 2007/08**

Fall 2007 Issue - September 30, 2007

Spring 2008 Issue - February 28, 2008

Summer 2008 Issue - June 15, 2008

Please submit comments and items for publishing via email using a Microsoft Word file as an attachment. Submit to Jeannie Harrington at jharrington@mtsu.edu. If sending materials please send to:

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***Forum* Editor Jeannie Harrington vacationing at
Mt. Rushmore, South Dakota, USA**



**PRELIMINARY SCHEDULE OF ACTIVITIES
INTERNATIONAL ACCOUNTING SECTION
AAA ANNUAL MEETING
CHICAGO, ILLINOIS—AUGUST 5-8, 2007**

Sunday, August 5

CPE Session 14: 8:00 a.m. – 4:00 p.m.

FASB/IASB Update

Presenters: Mary E. Barth, IASB
Thomas J. Linsmeier, Financial Accounting Standards Board

CPE Session 15: 8:00 a.m.– 4:00 p.m.

International Accounting Seminar

Presenter: Frederick Choi, New York University

CPE Session 33: 1:00 p.m. – 4:00 p.m.

Accounting and Taxation in China

Presenters: Zhemin Wang, University of Wisconsin–Parkside
Zheng Wang, California State University San Marcos

Monday, August 6

9:45 a.m. - 11:00 a.m.

Effective Learning Strategies Forums

Foreign Currency - Integrate a Current Events Assignment

Presenter: Christie Johnson, Montana State University

International Accounting Practice Problem

Presenter: Teresa Conover, University of North Texas

10:30 a.m. – 12:00 Noon

1.3 The Global Accounting Digital Library Project: Present and Future

Moderator: Miklos Vasarhelyi, Rutgers University

1.21 Auditing

Moderator: Mehmet C. Kocahulah, University of Southern Indiana

Why Big 4 Firms are not Employed: An Empirical Analysis of Auditor Switches from Big 4 to Local Firms in China

Charles J. P. Chen, City University of Hong Kong, Xijia Su, City University of Hong Kong; Xi Wu, Central University of Finance & Economics

Discussant: Mallikarjun G. Hiremath, Commerce Accountancy & Management

Does Order of Audit Partners Matter? Audit Quality under Dual Attestation System
Rong-Ruey Duh, National Taiwan University; Der-Fen Huang, National Dong Hwa University; Chi-Ping Hou, Tzu Chi College of Technology

Discussant: Aida Sy, University of Bridgeport

U.S. and Canadian Audit Markets: Segmentation and Earnings Quality

Mohinder Parkash, Oakland University; Rajeev Singhal, Oakland University

Discussant: Flora Niu, Wilfrid Laurier University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 5)*

- 1.22 Case Studies and Education**
- Moderator: Finley Graves, University of North Texas
Foreign Currency Translation: A Case Study Based on New Accounting Standards in Australia
- Discussant: Eva K. Jermakowicz, Tennessee State University; Svetlana Vlady, Griffith University
Ahmed M. Ebrahim, SUNY at New Paltz
Earnings Conservatism and Equity Raising of Cross-Listed Firms
- Discussant: Martien Lubberink, Lancaster University; Carel Huijgen, University of Groningen
Wendy Wilson, Southern Methodist University
Academic Accounting in Canada: Bucking the North American Trend or the Last Bastion of Disciplinary Strength
- Discussant: Timothy J. Fogarty, Case Western Reserve University
Susan Boedeker Hughes, University of Vermont

- 1.23 Corporate Governance**
- Moderator: Heibatollah Sami, Lehigh University
Bank-Firm Relationships and Security Analyst Activities: Evidence from Japan
- Discussant: Kentaro Koga, University of Illinois at Urbana–Champaign; Satomi Uchino, Waseda University
Andrew A. Anabila, Pace University
On the Association between Executive Stock Bonus and Voluntary Establishment of Independent Directors and Supervisors—Evidence from Taiwan
- Discussant: Hsin-Chi Chen, National Taipei University; Chunghuey Linda Huang, National Taipei University
Sakthi Mahenthiran, Butler University
Board Effectiveness: Investigating Payment Asymmetry between Board Members and Shareholders
- Discussant: Wuchun Chi, National Chengchi University; Chung-Yuan Hsu, National Chengchi University; Wan-Ying Lin, National Chengchi University
Robert Rambo, Providence College

- 1.24 Fundamental Research Issues Raised by International Corporate Governance Comparisons**
- Moderator: Stephen A. Zeff, Rice University
- Panelists: Bob Herz, Financial Accounting Standards Board
Robert Hodgkinson, Institute of Chartered Accountants in England and Wales
Christian Leuz, University of Chicago

- 1.26 Development of Management Accounting Practices in China**
- Moderator: Amy Hing-Ling Lau, The University of Hong Kong
- Panelists: Raef Lawson, Institute of Management Accountants
Ken Merchant, University of Southern California
Lixia Tang, Haier Group Co. Ltd.

12:15 p.m. - 2:00 p.m.

International Accounting Section Luncheon (Ticket required)

Speaker: Arthur Wyatt

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 6)*

2:15 p.m. – 3:45 p.m.

International Accounting Section Business Meeting

2.3 Multiple Standard Setters in Auditing: Pros and Cons—The Standard Setters Speak

Moderator: Joseph Carcello, The University of Tennessee

Panelists: Jeanette Franzel, GAO
James Gunn, IAASB
Chuck Landes, AICPA
Jennifer Rand, PCAOB

2.4 SEC-Related Research: Accounting-Motivated Transactions, Backdated Options and IFRS Reconciliation

Moderator: Jonathan Glover, Carnegie Mellon University

Panelists: David Cicero, SEC, Office of Economic Analysis
Bjorn Jorgensen, Columbia University
Shiva Rajgopal, University of Washington
Scott Taub, Managing Director, Financial Reporting Advisors, LLC

2.17 SEC/FASB/IASB Financial Reporting Update

Moderator: Terry D. Warfield, University of Wisconsin

Panelists: Mary Barth, International Accounting Standards Board
Michael Crooch, Financial Accounting Standards Board
James Kroeker, Securities and Exchange Commission

2.25 Management Control in Chinese Firms

Moderator: Jennifer Grafton, The University of Melbourne

Exploring the Facilitators, Impediments, and Performance Effects of Management Accounting and Controls in Chinese Firms

Rong-Ruey Duh, National Taiwan University; Jason Z. Xiao, Cardiff University; Chee W. Chow, San Diego State University

Discussant: David T. Otley, Lancaster University Management School

Management Consultancy Adoption in Listed Chinese Companies

Huihua Chen, Cardiff University; Chee W. Chow, San Diego State University; Rong-Ruey Duh, National Taiwan University; Jason Zehong Xiao, Cardiff University

Discussant: Margaret H. Christ, The University of Texas at Austin

2.27 Accounting Standard Setter Processes and Outcomes

Moderator: Jane Mooney, Simmons College

Is the IASB Democratic or Are All Standard-Setters Not Created Equal?

Bryan Howieson, Adelaide University; Paul A. De Lange, RMIT University

Discussant: Robert K. Larson, University of Dayton

FASB's Initiative to Improve on the Quality of Standards: An Empirical Assessment of the Contribution of Constituents in the Commentary Stage

Andrew A. Anabila, Pace University

Discussant: Ann L. Watkins, University of North Carolina at Greensboro

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 7)

Making Imaginary Worlds Real: The Case of Stock Option Expensing
Sue Ravenscroft, Iowa State University; Paul F. Williams, North Carolina State University

Discussant: Barbara D. Merino, University of North Texas

3:30 p.m.– 5:00 p.m.
Research Forum Papers

An Empirical Analysis of the Relationship between Corporate Governance and Environmental Information Disclosure Practices in Korea

Yong-Ki Jung, Chonnam National University; Sun-Hwa Kim, Chonnam National University; Jee-Hae Lim, University of Waterloo

An Empirical Investigation on the Effect of Imputation Credits on the Remittance of Overseas Dividends

Ming-Chin Chen, National Chengchi University

Cash Holdings and Corporate Transparency: An International Perspective

Yan Zhang, State University of New York at Binghamton; Pingsun Huang, Massey University

Comparing the Quality of Accruals for GAAP versus Non-GAAP Summary Performance Measures in Financial Reporting

Desmond Tsang, McGill University

The Change of Corporate Domicile, Tax Planning and Legal Environment

Lawrence Henry Bajor, Bowling Green State University

The Impact of Foreign Ownership and Board Membership on the Performance of Domestic Banks: Evidence from Portugal

Mohamed Azzim Gulamhussen, Instituto Superior de Ciências do Trabalho e da Empresa; Luís Miguel Guerreiro, Banco De Portugal

The Relationship between Stock Prices and Dividends in Taiwan Stock Market Evidence Based on Time-Varying Present Value Model

Hsu-Ling Chang, Ling Tung University; Yahn-Shir Chen, National Yunlin University of Science and Technology

4:30 p.m.– 6:00 p.m.

