



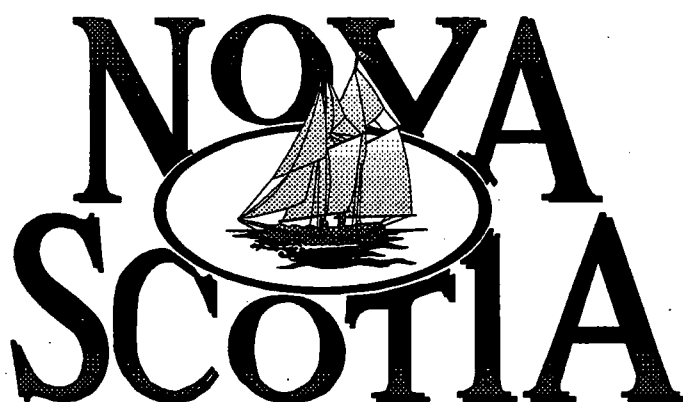
The Canadian Academic Accounting Association
L'Association canadienne des professeurs de comptabilité

**PROGRAMME DU CONGRÈS
2000 DE L'ACPC**

du 1 au 4 juin 2000
Hôtel Lord Nelson – Halifax

**CAAA CONFERENCE 2000
PROGRAM**

June 1 - 4, 2000
Lord Nelson Hotel – Halifax



Orientations multiples :
la comptabilité, profession
interdisciplinaire

Multiple Directions:
Accounting — An
Interdisciplinary Profession

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Georgian Lounge*

welcome

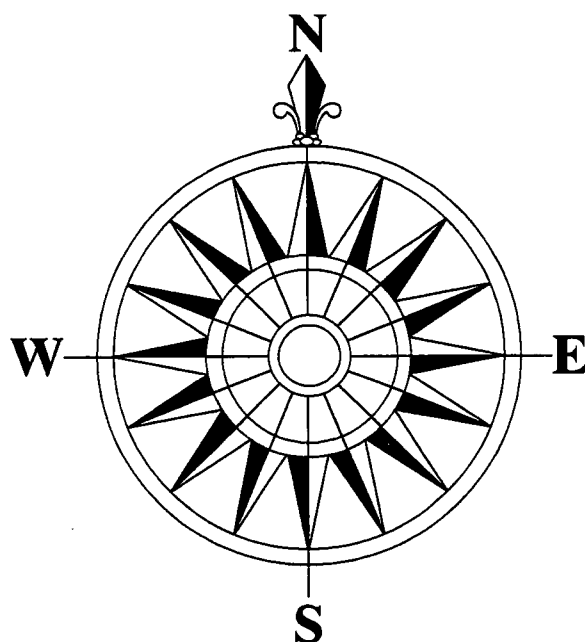
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Conference Chair

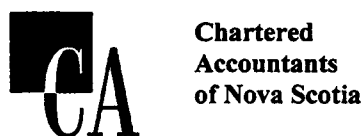
Nicola M. Young
Saint Mary's University



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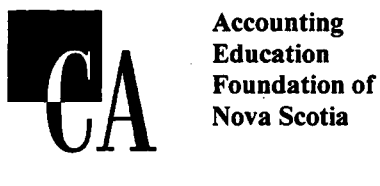
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MERCI!

The Canadian Academic Accounting Association wishes to thank its generous supporters for helping make its Annual Conference possible and for supporting its many initiatives. The organization benefits most from the support of the three national accounting bodies, who provide both financial and volunteer help to its endeavors all year.

L'Association canadienne des professeurs de comptabilité tient à remercier ses généreux commanditaires d'avoir contribué à la réalisation du congrès annuel et d'appuyer ses nombreuses initiatives. L'organisation bénéficie énormément de l'appui des trois organisations nationales de comptables professionnels, lesquelles fournissent une aide en matière de ressources financières et humaines tout au cours de l'année.

