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Recent Advances in Management, Marketing & Finances

Proceedings of the 7th WSEAS International Conference on Management, Marketing and Finances (MMF '13)

Scientific Sponsor

University Kebangsaan

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National University of Malaysia

Cambridge, MA, USA, January 30 - February 1, 2013

Business and Economics Series | 4

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Preface

This year the 7th WSEAS International Conference on Management, Marketing and Finances (MMF '13) was held in Cambridge, MA, USA, January 30-February 1, 2013. The conference provided a platform to discuss business management, financial management, managerial accounting, business ethics, marketing, integrated manufacturing systems, man-machine integration, electronic commerce, digital marketing, business law, public finance, stock exchange analysis and prediction, political sciences, crisis management etc with participants from all over the world, both from academia and from industry.

Its success is reflected in the papers received, with participants coming from several countries, allowing a real multinational multicultural exchange of experiences and ideas.

The accepted papers of this conference are published in this Book that will be sent to international indexes. They will be also available in the E-Library of the WSEAS. Extended versions of the best papers will be promoted to many Journals for further evaluation.

Conferences such as this can only succeed as a team effort, so the Editors want to thank the International Scientific Committee and the Reviewers for their excellent work in reviewing the papers as well as their invaluable input and advice.

The Editors

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Plenary Lecture 1

Pros and Cons of Mark-To-Market Accounting: From Past to Present

Professor Jiří Strouhal
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Abstract: The most widely used value standards are “fair market value” and “fair value”. A linguistic approach to the two terms indicates that “fair value” is a more comprehensive notion, because it refers to a value that is “right and correct”. The “right and correct” concept is a more permissive one, the best way to illustrate it is by giving an example: the right value of an asset can be represented by its value on the market, by its intrinsic value, by its exchange value, or, in some situations, by the liquidation value of that asset. The concept of “fair market value” is a more restrictive one, due to the presence of the term “market”. This trait can make one ask himself whether the term “market” is linked to the adjective “fair” (like in “fair market”) or the noun “value” (like in “market value”). We are obliged however to determine the value we would receive on the market – during a real or a hypothetical transaction – in exchange for an asset. The “fair market value” represents the base of all judgments of value, while “fair value” is defined in terms of financial reports. Fair value has been a term used in the accounting literature for a considerable period of time, but without ever being defined. Firstly appeared in 1953 in the 43rd number of Accounting Research Bulletin, which bearded the title “Restatement and Revision of Accounting Research Bulletins”. Afterwards, the term appeared in Accounting Principles Board Opinions – APB (Accounting for Non-monetary Transactions – 1973), and in the SFAS 15 (Accounting by Debtors and Creditors for Troubled Debt Restructurings – 1977).

The impact of fair value accounting is essential for all users of financial accounting information, especially when considering investment and financial decisions, therefore becoming the centre of attraction for a significant number of researchers and policy applications, including corporate governance. Since the use of fair value often involves estimates, this can also be considered as increasing managers’ discretion and further impact its implementation through reporting discretion issues. In terms of risk management, the aim and the standard setting challenge is to arrive at mandated disclosures that provide knowledgeable users of financial reports with a clear picture of the reporting enterprise’s risk exposures and how those risk exposures (and concentrations) are shifting over time (Schipper, 2005).

Fair value has its supporters, but also its’ inquisitors, motivated by its advantages and limits, while an orientation in future of the regulations upon historical values does not represent itself an optimistic vision upon the future. A series of regulatory organisms, committees and commissions, studies, some in collaboration, others individually, ways to improve these aspects that regard accounting and audit, but only future will show us the direction things will evolve, how well they have collaborated and the impact that they want to have upon the market, the way remaining opened to multiple analysis and researches in the domain.