3.15 Accounting Research in China

Moderator: T. J. Wong, The Chinese University of Hong Kong

Panelists: Kevin Chen, The Hong Kong University of Science and Technology

Bin Ke, The Pennsylvania State University

Joseph Piotrosky, Stanford University

3.26 A Globally Converged Conceptual Framework

Moderator: Ian P. N. Hague, Accounting Standards Board, Canada

Panelists: Mary Barth, International Accounting Standards Board and Stanford University

Tom J. Linsmeier, Financial Accounting Standards Board

Kevin H. McBeth, Financial Accounting Standards Board

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 8)*

- 3.27 IFRS**
- Moderator: Shifei Chung, Rowan University
Corporate Transparency Differences in the Asian Region: The Feasibility of Global Standardization in Practice?
Richard D. Morris, University of New South Wales; Sidney J. Gray, University of Sydney
- Discussant: Asheq R. Rahman, Massey University
Comparing the Value Relevance of Accounting Information in China: Standards and Factor Effects
Shwu Hsing Wu, Tainan University of Technology; Meihua Koo, University of Nevada, Las Vegas; Tzu-Chuan Kao, Kun Shan University
- Discussant: Shifei Chung, Rowan University
The Effect of Harmonization to International Financial Reporting Standards on the Quality of Earnings—The Case of Argentina
Wanda M. Mattei, University of Puerto Rico-Rio Piedras
- Discussant: Robert K. Larson, University of Dayton
- 3.29 Accounting Education—Miscellaneous Topics**
- Moderator: Tom Lechner, University of Utah
Teaching International Accounting: An Assignment to Measure the Ability of Students to Use the Internet to Translate Currencies and Record the Results
William B. Pollard, Appalachian State University
- Discussant: Bear C. Chang, California State University, Dominguez Hills

Tuesday, August 7

9:45 a.m. – 11:00 a.m.

Emerging and Innovative Research Forums

- The Home Bias in International Portfolio Selection: Do the IFRS Mitigate Information Risk?*
- Presenter: Dean Katselas, The Australian National University
- The IFRSs Transition and its Impact on the Accounting Curriculum Design*
- Presenters: Shahed Imam, University of Warwick; Zulfiqar Shah, University of Warwick

Research Forum Sessions

- Integrating Growth and Debt to Form P/E Investment Strategy: The Case of Electronic Industry in Taiwan*
Huoshu Peng, National Taipei University; Mei-Hui Chen, National Defense University; Ar-Wen Hong
- Is the Cash Flow Managed? An Empirical Evidence from Quarterly Financial Reports of Chinese Listed Firms*
Shuang Xue, Shanghai University of Finance and Economics; Xiang Cai; Hong Guo
- Prior Levels of Voluntary Disclosure and the Market Reaction to Interim Earnings Announcements*
Eugene C. M. Cheng, Citigroup Investment Banking Southeast Asia; Stephen M. Courtenay, Nanyang Technological University; Asheq R. Rahman, Massey University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 9)

Signaling Future Performance Through Accounting Choice: The Case of R&D Accounting in France

Anne Cazavan-Jeny, Essec Business School; Thomas D. Jeanjean, HEC School of Management; Peter R. Joos, Baruch College–CUNY

The Characteristics of Firms that Early Adopted IFRS 10 in the U.K.

Victoria Wang, National Chung Hsing University

The Impact of the Statutory-Backed Continuous Disclosure Regime on the Capital Market Reaction to Management Earnings Forecasts in New Zealand

Keitha Dunstan, Victoria University of Wellington; Gerry Gallery, Queensland University of Technology; Thu Phuong Truong, Victoria University of Wellington

10:30 a.m. – 12:00 Noon

4.2 Europe Meets America: Exploring Diverse Research Perspectives

Moderator: C. Richard Baker, Adelphi University

Panelists: Yuri Biondi, CNAM, Paris, France

Kari Lukka, Turku School of Economics, Finland

Kenneth Merchant, University of Southern California

Tomo Suzuki, Oxford University, U.K.

Stephen Zeff, Rice University

4.3 Panel on the International Supply of and Demand for Ph.D.s in Accounting

Moderator: John Christensen, University of Southern Denmark

Panelists: Bhabatosh Banerjee, University of Calcutta

Salvadore Carmona, Instituto De Empresa Madrid

T. J. Wong, Chinese University of Hong Kong

4.5 International Issues in Taxation

Moderator: Thomas D. Schultz, Miami University

Taxation of International Investment and Accounting Valuation

Anja De Waegenare, Tilburg University; Richard C. Sansing, Dartmouth College and Tilburg University

Discussant: Nazik S. Roufaiel, SUNY at Empire State College

Finding a New Tax Base for German Companies after the Abolishment of the One-Book System

Deborah Knirsch, Otto Beisheim School of Management Vallendar

Discussant: Darlene A. Pulliam, West Texas A&M University

The Impact of Tax Reform on Corporate Capital Investment: Evidence from Australian Panel Data

Grant Richardson, City University Hong Kong; Roman Lanis, University of Technology

Discussant: Warren O. Bostrom, College of St. Benedict and / St. John's University

4.14 International Disclosure Regulation

Moderator: Elizabeth A. Gordon, Rutgers University

Market Reaction to the Adoption of IFRS in Europe

Chris Armstrong, Stanford University; Mary Barth, Stanford University; Alan Jagolinzer, Stanford University; Edward Riedl, Harvard University

Discussant: Luzi Hail, The Pennsylvania State University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 10)

Does Disclosure Regulation Work? Evidence from International IPO Markets
Charles Shi, University of California, Irvine; Kuntara Pukthuanthong, San Diego State University; Thomas Walker, Concordia University

Discussant: Ole-Kristian Hope, University of Toronto

The Effect of Cross Listing on the Sensitivity of Managerial Compensation to Firm Performance

Bin Ke, The Pennsylvania State University; Oliver Rui, Chinese University of Hong Kong; Wei Yu, Chinese University of Hong Kong

Discussant: Ole-Kristian Hope, University of Toronto

4.21 Analysts and Forecast Accuracy

Moderator: Linda Campbell, The University of Texas at San Antonio

An Empirical Analysis of Chinese Financial Analysts' Opinions and Forecast Performance in Their Qualitative Research Reports

Yiming Hu, Shanghai Jiao Tong University; Thomas W. Lin, University of Southern California

Discussant: Steven F. Orpurt, Singapore Management University

Analyst Activity, Forecast Accuracy, and Investor Demand for Information

Ran Ron Barniv, Kent State University

Discussant: Aida Sy, University of Bridgeport

Analysts' Awareness of Systematic Bias in Management Earnings Forecasts: Empirical Evidence from Japan

Koji Ota, University of Hyogo

Discussant: Justin Jin, University of Toronto

4.22 Behavioral Research

Moderator: Felix E. Amenkhienan, Radford University

Exploring the Extent and Impediments of Knowledge Sharing in Chinese Business Enterprises

Wen Bing Su, Nanjing University; Xin Li, Nanjing University; Chee Chow, San Diego State University

Discussant: Padakanti Laxmikantham, Addis Ababa University

IFRS and the Value Relevance of Earnings: Evidence from the Emerging Market of Romania

Andrei Filip, University of Geneva / HEC Montreal

Discussant: Mohamed Onsi, Syracuse University

The Impact of National Culture on Business Ethics: A Study of Egypt and the U.S.

Rafik I. Beekun, University of Nevada; Rania Hamdy, Cairo University; Hassan Hassabelnaby, The University of Toledo

Discussant: Iris Stuart, California State University, Fullerton

4.23 Conservatism

Moderator: Khondkar E. Karim, Rochester Institute of Technology

The Impact of Firm Level and Individual Level Industry Expertise on Earnings Conservatism

Shu-Hui Sue, National Chengchi University and Shin Chien University Kaohsiung Campus; Chenlung Chin, National Chengchi University

Discussant: Karen Teitel, College of The Holy Cross

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Preliminary Schedule of Activities (continued from page 11)

The Impact of State Ownership on Timeliness in Loss Recognition

Liang (Richard) Chen, University of New South Wales Asia; Patricia M. S. Tan, Nanyang Technological University

Discussant: John J. Cheh, The University of Akron

An International Investigation of Conservative Bias and Accounting Practices

Joan Hollister, SUNY at New Paltz; Victoria Shoaf, St. John's University

Discussant: Heli Marjut Hookana, Turku School of Economics

4.24 Earnings Management

Moderator: Sanjian (William) Zhang, Lehigh University

Earnings Management and Accounting Values: A Test of Gray (1988)

Ramon P. Rodriguez Jr., The University of Texas at El Paso; Gary P. Braun, The University of Texas at El Paso

Discussant: Mahendra R. Gujarathi, Bentley College

A Comparative Analysis of U.S. GAAP versus IAS: The Effects of Discretionary Accruals, R&D, and Deferred Tax Expense on Earnings Management

Lee J. Yao, Loyola University New Orleans; Siew H. Chan, Washington State University

Discussant: Lucy Huajing Chen, Arizona State University, West Campus

Do Managers Manage Earnings to Just Meet or Beat Analysts' Forecasts? Evidence from Australia

Ahsan Habib, Lincoln University

Discussant: Tom Lechner, University of Utah

4.25 Modeling Studies

Moderator: C. Catherine Chiang, North Carolina Central University

Is Debt Governance Structure Relevant to Firm Operating Performance in a Transitional Market? A Dynamic Approach

Tarek I. Eldomiaty, United Arab Emirates University; Ehab K. A. Mohamed, Sultan Qaboos University

Discussant: Shawki M. Farag, The American University

Related Party Transactions: A Second Source for Earnings Management—Evidence from Chinese IPOs