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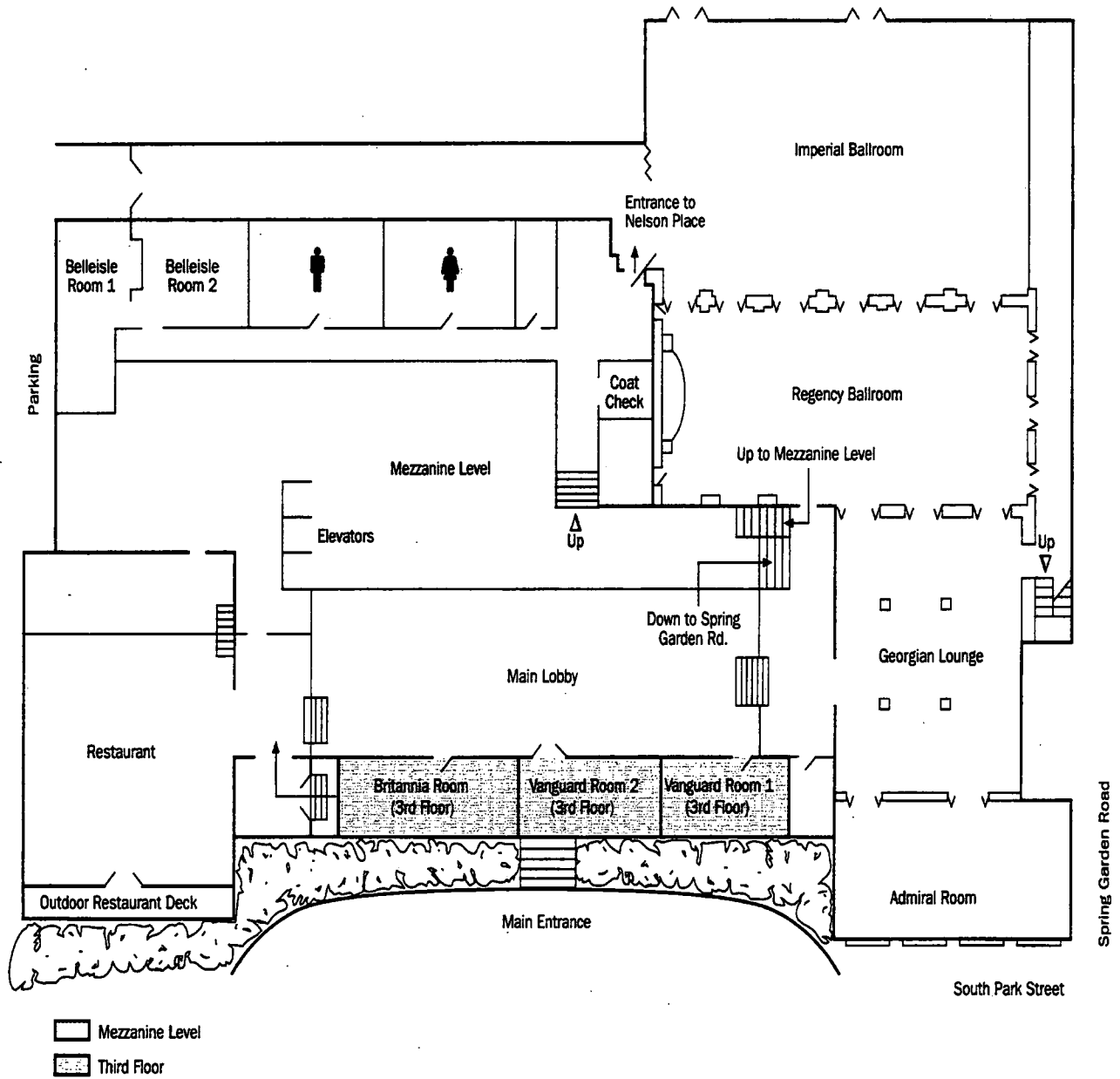


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THE LORD NELSON HOTEL



PROGRAMME DU CONGRÈS

CONFERENCE PROGRAM

TIMETABLE

Place Time	Admiral Room – a	Imperial Ballroom Section – i	Britannia Room – b	Vanguard 1 Room – v
FRIDAY				
08:30-09:00	Opening Remarks			
09:00-10:15 Plenary	The Future of International Standards and Standard Setting Processes			
10:45-12:15 Concurrent Sessions	1-a: Are Technology and Competence Pressures Changing the Game in Introductory Accounting?	1-i: The Canadian Accounting Academic and Practitioner Community: Strained Relationships?	1-b: Interpretation of Earnings News	1-v: Audit Practice
14:30-16:00 Concurrent Sessions	2-a: Competency- Based Assessment: Reports from the CAAA Task Force and the Canadian Accounting Profession	2-i: Perspectives on Budgeting and Management Control	2-b: Modelling Research in Accounting – I	
16:30-17.45	Annual Meeting			
SATURDAY				
08:30-10:00 Concurrent Sessions	3-a: What's New at Centennial College? – The E-commerce Institute	3-i: Risk Assessments and Environmental Liabilities	3-b: Modelling Research in Accounting – II	3-v: A Framework for Assurance Evidence and its Role in Accounting
10:30-12:00 Concurrent Sessions	4-a: Use of Accounting Information in Valuation Models	4-i: The REA (Resources, Events, Agents) Model – Implications for Accounting Educators	4-b: Accounting: Historical and Stereotypical Perspectives	4-v: Developing Performance Measures is as Easy as ABC
14:15-15:45 Concurrent Sessions	5-a: Helping Your Students Become Better Business Partners	5-i: Audit Committee and Auditor Experience, Expertise and Independence	5-b: Corporate Disclosure and Timeliness of Financial Reporting	
16:15-17:30 Plenary	A New Academic Accounting Journal for Canada			
17:30-17:45	Closing Remarks			

