

# Report on the Asia-Pacific Journal of Accounting and Economics Symposium 2002

3 – 4 January 2002

The Symposium was opened by Professor Po S Chung, VP (Research) City University of Hong Kong, and Professor Ferdinand A Gul, Director of the Accounting and Corporate Law Centre at City University of Hong Kong. **Mr. Andrew Sheng**, Chairman of the Hong Kong Securities and Futures Commission, and **Dr Jesse Wang Jianxi**, Deputy Secretary General, China Securities Regulatory Commission, China, gave keynote addresses.

Professor Terrence J Shevlin of the University of Washington gave a presentation in the **Research Forum** on the first day. He talked about the interplay between taxes and financial accounting research, with a focus on how Scholes and Wolfson's micro-economic framework for viewing tax decisions has been used in empirical research.

In the first round of paper sessions, Professor Paul A. Griffin of the University of California at Irvine presented evidence that US companies sued for suspicious insider trading before and after a price-sensitive disclosure had displayed unusually high levels of insider trading around the disclosure period. Dr Michael Alles of Rutgers University presented an analytical model of uncertainty and ambiguity in the Balanced Scorecard. The discussants for these papers were, respectively, Professor Ross Watts of the University of Rochester, and Dr Derek Chan of the University of Hong Kong.

In the second round of paper sessions, Dr Gerry Gallery of Bond University presented a paper that examined Australia's continuous disclosure policy for price-sensitive information, and showed some problems, concluding that the disclosures made under the policy were usually opportunistic. Professor Heibatollah Sami of Temple University showed that the value-relevance of accounting information for B-shares in China were higher than that of A-shares. Discussants were Dr Bin Srinidhi and Dr Charles Chen respectively, both from City University of Hong Kong.

In the following session, Dr Irene Tutticci of The University of Queensland used Australian data to compare the incremental value-relevance of the equity method over the cost method (prior to 1997, equity accounting was reported only in footnotes). The discussant was Professor S P Kothari from Massachusetts Institute of Technology.

The second day opened with a **Research Forum** on International Accounting Methodology by Professor Ross L. Watts of the University of Rochester and Professor Dan A. Simunic of The University of British Columbia. Professor Watts used two recent papers in international accounting to highlight his concerns regarding this area, noting that international accounting papers require more theory so that results can be interpreted better and alternative explanations tested more rigorously. Professor Simunic discussed international research issues in auditing including topical areas such as audit quality and litigation.

This was followed by another paper session in which Dr Ping-Sheng Koh of The University of Queensland discussed the association between institutional ownership and corporate earnings management (discretionary accruals) in Australia, showing a non-linear association between institutional ownership and income-increasing discretionary accruals. The discussant was Professor Eli Bartov of New York University.

In the afternoon, Dr Julie Cotter of the University of Southern Queensland presented a paper that examined factors affecting disclosure policies for asset revaluations for Australian companies. Professor Jayne Godfrey of the University of Tasmania followed, presenting evidence from New Zealand on the relationship between a firm's growth opportunities and goodwill accounting choices. Discussants for these papers were respectively Professor Heibatollah Sami of Temple University and Professor Terrence J. Shevlin of the University of Washington.

Finally, there was a **Corporate Governance Forum**, chaired by Dr Zhang Wei Guo of the China Securities Regulatory Commission, and addressed by such luminaries as Dr Jesse Wang Jianxi of the China Securities Regulatory Commission, Mr. Edward Chow, Chairman, China Infrastructure Group Limited, and Vice-President, Hong Kong Society of Accountants, Dr Mak Yuen Teen of National University of Singapore, and Professor Ferdinand A. Gul of City University of Hong Kong.

Dr Jesse Wang discussed how improving the legal framework and changing the shareholders structure would improve standards of governance in the Mainland. Mr Edward Chow focused on the role of Hong Kong Society of Accountants in promoting good corporate governance in Hong Kong. Dr Mak Yuen Teen discussed the developments of corporate governance in Singapore and Malaysia following the Asian Financial Crisis of 1997. Professor Ferdinand Gul took the discussion on corporate governance in the Mainland, Hong Kong and Singapore to a macro conceptual level to consider global corporate governance issues. Evidence was provided to show that differences in legal protection, legal enforcement and corporate governance regime affected various indices of performance. These presentations stimulated a lively debate with a high level of participation from the audience.

Finally, there was a Symposium Dinner, at which Dr the Hon Li Ka Cheung, Eric, OBE, JP, gave a memorable speech, and musical entertainment was provided by students from the Diocesan Boys' School.