Peng Cheng, University of Surrey; Jean Chen, University of Surrey

Discussant: Mohamed Azzim Gulamhussen, Instituto Superior de Ciências do Trabalho e da Empresa
Audit Firm and Individual Auditor's Measures of Auditor Industry Expertise and Effects on Accounting Restatements

Chen-Lung Chin, National Chengchi University; Hsin-Yi Chi, National Taichung Institute of Technology

Discussant: Nazik S. Roufaiel, SUNY at Empire State College

New Scholars Concurrent Sessions:

Table 1.1

A Re-Examination of Ex-Dividend Day Price Movements: Evidence from ADR Market

Bi-Huei Tsai, National Chiao Tung University; Shing-Yang Hu, National Taiwan University; Shu-Hsing Li, National Taiwan University

Senior Faculty Mentor: John R. Robinson, The University of Texas at Austin

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 12)

- Table 5.1 *Information Environment of ADR Firms and the Informativeness of Dividend Changes for Future Earnings*
Jian Cao, Florida Atlantic University; Feng Chen, University of Toronto
Senior Faculty Mentor: Eva K. Jermakowicz, Tennessee State University
- Table 5.2 *Interpretation and Application of "New" and "Complex" International Financial Reporting Standards: Implications for Convergence of Accounting Standards*
Parmod Chand, Macquarie University; Chris Patel, Macquarie University; Arvind Patel, University of South Pacific
Senior Faculty Mentor: Gary P. Braun, The University of Texas at El Paso
- Table 8.1 *Selective Disclosure, Accounting Standards and Asset Pricing: Empirical Evidence from Chinese Dual-Class Firms*
Vicki Wei Tang, Georgetown University
Senior Faculty Mentor: Karl Muller, The Pennsylvania State University
- Table 12.1 *The Effects of the Information Disclosure and Evaluation System on Analysts' Forecasts*
Chun-Ju Fang, Tunghai University Taiwan; Ruey-Dang Chang, National Sun Yat-Sen University Taiwan; Yee-Chy Tseng, Tainan University of Technology Taiwan
Senior Faculty Mentor: Patricia Poli, Fairfield University
- Table 12.2 *The Role of Dividends in a Regulated Economy: The Case of China*
Donghua Chen; Ming Jian, Nanyang Technological University; Ming Xu, The Hong Kong Polytechnic University
Senior Faculty Mentor: Jiwei Wang, Singapore Management University
- Table 14.2 *Valuation, Ownership and Visibility Effects of Multiple Cross-Listings for European Firms*
Christina Dargenidou, University of Exeter; Aziz Jaafar, University of Wales
Senior Faculty Mentor: Ervin L. Black, Brigham Young University

2:15 p.m.– 3:45 p.m.

- 5.12 Accounting Earnings**
Moderator: Dahlia Robinson, Arizona State University
Does Derivative Use Enhance Earnings Quality and Value Relevance of Earnings? Evidence from Emerging Markets
Chih-Liang Julian Liu, National Taiwan University; Shu-Miao Lai, National Chengchi University
Discussant: Ola M. Smith, Western Michigan University
- 5.22 IFRS**
Moderator: Mohamed Onsi, Syracuse University
Constituent Participation and the IASB's International Financial Reporting Interpretations Committee
Robert K. Larson, University of Dayton
Discussant: Maureen P. Gowing, University of Windsor
The Voluntary Adoption of International Accounting Standards and Loan Pricing around the World
Jeong-Bon Kim, Concordia University and The Hong Kong Polytechnic University; Judy S. L. Tsui, The Hong Kong Polytechnic University; Cheong H. Yi, The Hong Kong Polytechnic University
Discussant: Christopher D. Hodgdon, University of Vermont

(continued on page 14)

International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 13)*

An Empirical Assessment of IFRS No.16 "Property, Plant, and Equipment"

Zheming Wang, University of Wisconsin-Parkside; Zhijun Lin, Hong Kong Baptist University; Zheng Wang, California State University, San Marcos; John Eichenseher, University of Wisconsin-Madison; Fang Zhang, Chinese University of Hong Kong
Discussant: Gyung H. Paik, Brigham Young University

5.23

Japanese Accounting

Moderator: Kazuo Hiramatsu, Kwansai Gakuin University
Panelists: Tsuguoki (Aki) Fujinuma, Immediate Past Chairman and President of the Japanese Institute of Certified Public Accountants
"Restoring Public Confidence on Auditing and Planned Revision of the CPA Law"
Junichi Maruyama, Deputy Commissioner for International Affairs Financial Services Agency
"Japanese Efforts towards the Global Convergence of Accounting Standards"
Toshifumi Takada, Tohoku University
"Standards of Internal Control: Some Features of Japanese Internal Control Audit"

5.24

Value Relevance

Moderator: Mine H. Aksu, Sabanci University
The Development of Value Relevance of IAS and IFRS over Time: The Case of Germany
Discussant: Henghsiu Lin, University of Portland; Mari Paananen, University of Hertfordshire
Patricia Poli, Fairfield University
Are Components of Reconciliations to International Financial Reporting Standards Useful to Investors?
John Goodwin, The Hong Kong Polytechnic University; Kamran Ahmed, La Trobe University; Richard Heaney, RMIT University
Discussant: Obeua S. Persons, Rider University
Corporate Transparency and Inter-Industry Growth Rates and Asset Allocation
Jere R. Francis, University of Missouri-Columbia; Inder K. Khurana, University of Missouri-Columbia; Raynolde Pereira, University of Missouri-Columbia; Shawn Huang, University of Missouri-Columbia
Discussant: Takashi Yaekura, Hosei University

5.33

Teaching International Accounting

Moderator: Shawki M. Farag, The American University
Actions Speak Louder than Words: A Case Study on Corporate Governance and the International Ramifications of Sarbanes-Oxley
Discussant: Lizabeth Austen, East Carolina University; John T. Reisch, East Carolina University; Larry P. Seese, East Carolina University
Siva Nathan, Georgia State University
International Accounting: A Case Study Featuring the Conceptual Framework
Discussant: Jacqueline Louise Birt, Australian National University; Dean Katselas, Australian National University
Siva Nathan, Georgia State University

(continued on page 15)

International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 14)*

Performance Evaluation and Foreign Exchange Risk in Brazil: The Case of Eastland Electronics

Discussant: Lee Radebaugh, Brigham Young University; Monte Swain, Brigham Young University
Ramesh Narasimhan, Montclair State University

3:30 p.m.– 5:00 p.m.

Effective Learning Strategies Forum

Easy Way to Internationalize Your Accounting Course

Presenters: Shifei Chung, Rowan University; Ramesh Narasimhan, Montclair State University

The Travels of a T-Shirt in the Global World of Taxation

Presenter: Brigitte W. Muehlmann, Suffolk University

Research Forum Sessions

A Comparison of the Performance of Valuation Models: Evidence from Asia-Based Companies Cross-Listed in the U.S.

Kun Wang, Texas Southern University; Murphy Smith, Texas A&M University

Differences in Companies' Privacy Policy Disclosures across Countries and Industries

Efrim Boritz, University of Waterloo; Won Gyun No, University of Waterloo; R. P. Sundarraj, University of Waterloo

4:30 p.m.– 6:00 p.m.

6.23 Auditing and Fraud

Moderator: John Hepp, Grant Thornton LLP

Auditors' and Audit Committee Members' Perceptions of Earnings Management Motives and Techniques

Sompong Pornupatham, Chulalongkorn University

Discussant: Christiane Strohm, University of Munster

The Impact of Culture on Whistle-Blowing and Ethics: A Case Study of Taiwan and its Implications for U.S. Firms Doing Business in a Chinese Cultural Environment

Dennis B. K. Hwang, Bloomsburg University of Pennsylvania; A. Blair Staley, Bloomsburg University of Pennsylvania; Ying Te Chen, Providence University Taiwan; Jyh-shan Lan, Providence University Taiwan

Discussant: Stephen R. Goldberg, Grand Valley State University

Corporate Fraud: Preventive Controls which Lower Fraud Risk

Jose R. Hernandez, Vrije Universiteit Amsterdam; Tom Groot, Vrije Universiteit Amsterdam

Discussant: Rameshwar D. Gupta, Jackson State University

6.24 Cash Flow and Earnings Informativeness

Moderator: Sean W. G. Robb, University of Central Florida

The Predictability of FASB and IASB Operating Cash Flow

Rick N. Francis, University of Northern Iowa; Karen R. Nunez, North Carolina State University

Discussant: Siva Nathan, Georgia State University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 15)

Joint Effect of Earnings Components and Earnings Surprises on Future Performance and Stock Returns

Xavier Garza Gomez, University of Houston–Victoria; Michio Kunimura, Meijo University; Yong Lee, University of Houston–Victoria

Discussant: Juan Manuel Sanchez, University of Arkansas

The Impact of Related Party Sales by Listed Chinese Firms on Earnings Informativeness and Earnings Forecasts

Joseph Aharony, Tel Aviv University; Jiwei Wang, Singapore Management University; Hongqi Yuan, Shanghai University of Finance & Economics

Discussant: Barry R. Marks, University of Houston–Clear Lake

6.25 Equity

Moderator: Takashi Yaekura, Hosei University

Book Values, Cost of Equity Capital and Information Content of Earnings Announcements for European Companies Voluntarily Reporting under IFRS

Jenice Prather-Kinsey, University of Missouri; Eva K. Jermakowicz, Tennessee State University; Thierry Vongphanith, Brown Brothers Harriman & Co.