HORAIRE

Salle Heures	Admiral Room – a	Imperial Ballroom Section – i	Britannia Room – b	Vanguard 1 Room – v
Vendredi				
08:30-09:00	Mot d'ouverture			
09:00-10:15 Plénière	L'avenir des normes comptables internationales et des processus de normalisation			
10:45-12:15 Séances parallèles	1-a : Les pressions exercées sur le plan technologique et des compétences changeantes les règles du jeu dans les cours d'introduction à la comptabilité?	1-i : Professeurs de comptabilité et experts-comptables canadiens : des rapports tendus?	1-b : Interprétation des annonces relatives aux bénéfices	1-v : Pratiques de vérification
14:30-16:00 Séances parallèles	2-a : Évaluation des compétences caractéristiques : rapports du groupe de travail de l'ACPC et du milieu canadien de l'expertise comptable	2-i : Perspectives sur la budgétisation et le contrôle de gestion	2-b : Modélisation en comptabilité - I	
16:30-17:45	Assemblée générale annuelle de l'ACPC			
Saturday				
08:30-10:00 Séances parallèles	3-a : Quoi de neuf au Centennial College? L'institut de commerce électronique	3-i : Évaluation des risques et passif environnemental	3-b : Modélisation en comptabilité - II	3-v : Un cadre pour la certification des éléments probants et son rôle en comptabilité
10:30-12:00 Séances parallèles	4-a : Utilisation des renseignements comptables dans les modèles d'évaluation d'entreprise	4-i : Le modèle REA (ressources, événements, agents) – Répercussions sur les formateurs comptables	4-b : La comptabilité : perspectives historiques et stéréotypées	4-v : Établir des mesures de la performance est aussi facile que l'ABC (CPA)
14:15-15:45 Séances parallèles	5-a : Aider les étudiants à devenir de meilleurs associés en affaires	5-i : Comité de vérification et expérience, savoir-faire et impartialité du vérificateur	5-b : Divulgaration de renseignements par les sociétés et rapidité de la publication	
16:15-17:30 Plénière	Une nouvelle revue pour les professeurs de comptabilité au Canada			
17:30-17:45	Mot de clôture			

Jeudi 1^{er} juin**Thursday, June 1**

ATELIERS SIMULTANÉS		09:00 - 17:30	CONCURRENT WORKSHOPS
L'art de la recherche comptable : planifier, réaliser de la recherche en comptabilité et en vérification et en publier les résultats Lieu : Hôtel Lord Nelson	Commanditaire	 L'Association canadienne des professeurs de comptabilité The Canadian Academic Accounting Association	Sponsor The Craft of Accounting Research: Planning, Performing, and Publishing Research in Accounting and Auditing Location: Lord Nelson Hotel
	Animateur	Workshop Leader Dan Simunic (University of British Columbia)	
08:00 - 10:00			
Inscription	Foyer Georgian Lounge	Georgian Lounge Lobby	Registration
08:15 - 09:00			
Petit déjeuner	Salle Vanguard 2	Vanguard 2 Room	Breakfast
09:00 - 10:30			
1^{re} séance	Salle Vanguard 1	Vanguard 1 Room	Session 1
10:30 - 11:00			
Pause rafraîchissement	Salle Vanguard 2	Vanguard 2 Room	Refreshment Break
11:00 - 12:30			
2^e séance	Salle Vanguard 1	Vanguard 1 Room	Session 2
12:30 - 14:00			
Déjeuner	Salle Vanguard 2	Vanguard 2 Room	Luncheon
14:00 - 15:30			
3^e séance	Salle Vanguard 1	Vanguard 1 Room	Session 3
15:30 - 16:00			
Pause rafraîchissement	Salle Vanguard 2	Vanguard 2 Room	Refreshment Break
16:00 - 17:30			
4^e séance	Salle Vanguard 1	Vanguard 1 Room	Session 4

Program continues on page 17.

Suite du programme page 17.

Jeudi 1^{er} juin

Thursday, June 1

ATELIERS SIMULTANÉS		09:00 - 17:30	CONCURRENT WORKSHOPS
Atelier ICCA / ACPC : Mesure de la création de valeur : nouveau cadre de l'ICCA en matière d'information sur la performance	Commanditaire  L'Institut canadien des comptables agréés The Canadian Institute of Chartered Accountants	Sponsor	CICA / CAAA Workshop: Measuring Value Creation: CICA's New Framework for Performance Reporting
Lieu: Pavillon Sobey de Saint Mary's University			Location: Sobey Building, Saint Mary's University
07:55 & 08:25			
Lieu: Entrée principale de l'hôtel Lord Nelson	Navette Départ de l'hôtel Lord Nelson vers le pavillon Sobey	Shuttle Bus Shuttle bus from Lord Nelson Hotel to Sobey Building	Location: Lord Nelson Hotel Front Entrance
08:00 - 10:00			
Inscription	Foyer	Lobby	Registration
08:15 - 09:00			
Petit déjeuner	Foyer	Lobby	Breakfast
09:00 - 17:30			
Maîtresse de conférence : Joan Conrod (DalhousieUniversity)	Animateurs Rod Anderson, FCA Rob McLean, CA	Workshop Leaders	Chair: Joan Conrod (DalhousieUniversity)
09:00 - 10:30			
1^{re} séance	<i>Introduction to Value Creation Measurement and Reporting</i>		Session 1
2^e séance	<i>TVC in action: overview of two case studies</i>		Session 2
10:30 - 11:00			
Pause rafraîchissement	Foyer	Lobby	Refreshment Break
11:00 - 12:30			
3^e séance	<i>Hands-on experimentation with the case studies (break-out session)</i>		Session 3