Brief Biography of the Speaker: Jiří Strouhal graduated from the University of Economics Prague in 2003 and finished his doctoral studies in 2005. In 2006 he became an accounting expect (Czech accounting profession certification scheme based on British ACCA curricula). In the period 2007 – 2009 he was member of the Committee for Education and Certification of Accountants Czech Republic and Executive Board member of the Chamber of Certified Accountants (Union of Accountants CR). From 2011 he is President of Chamber of Certified Accountants Czech Republic and member of Accreditation Committee of this professional organization.

He is reputed academician and practitioner; he published more than 400 research outputs, from which could be stated 25 monographers in the area of accounting and corporate finance, more than 40 research papers published in reputed databases (ISI, SCOPUS – important piece of them in WSEAS/NAUN research journals). His SCOPUS H-index is 7 and his Google Scholar H-index is 10. His major is corporate financial reporting, partially focused on international accounting harmonization and financial securities reporting.

He was a plenary speaker of DEEE 2010 conference in Tenerife, E-ACTIVITIES 2011 conference in Jakarta, and conferences in Harvard (ICBA 2012) and Cambridge (EDUCATION 2012). Also did organized special sessions focused on measurement issues in finance and accounting at WSEAS conferences in Timisoara (EMT 2010), Iasi (AEBD 2011), Angers (EMT 2011), Harvard (ICBA 2012), Porto (AEBD 2012) and Zlin (FAA 2012). He was a chair of Zlin conferences which were held in September 2012 at Tomas Bata University in Zlin, Czech Republic.

Plenary Lecture 2

Firms Connection with Government: Does Corporate Governance Matters?

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Abstract: One important lesson learned from Asia economic crisis during late 1990's was the importance of good governance in managing a business corporation. The immediate reaction by the Malaysia government was to develop rules and regulations to assure that Malaysian corporation have the right governance mechanism in place. The Malaysia Code of Corporate Governance (MCCG) was launch in 2001. The code codified the principles and best practices of good governance and described optimal corporate governance (CG) structures and internal processes that a business entity should uphold. About the same period, the Minority Shareholder Watchdog Group (MSWG) was established as a government initiative to protect the interests of minority shareholders through shareholder activism. It hopes to discipline the capital market and to encourage good governance amongst public listed companies and increase the shareholder value. In a different platform, the government has also established the National Integrity Plan (NIP) and Malaysia Institute of Integrity (IIM) with the aim of achieving economic progress that is consistent with good personal values and ethical corporate conduct.
The Malaysian government, as any other governments in the emerging economy, participates actively in the operation of business entities. Even after the privatization exercise, the government has continued to have significant role and ownership in the private companies. With a number of rules and regulations implemented by the government to enhance corporate governance measure, this study expects to find high level of CG mechanisms in firms connected with the government. Specifically, this paper examines the level of corporate governance mechanism implemented in companies connected with the ruling government and whether its participation has any implication in the companies' value. The findings of study would give an insight of the nature of governance mechanism specifically in firms connected with government and how element of governance can be improved in these firms.

Brief Biography of the Speaker: Romlah Jaffar starts her academic career at the Faculty of Economics and Management of Universiti Kebangsaan Malaysia (UKM) in 1991. She obtained her Bachelor of Science (Accounting) from San Diego State University, MBA (Accounting) and DBA (Accounting) from Universiti Kebangsaan Malaysia. Her main research areas are in social and environmental reporting, quality of reporting and corporate governance. Romlah is also an editor for a number of internationally recognized academic journals, inside and outside of the country. Currently, Romlah involves in a few research projects awarded by the Ministry of Higher Education of Malaysia, UKM, Malaysian Institute of Certified Public Accountants (MICPA) and International Association for Accounting Education and Research (IAAER). Additionally, Romlah contributes in the development and evaluation of accounting program in the country. She has been appointed by Ministry of Higher Education as a main committee member for the evaluation and development of current Bachelor of Accounting curriculum for institute of higher learning in Malaysia (Hala Tuju 2). She is also a panel of Malaysia Qualification Agency (MQA) that actively involved in the accreditation of accounting program in private institution of Malaysia.