Discussant: Alexandro Broedel Lopes, Universidade De São Paulo E. Manchester Business School

Determinants of Shares Repurchased in On-Market Buy-Backs

Tim Brailsford, The University of Queensland; Damien Marchesi, The University of Queensland; Andreas Simon, The University of Queensland; Irene Tutticci, The University of Queensland

Discussant: Steve Wj Lin, Florida International University

The Determinants of Intellectual Capital Disclosures: A Decade of IPOs in Singapore

Inderpal Singh, Curtin University of Technology; J-L. W. Mitchell Van Der Zahn, Curtin University of Technology

Discussant: Shuo Wu, University of British Columbia

Wednesday, August 8

9:45 a.m.– 11:00 a.m.

Research Forum Sessions

A Cross-Country Study on the Effects of National Culture on Earnings Management

Sam Han, Singapore Management University; Tony Kang, Florida Atlantic University; Stephen Salter, University of Cincinnati; Yong Keun Yoo, Korea University

A Framework for Efficient Corporate Governance System in Developing Countries: The Case of the Gulf Countries

Wagdy M. Abdallah, Seton Hall University

A Stakeholder Framework on Performance Measurement Design—Evidence from China
Guliang Tang, University of International Business and Economics; Pingli Li, Middlesex University Business School

Accounting Students' Perceptions of a Learning Management System: An International Comparison

Ilias Basioudis, University of Aston; Paul De Lange, RMIT University; Themis Suwardy, Singapore Management University; Paul Wells, Auckland University of Technology

Adapting International Financial Reporting Standards: The Mexican Case

Esperanza Huerta, Instituto Tecnológico Autónomo de México; Francisco Villanueva, Instituto Tecnológico Autónomo de México

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 16)

An Exploratory Assessment of U.K. Public Accountants' Cognitive Style: Are There Cross-Cultural Differences?

Lewis Shaw, Suffolk University; Laurie Pant, Suffolk University; Anne Woodhead, University of Durham

An International Comparison of Faculty Perceptions on Professionalism and Ethics in Accounting Education

Karen S. Cravens, The University of Tulsa; Natalie Eneff, Tracy S. Manly, University of Tulsa; Laura Quiroz

Appropriate Internal Corporate Governance Mechanisms for TSEC-Listed Electronic Companies

Chiaju Crystal Kuo, Mingdao University; Yung-Yu Lai, The Overseas Chinese Institute of Technology; Chung-Jen Fu, National Yunlin University of Science and Technology

Are IFRS and U.S. GAAP Converging? Preliminary Evidence from European Union Companies Listed on the New York Stock Exchange

Susan Boedeker Hughes, University of Vermont; James F. Sander, Butler University
Auditor Selection, Client Firm Characteristics, and Corporate Governance: Evidence from an Emerging Market

Mine H. Aksu, Sabanci University; Turkan Onder, Sabanci University; Kemal Saatcioglu, Sabanci University

Factors Influencing the Voluntary Reinstatement of Goodwill in the U.K.

Victoria Wang, National Chung Hsing University

Implementation Issues in Moving Toward Harmonization in Fair Value Accounting for Fixed Assets in U.S.

Shifei Chung, Rowan University; Ramesh Narasimhan, Montclair State University

Influence of Information Technology on Jobs and Performance Evaluation in Developing Countries: A Comparative Study

Mawdudur Rahman, Suffolk University; Mostaq M. Hussain, University of New Brunswick, St. John

Ivar Kreuger Reborn: A Swedish/American Accounting Fraud Resurfaces in Italy and India

Gaurav Kumar, University of Arkansas at Little Rock; Dale L. Flesher, University of Mississippi; Tonya K. Flesher, University of Mississippi

State Ownership, Audit Quality and Impairment of Assets—Evidence from China

Phyllis L. L. Mo, Lingnan University; Pauline W. Y. Wong, The Hong Kong Polytechnic University; Donghui Wu, The Hong Kong Polytechnic University

The Chilean Corporate Governance System: The Effect of Non-Bank Financial Intermediaries and Auditors on Earnings Quality and Disclosure Levels

Veronica Pizarro, Pontificia Universidad Catolica Valparaiso; Sakthi Mahenthiran, Butler University; David Cadematori, Pontificia Universidad Catolica Valparaiso; Roberto Curci, Butler University

The Impact of Life Cycle on Audit Fees: Evidence from Taiwan

Yu-Lin Chang, Ling Tung University; Chung-Jen Fu, National Yunlin University of Science and Technology

The Use of Earnings and Cash Flows in Investment Decisions in the U.S. and Mexico: Experimental Evidence

Jose E. Miranda-Lopez, Tecnologico de Monterrey Campus Guadalajara; Linda M. Nichols, Texas Tech University

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 17)

Urban versus Rural Firms and Opportunistic Earnings Management: Korean Evidence
Jong-Hag Choi, Seoul National University; Joseph Comprix, Arizona State University;
Helen Hyejin Kwon, Sogang University; Hye-Jeong Nam, Seoul National University

10:30 a.m. – 12:00 Noon

7.17 Business Combinations

- Moderator: Donald P. Pagach, North Carolina State University
Accounting for Business Combinations: A Comparative Analysis of IASB, FASB, and Chinese Financial Reporting Standards
C. Richard Baker, Adelphi University; Yuri Biondi; Qiusheng Zhang
- Discussant: Gyung H. Paik, Brigham Young University
Information Asymmetry in International Acquisitions: The Role of Information Institutions
Jeff Jiewei Yu, Massachusetts Institute of Technology; Jessie Qi Zhou, Southern Methodist University
- Discussant: Lisa Hersrud, University of Oregon
The Relationship between Systematic Risk and International Diversification: An Empirical Inquiry
Kingsley O. Olibe, Kansas State University; Augustine C. Arize, Texas A&M University;
James Calvin Flagg, Texas A&M University
- Discussant: Don Pagach, North Carolina State University

7.18 Earnings Components

- Moderator: Konrad E. Gunderson, Missouri Western State University
The Behavior of Small Traders around Earnings Announcements: An Empirical Evidence from Japan
Kazuhiisa Ootogawa, Kobe University; Hiromi Wakabayashi, Konan University
- Discussant: Kevin Sun, University of Hawai'i
Controlling Performance Measures in Discretionary Accruals Estimation: A Comparison of Different Approaches
Wei-Heng Lin, Chung Yuan Christian University; Chia-Hsuan Tseng, National Chengchi University
- Discussant: Siqi Li, University of Southern California
Voluntary Accounting Disclosures by U.S.-Listed Asian Companies
Gaurav Kumar, University of Arkansas at Little Rock; W. Mark Wilder, University of Mississippi; Morris H. Stocks, University of Mississippi
- Discussant: Thomas D. Schultz, Miami University

7.19 Emerging Markets

- Moderator: Roger Hussey, University of Windsor
Investor Protection, Income Smoothing, and Earnings Informativeness
Steven F. Cahan, University of Auckland; Guoping Liu, Ryerson University; Jerry Sun, University of Windsor
- Discussant: Yong G. Lee, University of Houston-Victoria

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International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities (continued from page 18)

Corporate Governance, Investor Protection, and Auditor Choice in Emerging Markets
Mahmud Hossain, Nanyang Technological University; Chee Yeow Lim, Nanyang Technological University; Patricia M. S. Tan, Nanyang Technological University
Discussant: Jose Hernandez, Vrije Univesiteit

Does Financial Statement Analysis Generate Abnormal Returns Under Extremely Adverse Conditions?

Alexsandro Broedel Lopes, Universidade De São Paulo and Manchester Business School; Fernando Caio Galdi, Fucape Business School and Universidade De São Paulo

Discussant: Wede E. Brownell, University of Central Oklahoma

7.20 Financial Reporting

Moderator: Cheryl L. Linthicum, The University of Texas at San Antonio

Controlling the Controllers: The Impact of Legal Protections and Corporate Governance Structures on Investor Reactions to International Earnings

Chen-Lung Chin, National Chengchi University; Gary Kleinman, Touro College; Picheng Lee, Pace University; Yu-Ju Chen, Asia University

Discussant: Mahmud Hossain, Nanyang Technological University

Shades of Gray: An Empirical Examination of Gray's Model of Culture and Income Measurement Practices Using 20 F Data

Phillip A. Lewis, Eastern Michigan University; Stephen B. Salter, University of Cincinnati

Discussant: Mostafa M. Maksy, Northeastern Illinois University

Does Harmonization of Accounting Standards Lead to the Harmonization of Accounting Practices? A Study from China

Songlan Peng, York University; Rasoul Tondkar, Virginia Commonwealth University; Joyce Van Der Laan Smith, Virginia State University; David Harless, Virginia Commonwealth University

Discussant: Carolyn M Callahan, University of Arkansas-Fayetteville

7.27 Public Sector Accountability: International Perspectives

Moderator: Rameshwar D. Gupta, Jackson State University

In the Public Interest: Why and How the Public Oversight Roles Differ between the U.S. General Accountability Office and the U.K. National Audit Office

Simon Norton, Cardiff University; Murphy Smith, Texas A&M University

Discussant: Trevor Hopper, University of Manchester

Accountability in Crisis: Financialization and the Office of the Comptroller General in Canada

Clinton Free, Queen's School of Business; Vaughan Radcliffe, The University of Western Ontario

Discussant: Trevor Hopper, University of Manchester

Toward Good Governance Principles within the Network of Inter-Municipal Cooperation: Communication in Accounting between Owners and Service Providers

Heli Marjut Hookana, Turku School of Economics

Discussant: Trevor Hopper, University of Manchester

(continued on page 20)

International Accounting Section, AAA Annual Meeting
Preliminary Schedule of Activities *(continued from page 19)*

- 7.31 Teaching via Cases**
Moderator: David K. Dennis, Otterbein College
Accounting for Intangible Assets: Why the Difference between Acquired and Internally Generated Brand Value? An International Accounting Teaching Case
Susan Boedeker Hughes, University of Vermont; Matthew Czerwinski, Simon Property Group Inc.
Discussant: Avi Rushinek, University of Miami
GlaxoSmithKline Plc. International Transfer Pricing and Taxation
Mahendra R. Gujarathi, Bentley College
Discussant: Marsha Huber, Otterbein College

2:15 p.m. – 3:45 p.m.