Jeudi 1^{er} juin**Thursday, June 1****12:30 - 14:00****Déjeuner**Salon du 4^e étage4th floor lounge**Luncheon****14:00 - 15:30****4^e séance***Applying TVC in other sectors (break-out session)***Session 4****5^e séance***Evolving principles and standards for value creation reporting (break-out session)***Session 5****15:30 - 16:00****Pause rafraîchissement**

Foyer

Lobby

Refreshment Break**16:00 - 17:30****6^e séance***Research and teaching opportunities related to value creation measurement and reporting and TVC™***Session 6****7^e séance***Workshop conclusion***Session 7****17:30**Lieu: Pavillon Sobey de Saint
Mary's University**Navette****Shuttle Bus**Location: Sobey Building,
Saint Mary's UniversityDépart du pavillon Sobey
vers l'hôtel Lord NelsonShuttle bus from Sobey Building
to Lord Nelson Hotel**DÉBUT DU CONGRÈS****REGULAR CONFERENCE****17:00 - 19:15****Inscription****Commanditaire****Sponsor****Registration**Lieu : Foyer Georgian Lounge
de l'hôtel Lord Nelson

Programme du congrès



Conference program

Location: Georgian Lounge
Lobby, Lord Nelson Hotel**WILEY**

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19:00 - 22:00**Réception de bienvenue****Commanditaire****Sponsor****Welcome Reception**

Salle : Georgian Lounge

L'Association des comptables généraux licenciés
du Canada

The Certified General Accountants' Association of Canada

Location: Georgian Lounge

Vendredi 2 juin**Friday, June 2****07:30 - 16:30****Inscription**

Lieu : Foyer Georgian Lounge

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Programme du congrès

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Conference Program

RegistrationLocation: Georgian Lounge
Lobby

John Wiley & Sons Canada Limited

07:30 - 08:30**Petit déjeuner**

Salle : Regency Ballroom

Exposition de livres

Book display

Breakfast

Location: Regency Ballroom

08:30 - 09:00**Mot d'ouverture**

Salle : Admiral

Présidente du congrèsNicola M. Young
(Saint Mary's University)**Conference chair****Présidente désignée de l'AAA**Mary Stone
(University of Alabama)**AAA President-Elect****Opening Remarks**

Location: Admiral Room

09:00- 10:15**Séance plénière****L'avenir des normes
comptables internationales et
des processus de
normalisation**Président : Ian Hutchinson,
(Queen's University /Acadia
University)

Salle : Admiral

Commanditaire**Saint Mary's
University**
Halifax, Nova Scotia, Canada**Sponsor****Conférenciers**David Cairns, Former Secretary-General
of the International Accounting Standards CommitteeStephen Zeff
(Rice University)James Gaa
(University of Alberta)**Speakers****Plenary Session****The Future of International
Standards and Standard-
Setting Processes**Chair: Ian Hutchinson,
(Queen's University /Acadia
University)

Location: Admiral Room

Vendredi 2 juin

Friday, June 2

10:15 - 10:45

Pause santé

Salle : Regency Ballroom

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Nutrition Break

Location: Regency Ballroom

Institute of Chartered Accountants of Ontario

Exposition de livres

Book display

Séances parallèles

10:45 - 12:15

Concurrent Sessions

Séance 1-a :

Les pressions exercées sur le plan technologique et des compétences changent-elles les règles du jeu dans les cours d'introduction à la comptabilité?

Président : Deborah Marshall
(Saint Mary's University)

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Michael Gibbins
(University of Alberta)

Speakers

Session 1-a:

Are Technology and Competence Pressures Changing the Game in Introductory Accounting?

Chair: Deborah Marshall
(Saint Mary's University)

Location: Admiral Room

Séance 1-b :

Interprétation des annonces relatives aux bénéfices

Président : Réal Labelle
(École des Hautes Études Commerciales)

Commentatrice :
Jane Craighead
(McGill University)

Salle : Britannia

Announcement Timing, Liquidity, and the Market Reaction to Earnings News

Mark R. Huson (University of Alberta) and
Jason Lee (University of Alberta)

The Explanatory Power of Canadian Accounting Measures of Earnings Dilution

Thomas W. Scott (University of Alberta) and
Heather A. Wier (University of Alberta)

An Exploration of Spreads, Depths, and the Impact of Earnings Announcements: An Intra-day Analysis in the Canadian Context

Theresa Libby (Wilfrid Laurier University)
Robert Mathieu, (Wilfrid Laurier University) and
Sean Robb (University of Toronto)

Session 1-b:

Interpretation of Earnings News

Chair: Réal Labelle
(École des Hautes Études Commerciales)

Discussant:
Jane Craighead
(McGill University)