- 8.7 International Settings**
Moderator: David L. Gilbertson, Western Washington University
The Effect of Internal Control Regulation on Earnings Quality: Evidence from Germany
Nerissa C. Brown, University of Southern California; Christiane Strohm, University of Muenster; Andreas Wompener, University of Muenster
Discussant: James C. Hansen, University of Illinois at Chicago
Corporate Governance, Growth Opportunities, and Earnings Restatements: Evidence from Regulatory Changes
Ken Y. Chen, National Cheng Kung University; Randy J. Elder, Syracuse University; Yung-Ming Hsieh, Soochow University
Discussant: Carol M. Jessup, University of Illinois at Springfield
Changes in the Audit Environment and Auditors' Propensity to Issue Going-Concern Opinions
Neil Fargher, Macquarie University; Liwei Jiang, Macquarie University
Discussant: Thomas D. Dowdell, North Dakota State University

- 8.18 Trends in International Accounting**
Moderator: John Hepp, Grant Thornton LLP
Historical Trends in Research on International Accounting Harmonization
C. Richard Baker, Adelphi University; Eleana M. Barbu, University of Orleans
Discussant: Paul Polinski, Grant Thornton LLP
Real Options, Patent Value and Financial Measurement Indicators: Evidence from the Taiwanese IT Industry
Ming-Cheng Wu, National Changhua University of Education; Chun-Yao Tseng, Tunghai University
Discussant: Paul Polinski, Grant Thornton
Black Economic Empowerment, Legitimacy, and the Value Added Statement: Evidence from Post-Apartheid South Africa
Steven F. Cahan, University of Auckland; Chris J. Van Staden, Massey University
Discussant: B. Elisabeth Rossen, Florida Atlantic University
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INTERNATIONAL PAPERS AND PRESENTATIONS FROM 2007 REGIONAL MEETINGS

Patricia Poli, Fairfield University, Regional Meetings Coordinator

[Overall: Papers—64; Panels—2]

Mid-Atlantic Regional, Parsipanny, New Jersey (April 19-21)

Section Coordinator: Obeua Persons, Rider University

Papers—14; Panels—1

Panel Session: Adding a Global Dimension to the Accounting Major

Presenter: Ann D. Servey, Coordinator of Accounting Program, Cabrini College

Paper Sessions:

International Accounting

Moderator: Mostafa El Shamy, Kuwait University

An International Investigation of Conservative Bias and Accounting Practices

Joan Hollister, State University of New York at New Paltz; Victoria Shoaf, St. John's University

A Comparison of the Financial Characteristics of Pharmaceutical Firms in the United States and the People's Republic of China

Christopher Coyne, St. Joseph's University; John Haverty, St. Joseph's University

The Impact of Culture on Whistleblowing

Dennis Hwang, Bloomsburg University of Pennsylvania; A. Blair Staley,

Bloomsburg University of Pennsylvania; Ying Te Chen, Providence University;

Jyh-Shan Lan, Providence University

International Accounting

Moderator: John Haverty, St. Joseph's University

Corporate Governance, Business Group Affiliation, and Firm Performance:

Descriptive Evidence from Pakistan

WaQar Ghani, St. Joseph's University

Does External Debt Impede on Corporate Governance in Emerging Stock Markets?

Shirley Hunter, Tufts University

The Role of Earnings and Book Values under International GAAP in Equity

Valuation: The Impact of Non-operating Income, Losses and Accruals - Evidence from the Emerging Capital Market of Jordan

Mostafa El Shamy, Kuwait University; Mohamed El- Rajabi, Kuwait University;

Walid Al Husaini, Kuwait University

International Accounting

Moderator: Jean Harris, Penn State University at Harrisburg

Independent Directors And The Propensity To Smooth Earnings: A Study Of Corporate Governance In China

Liona Lai, York University, Canada; Henry Tam, York University, Canada

The Use of Business Balanced Scorecard in China: The Impact of Chinese Cultural and Social Context

Hosseini Nouri, The College of New Jersey; Li Liu, Rutgers University

Financial Reporting Issues in Fast Growth Economies: China, India and United Arab Emirates

Gerald Miller, The College of New Jersey; Christopher J. Westington,

PricewaterhouseCoopers

(continued on page 22)

International Papers and Presentations from 2007 Regional Meetings

(continued from page 21)

Corporate Governance and Performance Measurement

Moderator: Michael Dillon, Millersville University
The Pursuit of Good Practices of Corporate Governance in Latin America: A Case-Based Model
Jean Harris, Penn State University at Harrisburg

Research Forum Paper Sessions:

Financial Reporting Transparency & Corporate Governance Standards in the Gulf Countries

Wagdy Abdallah, Seton Hall University; Nadeem Firoz, Montclair State University

Review of Governance Literature Specific to Latin America

Jean Harris, Penn State University at Harrisburg

Research & Teaching Strategies Forum Paper Sessions:

Review of Governance Literature Relevant to Latin America

Jean Harris, Penn State University at Harrisburg

Accounting Education in Turkey

Asuman Atik, Marmara University, Turkey

Midwest Regional, St. Louis, Missouri (April 12-14)

Section Coordinator: Mehmet C. Kocahulah, University of Southern Indiana

Papers—6

Papers Sessions:

Financial Accounting and Reporting

Moderator: Nicole T. Jenkins, Washington University
The Predictability of FASB and IASB Operating Cash Flow
Rick Francis, University of Northern Iowa; Karen Nunez, North Carolina State; Lori Olsen, North Dakota State

International Accounting

Moderator: Richard Rivers, Southern Illinois University - Carbondale
Analyst Forecast Properties, Analyst Following and Governance Disclosures: Cross-country Evidence
Minna Yu, Ball State University
Growing Tendency to Harmonization Evidence from Turkey
Mehtap Aldogan, Ernst & Young

Financial Accounting and Reporting

Moderator: Pamela Stuerke, University of Missouri-St. Louis
Order Aggressiveness as a Metric to Evaluate the Usefulness of Accounting Information: Evidence from the Italian Stock Exchange
Pietro Perotti, Bocconi University

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International Papers and Presentations from 2007 Regional Meetings

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Research Forum Paper Sessions:

Global Taxation: An Analysis of Proposals and U. S. Response

Larry Garrison, University of Missouri- Kansas City

The Value Relevance of Foreign Currency Translation Adjustments: Comparing the United States, the United Kingdom, and Japan

Susan Sorensen, University of Houston/Clear Lake; Dawn Hukai, University of Wisconsin/River Falls

Northeast Regional, Hartford, Connecticut (April 26-28)

Section Coordinator: Mahendra Gujarathi, Bentley College

Papers—13; Panels—1

Plenary Session: International Convergence of Financial Reporting Standards

Moderator: Gary Previts, Case Western Reserve University

Panelists: Jeff Wilks – Financial Accounting Standards Board

Julie Erhardt – Securities and Exchange Commission

Carol Ann Frost – University at Buffalo, SUNY

Paper Sessions:

International Accounting Session

Moderator: Sylwia Gornik-Tomaszewski, St. John's University

Buy-side Analysts' Use of Corporate Governance Ratings: Evidence from the UK and the US

Kwadwo Asare, James E. Hunton, and Mohammad J. Abdolmohammadi, Bentley College

Are IFRS and US GAAP Converging? Preliminary Evidence from Three European Union Countries

Susan B. Hughes, University of Vermont; James F. Sander, Butler University

China's Convergence With International Accounting Standards

Anne Rich, Central Connecticut State University; Tang GuLiang, University Of International Business And Economics

Teaching and Curriculum

Moderator: Paul Mihalek, University of Hartford

A Study Of Introductory International Accounting Courses In The United States

Bert Zarb, Embry-Riddle Aeronautical University; Philip Jagolinzer, University of Southern Maine

International Accounting Session

Moderator: Victoria Shoaf, St Johns University

International Convergence: The Case of Accounting for Business Combinations

Nina T. Dorata and Ibrahim M. Badawi, St. John's University

The Potential Impact Of FASB/IASB Convergence Efforts: The Case Of Accounting For Research And Development Costs In The Pharmaceutical And Software Industries

Judy Beckman and Kerry Budnick, University of Rhode Island

FASB's Initiative to Improve on the Quality of Standards: An Empirical Assessment of the Contribution of Constituents in the Commentary Stage

Andrew Ayimbila Anabila, Pace University

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International Papers and Presentations from 2007 Regional Meetings

(continued from page 23)

International Accounting Session

An Empirical Investigation Of The Validity Of The Positive Theory In Developing Countries: The Case Of The Kingdom Of Saudi Arabia

Mohamed Sherif Tawfik, Zagazig University

Common And Improved Conceptual Framework: A Necessary Condition For Principles-Based And Converged Accounting Standards

Sylwia Gornik-Tomaszewski, St. John's University

Motivating factors in Selecting Employee Profit Sharing Schemes in the U.S., U.K. And Canada (similarities and differences)

Alireza Daneshfar, University of New Haven; Farhad Simyar, Chicago State University; Michael Rolleri, University of New Haven

International Accounting Session

Moderator: Shirley Hunter, Tufts University

The Impact of Equity Culture On Corporate Governance Systems & Financial Accounting Standards in the Six Gulf Cooperation Council States

Authors Unknown

Are Independent Directors Really Independent in Mexico?

Susan Machuga, University of Hartford; Karen Teitel, College of the Holy Cross

Does External Debt Impede on Corporate Governance in Emerging Stock Markets?

Charles A. Malgwi, Bentley College; Shirley Hunter and Towanda Gwen, Tufts University

Ohio Regional, Columbus, Ohio (May 10-12)

Section Coordinator: Ran Barniv, Kent State University

Papers—4

Paper Sessions:

International Financial Accounting Research Session

Moderator: Tom Schultz, Miami University

The Effect of Corporate Governance and Transparency on Analyst Following and Valuation: Evidence by Legal Origins in Emerging Markets

Ran Barniv, Kent State University; Minna Yu, Ball State University

Discussant: Robert K. Larson, University of Dayton

Ex-Dividend-Day Price Behavior: An International Analysis

Piman Limpaphayom, Chulalongkorn University, Thailand; J. Thomas Connelly, Chulalongkorn University, Thailand; Larry Gorman, California Polytechnic State University

Discussant: Tom Schultz, Miami University

Analyst Activity, Forecast Accuracy and Investors' Demand for Information

Ran Barniv, Kent State University

Discussant: Amal Said, University of Toledo

Accounting Information Systems and Financial Accounting Issues

Moderator: Michael Meyer, Ohio University

The Impact of International Variation in Corporate Governance on Capital Structure

Mark J. Myring, Ball State University; Chris Luchs, Ball State University; Omar Benkato, Ball State University

Discussant: Michael Meyer, Ohio University

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International Papers and Presentations from 2007 Regional Meetings

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Southeast Regional, Atlanta, Georgia (May 3-5)

Section Coordinator: Lisa Owens, Clemson University

Papers—10

Paper Sessions:

Teaching and Curriculum

The Relationship between Corporate International Diversification and Firm Value: An Empirical Inquiry

Kingsley O. Olibe, Texas A&M – Commerce

International Accounting

Immigration Fraud

Gerald H. Lander, University of South Florida; Stephen P. Danese, University of South Florida; Kelly Quinn, University of South Florida

The Informativeness of Form 20-F Reconciliations: Evidence of ADRs Issue by ANIES

Yu-Chih Lin, National Yunlin University of Science and Technology, Taiwan; Chu-Lun Hsieh, Feg Chia University, Taiwan

International Financial Reporting Standards The Case for a Foreign Company

Converting from U.S. GAAP

Harold J. Manasa, Winthrop University

International Accounting Convergence on Foreign Currency Translation: IFRS

Compared to Australian IFRS and U.S. GAAP

Eva K. Jermakowicz, Tennessee State University; Svetlana Vlady, Griffith University

Financial Accounting and Reporting

Mandated Recognition of Employee Stock Option Expense – The Case of Canada

Chandra Subramaniam, University of Texas at Arlington; Jeffrey Tsay, University of Texas at Arlington

Financial Accounting and Reporting

Accounting Standards and their Effect on the Expected Cost of Equity Capital: Evidence from the Swiss Stock Exchange

Maria T. Caban-Garcia, University of South Florida; Susan E. Cammack, Cameron University

Accounting Based Valuation and Market Prices in India – An Empirical Assessment

Ramesh Gupta, Indian Institute of Management

Systematic Risk and International Diversification: Does International Expansion Reduce a Firm's Risk?

Kingsley O. Olibe, Texas A&M University-Commerce

Teaching and Curriculum

Incremental Impact of Teamwork and Mentoring in an International Accounting Class:

Experimental Verification

Rajul Y. Gokarn, Clark Atlanta University

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International Papers and Presentations from 2007 Regional Meetings

(continued from page 25)

Southwest Regional, San Antonio, Texas (February 22-24)

Section Coordinator: Murphy Smith

Papers—4

Paper Sessions: Financial Accounting and Reporting

Moderator: Michael Lacina, University of Houston-Clear Lake

Determinants and Consequences of Voluntary Disclosure in Emerging Markets — Evidence from China

Kun Wang, Texas Southern University; Sewon O, Texas Southern University; M. Cathy Claiborne, Texas Southern University

Financial Accounting and Reporting

Moderator: Elsie Ameen, Sam Houston State University

An Empirical Investigation of the Validity of the Positive Theory in Developing Countries: The Case of the Kingdom of Saudi Arabia

Mohammed Sherif Tawfik, Commerce-Zagazig University Egypt

Financial Accounting and Reporting

Moderator: Frank Collins, Texas A&M International University

The valuation-relevance of the foreign translation adjustment: The impact of barriers to entry and rigidity of wages

Albert Tsang, University of Texas at Dallas; Suresh Radhakrishnan, University of Texas at Dallas

Teaching and Curriculum

Moderator: Mary Fischer, University of Texas at Tyler

The Call for Increasing the International Component of Accounting Education

L. Murphy Smith, Texas A&M University; Michael Imhof, Texas A&M International University

Western Regional, Costa Mesa, California (April 26-28)

Section Coordinator: Meihua Koo, University of Nevada, Las Vegas

Papers—13

Paper Sessions:

International Session

Moderator/Discussant: Maria E. Nondorf, University of California, Berkeley

The Development of Value Relevance of IAS and IFRS over Time: The Case of Germany

Henghsiu Lin, University of Portland; Mari Paananen, University of Hertfordshire, United Kingdom

Can IFRS No.16 be Rigorously Interpreted and Implemented?

John Eichenseher, University of Wisconsin, Madison; Zhemin Wang, University of Wisconsin, Parkside; Fang Zhang, Chinese University of Hong Kong

US GAAP/IFRS Convergence: An Analysis of 20 F Reconciliations

Betty Chavis, California State University, Fullerton; Vivek Mande, California State University, Fullerton

Tax

Moderator: Francine J. Lipman, Chapman University School of Law

International Corporate Tax Reform or "Race to the Bottom"?

Haroldene F. Wunder, California State University, Sacramento

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International Papers and Presentations from 2007 Regional Meetings

(continued from page 26)

The Effect of Adopting International Accounting Standards on Tax Noncompliance

K. Hung Chan, Lingnan University, Hong Kong; Kenny Z. Lin, Lingnan University, Hong Kong; Phyllis Lai-lan Mo, Lingnan University, Hong Kong

International Session

Moderator/Discussant: Betty Chavis, California State University, Fullerton

State Ownership, Audit Quality and Impairment of Assets: Evidence from China

Phyllis L.L. Mo, Lingnan University, Hong Kong; Donghui Wu, The Hong Kong Polytechnic University; Pauline Wong, The Hong Kong Polytechnic University

Related-Party Transactions, Corporate Performance, and the Effectiveness of Corporate Governance Mechanism: Evidence from the Chinese Stock Market

Benjamin Y. Tai, California State University, Fresno and Hong Kong Baptist University; Xing Liu, Chongqing University; Jian Min Liu, Chongqing University

Business Ethics In Japan: The Role of Age and Gender

Jeanne H. Yamamura, University of Nevada, Reno; Yvonne Stedham, University of Nevada, Reno

Moderator: Steven M. Mintz, California Polytechnic State University

Audit Quality and Owner-Manager Agency Costs: Evidence from China

Li Dang, California Polytechnic State University; Qiaoling Fang, Ocean University of China

International & Managerial Session

Moderator: Priscilla Reis, Idaho State University

An Empirical Investigation of the Validity of the Positive Theory in Developing Countries: The Case of the Kingdom of Saudi Arabia

Mohamed Sherif Tawfik, Zagazig University, Egypt

Accounting in Iraq: A Historical Perspective

F. K. AlNajjar, Baker College

Performance Reporting Based on Current and Proposed IFRS Standards

Reinhard Heyd, University of Ulm, Germany

Target Costing Paradigm: Strategic Profit Planning Beyond the Product Costing

KJ Kim, California State University, Fullerton

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San Diego, CA

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The conference will begin Friday morning, February 8, and continue with plenary sessions, panels, concurrent sessions, and other events through Saturday afternoon. An opening reception will be held on Friday evening and closing reception on Saturday night. The 4th Annual Doctoral/New Faculty Consortium will be held on Thursday, February 7.

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All papers should be submitted via e-mail in Word format with a separate 1.) cover letter, 2.) title and abstract page with a 150-word (maximum) abstract, and 3.) full text that does not identify the author(s). Papers should not be sent by fax or regular mail.

To submit a research paper or case, please contact:

Professor Elizabeth A. Gordon (E-mail: egordon@business.rutgers.edu)

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Participants will be able to register for the Conference through the American Accounting Associations website. The registration fee is \$175. More details on registration will be available soon.