Location: Britannia Room

Séances parallèles	10:45 - 12:15	Concurrent Sessions
<p>Séance 1-i : Professeurs de comptabilité et experts-comptables canadiens : des rapports tendus?</p> <p>Présidente : Judy Cumby (Memorial University of Newfoundland)</p> <p>Salle : Imperial Ballroom (section)</p>	<p>Conférencier</p> <p>V. Bruce Irvine (University of Saskatchewan)</p> <p>Commentateurs</p> <p>Brian A. Rogers, CA (KPMG Halifax)</p> <p>Paul-Victor Paré (Université Laval)</p>	<p>Session 1-i: The Canadian Accounting Academic and Practitioner Community: Strained Relationships?</p> <p>Chair: Judy Cumby (Memorial University of Newfoundland)</p> <p>Location: Imperial Ballroom (Section)</p>
<p>Séance 1-v : Pratiques de vérification</p> <p>Président : Ian McKillop (Wilfrid Laurier University)</p> <p>Commentateur : Anamitra Shome (Brock University)</p> <p>Salle : Vanguard 1</p>	<p><i>Insights into Selection-Socialization in the Audit Profession: An Examination of the Moral Reasoning of Public Accountants in the United States and Canada</i></p> <p>Linda Thorne (York University) Dawn W. Massey (Fairfield University) and Michel Magnan (École des Hautes Études Commerciales)</p> <p><i>The Impact of Client Employee Incentive Schemes on the Design of Audit Procedures</i></p> <p>Shane S. Dikolli (University of Texas at Austin) Susan A. McCracken (University of Toronto) and Justin B. Walawski (University of Notre Dame)</p> <p><i>Undetected Deviations in Tests of Controls: Experimental Evidence of Non-Sampling Risk</i></p> <p>Heather Johnston (Brandon University) Daryl Lindsay (University of Saskatchewan) and Fred Phillips (University of Saskatchewan)</p>	<p>Session 1-v: Audit Practice</p> <p>Chair: Ian McKillop (Wilfrid Laurier University)</p> <p>Discussant: Anamitra Shome (Brock University)</p> <p>Location: Vanguard 1 Room</p>

Vendredi 2 juin

Friday, June 2

12:20 - 14:25

Déjeuner du président

Salle : Imperial Ballroom

Commanditaire



CMA Canada

Sponsor

President's Luncheon

Location: Imperial Ballroom

Invitée

Debbie LeValliant, CMA
President, AMIRIX Systems Inc.
"Partnering for Success"

Guest Speaker

**Présentation du
Prix L. S. Rosen**

Lauréat 2000

Howard M. Armitage

2000 Recipient

**Presentation of
L. S. Rosen Award**

Séances parallèles

14:30 - 16:00

Concurrent Sessions

Séance 2-a :
**Évaluation des compétences
caractéristiques : rapports
du groupe de travail de
l'ACPC et du milieu
canadien de l'expertise
comptable**

Commentatrice :
Carla Carnaghan
(University of Waterloo)

Salle : Admiral

Conférencier / président

Gary Spraakman
(York University)

Discussant / Chair

Conférenciers

Stephen Spector
CGA-Canada

Tim Forristal
CICA / ICCA

Rick Michalski
CMA Canada

Speakers

Session 2-a:
**Competency-Based
Assessment: Reports from
the CAAA Task Force and
the Canadian
Accounting Profession**

Discussant: Carla Carnaghan
(University of Waterloo)

Location: Admiral Room

Séance 2-b :
**Modélisation en
comptabilité - I**

Président : Barry Gorman
(Saint Mary's University)

Commentateur : Tao Zeng
(Wilfrid Laurier University)

Salle : Britannia

**Market Concentration, Price Competition, and Audit Fee:
Evidence from Ontario Municipal Audit Market**
Sati P. Bandyopadhyay (University of Waterloo) and
Jennifer L. Kao (University of Alberta)

**The Interrelationship between Instalment Payments and
Taxpayer Compliance**

Glenn D. Feltham (University of Saskatchewan) and
Suzanne M. Paquette (Université Laval)

**Earnings, Dividends, and Stock Prices: A Theoretical and
Empirical Analysis**
Granville Ansong (Saint Mary's University)

Session 2-b:
**Modelling Research in
Accounting - I**

Chair: Barry Gorman
(Saint Mary's University)

Discussant: Tao Zeng
(Wilfrid Laurier University)

Location: Britannia Room

Vendredi 2 juin

Friday, June 2

Séances parallèles		14:30 - 16:00	Concurrent Sessions
<p>Séance 2-i : Perspectives sur la budgétisation et le contrôle de gestion</p> <p>Présidente : Raili Pollanen (University of Regina)</p> <p>Commentateur : David J. Sharp (University of Western Ontario)</p> <p>Salle : Imperial Ballroom (section)</p>	<p><i>Adaptation of Management Control and Incentive Systems in Multi-Business Firms: Exploratory Study of the Impact of National Culture and Business Unit Strategy</i> Wim. A. Van der Stede (University of Southern California)</p> <p><i>Contracting Frame and Individual Behavior: Experimental Evidence</i> Bryan Church (Georgia Institute of Technology) Theresa Libby (Wilfrid Laurier University) and Ping Zhang (University of Waterloo)</p> <p><i>From Significant Difference to Significant Sameness: Establishing a Methodological Tradition of Seeking Empirical Generalizations (With an Application to the RAPM Area in Management Accounting)</i> R. Murray Lindsay (University of Saskatchewan) and Raymond Hubbard (Drake University)</p>	<p>Session 2-i: Perspectives on Budgeting and Management Control</p> <p>Chair: Raili Pollanen (University of Regina)</p> <p>Discussant: David J. Sharp (University of Western Ontario)</p> <p>Location: Imperial Ballroom (Section)</p>	
16:00 - 16:30			
<p>Pause santé</p> <p>Séance de présentation par affiches</p> <p>Salle : Regency Ballroom</p>	<p>Commanditaire</p> <div><p>Pearson Education Canada</p></div> <p>Exposition de livres</p>	<p>Sponsor</p> <div><p>Pearson Education Canada</p></div> <p>Book display</p>	<p>Nutrition Break</p> <p>Poster Sessions</p> <p>Location: Regency Ballroom</p>
16:30 - 17:45			
<p>Assemblée générale annuelle de l'ACPC</p> <p>Salle : Admiral</p>	<p>Membres de l'ACPC</p>	<p>CAAA Members</p>	<p>CAAA Annual General Meeting</p> <p>Location: Admiral Room</p>
17:45 - 20:00			
<p>Réception des membres</p> <p>Salle: Georgian Lounge</p>	<p>Commanditaire</p> <div><p>WILEY</p><p>John Wiley & Sons Canada Limited</p></div>	<p>Sponsor</p> <div><p>WILEY</p><p>John Wiley & Sons Canada Limited</p></div>	<p>Members' Reception</p> <p>Location: Georgian Lounge</p>

Samedi 3 juin

Saturday, June 3

07:30 - 08:30

Petit déjeuner

Salle : Regency Ballroom

Commanditaires



**CGA Atlantique
CGA Atlantic**



**Chartered
Accountants
of Nova Scotia**

Celebrating 100 Years in Nova Scotia

Sponsors

Breakfast

Location: Regency Ballroom

08:00 - 10:00

Inscription

Salle : Foyer Georgian Lounge

Commanditaire

Programme du congrès



WILEY

John Wiley & Sons Canada Limited

Sponsor

Conference Program

Registration

Location: Georgian Lounge
Lobby

Séances parallèles

08:30 - 10:00

Concurrent Sessions

Séance 3-a :

**Quoi de neuf au Centennial
College? L'institut de
commerce électronique**

Président : Jerry Trites (Saint
Francis Xavier University)

Salle : Admiral

Conférenciers

Robin Hemmingsen
(Centennial College)

Uwe Krebs
Director, School of Business
(Centennial College)

Dennis Wilson,
(Centennial College)

Nancy Zowkewych,
(Centennial College)

Speakers

Session 3-a:

**What's New at Centennial
College? The E-Commerce
Institute**

Chair: Jerry Trites (Saint
Francis Xavier University)

Location: Admiral Room

Séances parallèles	08:30 - 10:00	Concurrent Sessions
<p>Séance 3-b : Modélisation en comptabilité - II</p> <p>Président : Peter Secord (Saint Mary's University)</p> <p>Commentatrice : Irene Gordon (Simon Fraser University)</p> <hr/> <p>Commentateur : William Scott (University of Waterloo)</p> <p>Salle : Britannia</p>	<p>Model of Corporate Disclosure Jeffrey J. Archambault (Clarkson University) and Marie E. Archambault (Clarkson University)</p> <hr/> <p>Equity Valuation with Imperfect Accounting Information Ping Zhang (University of Waterloo)</p> <hr/> <p>Risk Aversion and Stock Price Sensitivity to Earnings Granville Ansong (Saint Mary's University)</p> <hr/> <p>The Impact of Financial Reporting Standards on the Market's Valuation of Reported Environmental Liabilities Kathryn Bewley (York University)</p> <hr/> <p>Risk Exposure and the Quantitative Risk Disclosure under the SEC Regulations: Some Empirical Analysis for Metal Mining Companies Flora Niu (PhD Student (University of Waterloo))</p> <hr/> <p>The Information Content of the Toxics Release Inventory Database: An Examination of a Potentially Redundant Environmental Measure Sandy Hilton, PhD Student (University of Waterloo)</p> <hr/>	<p>Session 3-b: Modelling Research in Accounting - II</p> <p>Chair: Peter Secord (Saint Mary's University)</p> <p>Discussant: Irene Gordon (Simon Fraser University)</p> <hr/> <p>Discussant: William Scott (University of Waterloo)</p> <p>Location: Britannia Room</p> <hr/> <p>Session 3-i: Risk Assessments and Environmental Liabilities</p> <p>Chair: Cameron Morrill (University of Manitoba)</p> <p>Discussant: Duane Kennedy (University of Waterloo)</p> <p>Location: Imperial Ballroom (Section)</p> <hr/>
<p>Séance 3-i : Évaluation des risques et passif environnemental</p> <p>Président : Cameron Morrill (University of Manitoba)</p> <p>Commentateur : Duane Kennedy (University of Waterloo)</p> <p>Salle : Imperial Ballroom (section)</p>	<p>Conférencier</p> <p>Wally Smieliauskas (University of Toronto)</p>	<p>Session 3-v: Some Topical Issues and the CAAA Monograph "A Framework for Assurance Evidence and Its Role in Accounting"</p> <p>Chair: Maurice Gosselin (Université Laval)</p> <p>Location: Vanguard 1 Room</p>
<p>Séance 3-v : Un cadre pour la certification des éléments probants et son rôle en comptabilité</p> <p>Président : Maurice Gosselin (Université Laval)</p> <p>Salle : Vanguard 1</p>	<p>Speaker</p>	