(continued on page 30)

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To participate in the Doctoral/New Faculty Consortium, please contact:

Professor Carolyn Callahan (Email: CCallahan@walton.uark.edu)

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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.

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HAVE YOU SEEN?

Christopher D. Hodgdon

University of Vermont



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 Chris Hodgdon at chodgdon@bsad.uvm.edu.

Bleck, Alexander, and Xuewen Liu, "Market Transparency and the Accounting Regime," *Journal of Accounting Research* (Volume 45, Issue 2, 2007): 229-256.

We model the interaction of financial market transparency and different accounting regimes. This paper provides a theoretical rationale for the recently proposed shift in accounting standards from historic cost accounting to marking to market. The paper shows that marking to market can provide investors with an early warning mechanism while historical cost gives management a "veil" under which they can potentially mask a firm's true economic performance. The model provides new explanations for several empirical findings and has some novel implications. We show that greater opacity in financial markets leads to more frequent and more severe crashes in asset prices (under a historic-cost-accounting regime). Moreover, our model indicates that historic cost accounting can make the financial market more rather than less volatile, which runs counter to conventional wisdom. The mechanism shown in the model also sheds light on the cause of many financial scandals in recent years.

Bris, Arturo, Salvatore Cantale, and George P. Nishiotis, "A Breakdown of the Valuation Effects of International Cross-listing," *European Financial Management* (Volume 13, Issue 3, 2007): 498-530.

It is well known that cross-listing domestic stocks in foreign exchanges has significant valuation effects on the listed company's shares. Using a sample of firms with dual shares, we explore the differential effects of cross-listing on prices and we are able to separate the different sources of the benefits of cross-listing. These sources include market segmentation, liquidity, and the bonding of controlling shareholders to lower expropriation of firm resources. Our results show that even though the market segmentation and bonding effects are both statistically significant, the economic significance of segmentation is more than double that of bonding. Furthermore, we document an economically and statistically significant increase in the liquidity of both share classes after the listing. Overall, our results explain why less and less firms are willing to list in the USA: Sarbanes Oxley has increased the cost of adopting better governance while its benefits are not substantial; and market segmentation has decreased significantly in the last years.

Brody, Richard G., Suming Lin and Stephen B. Salter, "Merit Pay, Responsibility, and National Values: A U.S.-Taiwan Comparison," *Journal of International Accounting Research* (Volume 5, Issue 2, 2006): 63-80.

The extant U.S. domestic literature provides evidence that if administered in an unbiased manner, merit pay can be a significant motivator. However, the same literature shows that judgment biases can lead to over-rewarding of "favored failures," individuals who receive favorable treatment despite their poor performance. The cross-cultural literature provides evidence that collectivist societies treat some portion of "merit" pay as salary rewarding both successful and unsuccessful performers with some merit pay. There has been no test in this literature of the treatment of "favored failures" but theoretical *(continued on page 35)*

Have you Seen...? *(continued from page 34)*

arguments and evidence from the cross-cultural escalation of commitment literature suggests that collectivist societies may be less subject to the "favored failures" control problem. A "face" effect may offset the effect of collectivism in Chinese societies. Using a behavioral experiment and subjects from countries that are at the extremes of Hofstede's (2000) individualism-collectivism spectrum (Taiwan, United States) this paper finds that evaluators (subjects) from the more individualist U.S., overall provide less merit less often to poor performers than the collectivist Taiwanese. The U.S. evaluators also display significantly greater judgment biases than the Taiwanese for poor performers to whom they have a prior commitment. Thus, both societies have biases but from different angles and, as such, present employers with different control issues.

Chahine, Salim, Igor Filatotchev and Mike Wright, "Venture Capitalists, Business Angels, and Performance of Entrepreneurial IPOs in the UK and France," *Journal of Business Finance & Accounting* (Volume 34, Issue 3-4, 2007): 505-528.

Using a unique sample of 444 entrepreneurial IPOs in the UK and France, this paper analyses the investment patterns and the stock-market performance effects of two types of early stage investors: venture capitalists (VCs) and business angels (BAs). Extending existing research, we identify important endogeneity and institutional effects. Our findings indicate that UK IPOs have a higher retained ownership and lower participation ratio by BAs, but a lower retained ownership and participation ratio by VCs than in France. BA and VC investments are substitutes, and they are endogenously determined by a number of firm- and founder-related factors, such as founder ownership and external board 'interlocks', and underwriter reputation. UK VCs are effective third-party certifying agents who reduce underpricing in UK IPOs, whereas in French IPOs they increase it by appearing to engage in grandstanding. This certification effect is more significant in UK IPOs involving both high VC and BA ownership. Finally, underpricing increases with VC participation ratio, where the higher exit of VCs seems to increase the risk premium required by outside investors, in particular in the UK.

Chen, Charles J.P., Xijia Su, and Xi Wu, "Market competitiveness and Big 5 pricing: Evidence from China's binary market," *The International Journal of Accounting* (Volume 42, Issue 1, 2007): 1-24.

Big 5 auditors enjoy a worldwide audit fee premium that is believed to be attributable primarily to their reputation for providing high-quality services to clients. This study finds that the fee premium is also attributable to a lack of competition in the market. Taking advantage of the binary structure of the audit market in China, we compare the pricing practices of the Big 5 in the competitive statutory market and the less competitive supplementary market. Although the Big 5 have a reputation for high-quality audits in both markets, the degree of competition in the two markets is very different. Using audit fee data from the period 2000 to 2003, we find that the Big 5 earn a significant fee premium in the less competitive supplementary market, but not in the competitive statutory market. Although our results do not completely rule out reputation as an explanation, they are consistent with the notion that the audit fee premium that is earned by the Big 5 is more likely to be attributable to their dominant market position than to their reputation in the emerging Chinese markets, in which the usual audit-quality benefits for investors and managers are either absent or minimal.

Cheung, Yan-Leung, J. Thomas Connelly, Piman Limpaphayom, and Lynda Zhou, "Do Investors Really Value Corporate Governance? Evidence from the Hong Kong Market," *Journal of International Financial Management & Accounting* (Volume 18, Issue 2, 2007): 86-122.

To examine the relation between corporate governance and firm value, we develop an instrument to assess the corporate governance practices of listed companies in Hong Kong. Based on the Revised OECD Principles of Corporate Governance (OECD) and the Code of Best *(continued on page 36)*

Have you Seen...? (continued from page 35)

Practices (HKEx), we construct a corporate governance index (CGI) for Hong Kong listed companies. Unlike measures used in other studies, the CGI score reflects the presence of good corporate governance practices as well as variation in the quality of corporate governance practices. Empirical evidence shows that a company's market valuation is positively related to its overall CGI score, a composite measure of a firm's corporate governance practices. We also find that the transparency component of the CGI score drives the relation with market valuation. In summary, this study provides supporting evidence for the notion that, in Hong Kong, good corporate governance practices are consistent with value maximization.

Chin, Chen-Lung, Gary Kleinman, Picheng Lee and Mei-Feng Lin, "Corporate Ownership Structure and Accuracy and Bias of Mandatory Earnings Forecast: Evidence from Taiwan," *Journal of International Accounting Research* (Volume 5, Issue 2, 2006): 41-62.

The primary objective of this study is to examine the association between the quality of mandatory earnings forecast, measured by forecast accuracy and bias, and the ownership structure of Taiwanese firms, measured by the divergence between the ultimate owner's control and the equity ownership level. The study is based on 528 forecasts issued by Taiwanese-listed firms from 1999 to 2001, which were affected by the regulation on disclosure-of-earnings forecasts issued by the Taiwan Securities and Futures Exchange Commission (TSFEC). First, we find that concentrated ownership structures created agency conflicts between controlling owners and outside investors. Second, we also find that firms tend to issue more inaccurate and optimistically biased forecasts in the presence of the greater divergence between the ultimate owner's control and the equity ownership level. Third, the firms with serious agency problems tended to revise their forecasts more to reduce error or bias or manipulate accruals (e.g., through discretionary accruals) in order to avoid violating the 20 percent forecast error threshold as the end of the period approached. Finally, the resulting postmanaged forecast error or bias does not significantly vary with the level of ownership concentration.

Choi, Jong-Hag and T. J. Wong, "Auditors' Governance Functions and Legal Environments: An International Investigation," *Contemporary Accounting Research* (Volume 24, Number 1, 2007).

This paper uses firm-level data collected from 39 countries to study whether national legal environments increase or decrease auditors' governance functions in serving the bonding and signaling role. On the one hand, Big 5 auditors may play a stronger governance role in weaker legal environments because they are good substitutes for legal protection of outside investors and risky firms find Big 5 auditors more affordable because of lower litigation costs. On the other hand, a country's poor legal environment may significantly weaken the demand for and supply of quality audits, lessening their role as a bonding mechanism and a credible signaling mechanism. Our empirical results provide support for the former view that Big 5 auditors fulfill a stronger governance function in weaker legal environments.

De Jong, Abe, Douglas V. DeJong, Gerard Mertens, and Peter Roosenboom, "Investor relations, reputational bonding, and corporate governance: The case of Royal Ahold," *Journal of Accounting and Public Policy* (Volume 26, Issue 3, 2007): 328-375.

Royal Ahold (*Koninklijke Ahold NV*) was one of the major success stories in the 1990s and is one of the major failures, suffering a complete meltdown, in 2003. We investigate the strategy, investor relations, accounting transparency and corporate governance of Ahold; these elements jointly drive the firm's performance over the past decade. Investor relations and its implications are an important but under researched aspect of the market's belief formation process. For Ahold, investor relations is an important component of reputational bonding [Siegel, J., 2005. "Can foreign firms bond themselves effectively by renting US securities laws?" *Journal of Financial Economics* 75, 319–359]. Our clinical (continued on page 37)

Have you Seen...? *(continued from page 36)*

study documents investor relations' influence on investor expectations. We then provide an in-depth analysis of the strategy, accounting transparency and corporate governance that lead to Ahold's downfall. We provide insights and implications into these relationships that present theory and empirical studies have not fully addressed.

Durré, Alain and Pierre Giot, "An International Analysis of Earnings, Stock Prices and Bond Yields," *Journal of Business Finance & Accounting* (Volume 34, Issue 3-4, 2007): 613-641.

This paper assesses the contemporaneous relationship between stock prices, earnings and long-term government bond yields for a large number of countries. The time period of our data spans several decades. In a time series framework our analysis first tests the presence of a long-term contemporaneous relationship between these three variables (the so-called Fed model). Next, we assess if government bond yields play a significant role in the long-run relationship. Our empirical results question the validity of the Fed model in the sense that we show that long-term market movements are mainly driven by the earnings yield and not the differential between bond and earnings yields. As such, our analysis validates the results of Asness (2003) for a much larger collection of countries while using a dynamic time series (cointegration) framework. Finally, we also show that changes in long-term government bond yields have a short-term impact on stock prices.

García-Meca, Emma, and Isabel Martínez, "The use of intellectual capital information in investment decisions: An empirical study using analyst reports," *The International Journal of Accounting* (Volume 42, Issue 1, 2007): 57-81.

Do financial analysts convey intellectual capital information in their recommendations? This study of a sample of analyst reports on large, listed Spanish companies provides some evidence on the question. Analysts usually report information regarding a company's strategy, customers, and processes; they less often provide information about research, development, and innovation. When controlling for endogeneity, we find that certain firm characteristics appear to influence the use of intellectual capital information. Analysts use this information in the case of highly profitable companies. The results also show a significant effect of growth opportunities on intellectual capital disclosure by financial analysts.

Ho, Li-Chin Jennifer, and Martin E. Taylor, "An Empirical Analysis of Triple Bottom-Line Reporting and its Determinants: Evidence from the United States and Japan," *Journal of International Financial Management & Accounting* (Volume 18, Issue 2, 2007): 123-150.

This paper investigates triple bottom-line (TBL) disclosures of 50 of the largest US and Japanese companies. Twenty disclosure criteria were developed for each of the TBL disclosure areas: economic, social, and environmental. Disclosure information was examined in annual reports, stand-alone reports, and special website reports. Regression analysis was used to examine empirically the determinants of TBL disclosure practice. Our results indicate that, for total TBL disclosure (combining economic, social, and environmental categories), the extent of reporting is higher for firms with larger size, lower profitability, lower liquidity, and for firms with membership in the manufacturing industry. Further analysis indicates that the results for the total TBL disclosure are primarily driven by non-economic disclosures. We also find that the extent of overall TBL reporting is higher for Japanese firms, with environmental disclosure being the key driver. This result could be attributed to the differences in national cultures, the regulatory environment, and other institutional factors between the United States and Japan.

(continued on page 38)

Hope, Ole-Kristian, Justin Jin and Tony Kang, “Empirical Evidence on Jurisdictions that Adopt IFRS,” *Journal of International Accounting Research* (Volume 5, Issue 2, 2006): 1-20.

International Financial Reporting Standards (IFRS) have recently been adopted in a number of jurisdictions, including the European Union. Despite the importance of IFRS in the context of global accounting standards harmonization, little is known regarding what institutional factors influence countries' decisions to voluntarily adopt IFRS. This issue is relevant to standard-setters because a better understanding of the motivations for adoption will enable them to promote IFRS more effectively to countries that currently do not employ IFRS. Consistent with bonding theory, we find that countries with weaker investor protection mechanisms are more likely to adopt IFRS. Our evidence also shows that jurisdictions that are perceived to provide better access to their domestic capital markets are more likely to adopt IFRS. Taken together, our results are consistent with the view that IFRS represent a vehicle through which countries can improve investor protection and make their capital markets more accessible to foreign investors.

Jaafar, Aziz, and Stuart McLeay, “Country Effects and Sector Effects on the Harmonization of Accounting Policy Choice,” *Abacus* (Volume 43, Issue 2, 2007): 156-189.

This study assesses the extent of accounting harmony in Europe prior to the recent switch to IFRS, by presuming that accounting is harmonized when ‘all firms operating in similar circumstances adopt the same accounting treatment for similar transactions regardless of their domicile’. The policies studied concern inventory, depreciation and goodwill, and the odds of using alternative accounting methods are predicted by logistic regression. The empirical results suggest that, while international exposure and firm size are significant factors, country effects are considerably greater than sector effects, which is inconsistent with harmonized accounting.

Khurana, Inder K., K. K. Raman and Dechun Wang, “Does the Threat of Private Litigation Increase the Usefulness of Reported Earnings? International Evidence,” *Journal of International Accounting Research* (Volume 5, Issue 2, 2006): 21-40.

In this cross-border study, we document the usefulness of reported earnings as conditioned by varying levels of litigation risk. We focus on litigation risk, since Ball (2001) suggests that although litigation rights are seldom discussed in the context of international accounting, the threat of private litigation can motivate corporate insiders to increase transparency in financial reporting. We operationalize the quality of reported earnings based on their ability to predict the firm's future cash flows. The focus on future cash flows enables us to examine the usefulness of reported earnings without having to assume pricing similarities across stock markets. We examine the relation between litigation risk and earnings quality for firms in a sample of 34 countries. We find that the higher the litigation threat, the greater the predictive ability of reported earnings for future cash flows.

Lopes, Patrícia Teixeira, and Lúcia Lima Rodrigues, “Accounting for financial instruments: An analysis of the determinants of disclosure in the Portuguese stock exchange,” *The International Journal of Accounting* (Volume 42, Issue 1, 2007): 25-56.

This paper studies the determinants of disclosure level in the accounting for financial instruments of Portuguese listed companies. An index of disclosure based on IAS 32 and IAS 39 requirements is computed for each company. The analysis includes variables that capture intrinsic features of Portuguese companies and institutional regulatory context, such as capital structure and characteristics of the

(continued on page 39)

Have you Seen...? (continued from page 38)

corporate governance structure, within contingency theory. We could not find any significant influence of corporate governance structure or of financing structure. We conclude that the disclosure degree is significantly related to size, type of auditor, listing status and economic sector. This research reveals areas for improvement of Portuguese companies' reporting practices and suggests areas for intervention of the Portuguese capital markets regulator in the context of mandatory IAS after 2005.

Mangena, Musa, and Venancio Taurigana, "Disclosure, Corporate Governance and Foreign Share Ownership on the Zimbabwe Stock Exchange," *Journal of International Financial Management & Accounting* (Volume 18, Issue 2, 2007): 53-85.

We investigate the association of foreign share ownership with firm-level disclosure and corporate governance structures in Zimbabwe, a developing country in Southern Africa. Our motivation for the study derives from the literature, which suggests that foreign investors: (1) generally have a preference for companies in which they are well informed and where their investments are more likely to be protected, and (2) avoid companies in developing countries because of weak corporate governance structures and low disclosure. Using data drawn from companies listed on the Zimbabwe Stock Exchange, we examine the effect of disclosure and corporate governance on foreign share ownership. We find that disclosure, proportion of non-executive directors, institutional share ownership and audit committee independence are all positively and significantly associated with foreign share ownership. Our results also demonstrate that market capitalization, return on equity and liquidity ratios are significantly associated with foreign share ownership. These results are consistent with the notion that foreign investors have a preference for companies with effective corporate governance structures, companies with less information asymmetry, as well as companies with healthy cash positions. The results have implications for policy-makers in developing countries in their endeavour to improve liquidity on stock markets through the participation of foreign investors. The results are also useful to managers in developing countries who are keen to increase the market value of their company, thereby reducing their cost of capital.

Tyrrall, David, David Woodward and Almagoul Rakhimbekova, "The relevance of International Financial Reporting Standards to a developing country: Evidence from Kazakhstan," *The International Journal of Accounting* (Volume 42, Issue 1, 2007): 82-110.

International Financial Reporting Standards (IFRS) were developed in advanced economies, but are increasingly being applied in emergent economies, potentially ignoring considerations of whether IFRS are appropriate or relevant to such economies. This case study examines the relevance and implementation of IFRS to the emerging economy of Kazakhstan from independence in 1991 to 2006. It concludes that although a strong case for IFRS relevance cannot be made, even by 2006, Kazakhstan had little choice but to proceed with IFRS, and that IFRS relevance is likely to increase as Kazakh economic development continues. Implementation of IFRS is proving problematic, but is taking place slowly. This, in turn, has implications for the theoretical status of the IFRS relevance argument and the pathways that nations might follow in implementing a national accounting system. If the only choice of accounting system is IFRS, then the IFRS relevance debate is effectively closed and the real issue is the pathway of change that nations might follow as they implement IFRS.

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