Samedi 3 juin

Saturday, June 3

10:00 - 10:30

Pause santé

Salle : Regency Ballroom

Commanditaire

ACCPAC
INTERNATIONAL

ACCPAC International

Sponsor

Nutrition Break

Location: Regency Ballroom

Exposition de livres

Book display

Séances parallèles

10:30 - 12:00

Concurrent Sessions

Séance 4-a :
Utilisation des
renseignements comptables
dans les modèles
d'évaluation d'entreprise

Président : Ken MacAulay
(Saint Francis Xavier
University)

Commentateur: Kin Lo
(University of British
Columbia)

Salle : Admiral

What Value, Analysts?

Eli Amir (Tel Aviv University)
Baruch Lev (New York University) and
Theodore Sougiannis (University of Illinois at
Urbana-Champaign)

***The Equivalence of Dividend, Cash Flows and Residual
Earnings Approaches to Equity Valuation Employing Ideal
Terminal Value Expressions***

Lucie Courteau (Université Laval)
Jennifer Kao (University of Alberta) and
Gordon D. Richardson (University of Waterloo)

Session 4-a:
Use of Accounting
Information in Valuation
Models

Chair: Ken MacAulay
(Saint Francis Xavier
University)

Discussant: Kin Lo
(University of British
Columbia)

Location: Admiral Room

Séance 4-b :
La comptabilité :
perspectives historiques et
stéréotypées

Président : Jeffrey Power
(Saint Mary's University)

Commentateur : David Cooper
(University of Alberta)

Salle : Britannia

***Accounting Stereotypes in Popular Cinema of the Twentieth
Century***

Tony Dimnik (Queen's University and Sandra Felton (Brock
University)

***Examining the Incentives vs. Bureaucratic Controls
Orthodoxy: A Case Study of Fur Trade Strategic Moves and
Reactions***

Gary Spraakman (York University)

***Divergent Streams of Accounting History: A Review and Call
for Confluence***

Richard Fleischman (John Carroll University) and
Vaughan S. Radcliffe (Case Western Reserve University)

Session 4-b:
Accounting: Historical and
Stereotypical Perspectives



Chair: Jeffrey Power
(Saint Mary's University)

Discussant: David Cooper
(University of Alberta)

Location: Britannia Room

Samedi 3 juin

Saturday, June 3

Séances parallèles		10:30 - 12:00	Concurrent Sessions
Séance 4-i : Le modèle REA (ressources, événements, agents) — Répercussions sur les formateurs comptables Président : David Bateman (Saint Mary's University) Salle : Imperial Ballroom (section) Séance 4-v : Établir des mesures de la performance est aussi facile que l'ABC (CPA) Président : Elin Maher (University of New Brunswick) Salle : Vanguard 1	Commanditaire	 Accounting Education Foundation of Nova Scotia	Sponsor
	Conférencier	Speaker William E. McCarthy (Michigan State University) <hr/> Ken R. Burt (Okanagan University College)	Session 4-i: The REA, Resources, Events (Agents) Model — Implications for Accounting Educators Chair: David Bateman (Saint Mary's University) Location: Imperial Ballroom (Section) Session 4-v: Developing Performance Measures Is as Easy as ABC Chair: Elin Maher (University of New Brunswick) Location: Vanguard 1 Room
		12:05 - 14:10	
Déjeuner des membres Salle : Imperial Ballroom	Commanditaire	 L'Institut canadien des comptables agréés The Canadian Institute of Chartered Accountants	Sponsor
	Invité	Guest Speaker James R. Trussler, FCA Insidz.com "Leadership and Life-long Learning"	Members' Luncheon Location: Imperial Ballroom

Séances parallèles

14:15 - 15:45

Concurrent Sessions

Séance 5-a :
**Aider les étudiants à devenir
de meilleurs associés en
affaires**

Présidente : Joan Conrod
(Dalhousie University)

Salle : Admiral

Séance 5-b :
**Divulgarion de
renseignements par les
sociétés et rapidité de la
publication**

Présidente : Xiaofei Song
(Saint Mary's University)

Commentatrice :
Carla Carnaghan
(University of Waterloo)

Salle : Britannia

Séance 5-i :
**Comité de vérification et
expérience, savoir-faire et
impartialité du vérificateur**

Président : William Hamby
(Saint Mary's University)

Commentatrice : Janet Morrill
(University of Manitoba)

Salle : Imperial Ballroom
(section)

Commanditaire



Sponsor

Accounting Education Foundation of Nova Scotia

Conférencier

Speaker

Peter Wilson
(Boston College)

***Association of Returns with Earnings: Knowledge-based vs.
Traditional Industries***

Byeonghee [Ben] Choi (McGill University) and
Buryung Brian Lee (Concordia University)

***The Effect of Mandated Compensation Disclosure on
Executive Compensation and Firm Performance***

Jane Craighead (McGill University)
Michel Magnan (École des Hautes Études Commerciales)
and Linda Thorne (York University)

***Earnings Management and Predisclosure Information
Environments***

Byeonghee [Ben] Choi (McGill University) and
Buryung Brian Lee (Concordia University)

***The Relationship Between Board Characteristics and
Voluntary Improvements in Audit Committee Composition
and Experience***

Mark Beasley (North Carolina State University) and
Steven Salterio (University of Waterloo)

***The Exportation of Audit Expertise: Striving to Expand the
Professionalization Project into Electronic Commerce***

Yves Gendron (University of Alberta) and
Michael Barrett (University of Alberta)

***In the Name of Accountability: State Auditing,
Independence, and New Public Management***

Yves Gendron (University of Alberta)
David J. Cooper (University of Alberta) and
Barbara Townley (University of Alberta)

Session 5-a:
**Helping Your Students
Become Better Business
Partners**

Chair: Joan Conrod (Dalhousie
University)

Location: Admiral Room

Session 5-b:
**Corporate Disclosure and
Timeliness of Financial
Reporting**

Chair: Xiaofei Song (Saint
Mary's University)

Discussant: Carla Carnaghan
(University of Waterloo)

Location: Britannia Room

Session 5-i:
**Audit Committee and Auditor
Experience, Expertise and
Independence**

Chair: William Hamby (Saint
Mary's University)

Discussant: Janet Morrill
(University of Manitoba)

Location: Imperial Ballroom
(Section)

Samedi 3 juin

Saturday, June 3

15:45 - 16:15

Pause santé

**Séance de présentation
par affiches**

Salle : Regency Ballroom

Commanditaire



**L'Association canadienne des professeurs de comptabilité
The Canadian Academic Accounting Association**

Sponsor

Nutrition Break

Poster Sessions

Location: Regency Ballroom



"COWS Ice Cream"



16:15 - 17:30

Séance plénière

**Une nouvelle revue pour les
professeurs de comptabilité
au Canada**

**Président : Glenn Feltham
(University of Saskatchewan)**

Salle : Admiral

Commanditaire



**DALHOUSIE
University**

Sponsor

Plenary Session

**A New Academic Accounting
Journal for Canada**

**Chair: Glenn Feltham
(University of Saskatchewan)**

Location: Admiral Room

Conférenciers

**Alan J. Richardson
(Queen's University)**

**Glenn Feltham
(University of Saskatchewan)**

Speakers

17:30 - 17:45

Mot de clôture

Salle : Admiral

Présidente du congrès 2000

Conference 2000 Chair

**Nicola M. Young
(Saint Mary's University)**

Closing Remarks

Location: Admiral Room

Président du congrès 2001

Conference 2001 Chair

**Michael E. Wright
(University of Calgary)**

Samedi soir

Saturday Night

Le dîner aux homards par excellence

18:50 & 19:20

The Ultimate Lobster Supper

Lieu : Entrée principale de l'hôtel Lord Nelson

Navette

Shuttle Bus

Location: Lord Nelson Hotel Front Entrance

Départ de l'hôtel Lord Nelson vers le Quai 22

Shuttle bus from Lord Nelson Hotel to Pier 22

19:00 - 22:30

Le dîner aux homards par excellence

Commanditaires

Sponsors

The Ultimate Lobster Supper

Lieu : Quai 22



McGraw-Hill Ryerson



CAAA / ACPC

Location: Pier 22

19:00 - 20:00

Réception Musique

Celtic Fair

Reception Entertainment

20:00 - 20:30

Spectacle

Comédien

Comedian

Entertainment

Tony Quinn

20:30 - 21:45

Dîner

Une fête de cuisine bien de chez nous.

A down home kitchen party.

Dinner

21:30 - 22:30

Musique

Celtic Fair

Entertainment

22:15 & 22:45

Navette

Shuttle Bus

Départ du Quai 22 vers l'hôtel Lord Nelson

Shuttle bus from Pier 22 to Lord Nelson Hotel

Dimanche 4 juin**Sunday, June 4**

Atelier sur l'éthique		08:15 - 13:00		Ethics Workshop
Salle : Admiral	Commanditaire	Sponsor	Location: Admiral Room	
	 Centre for Accounting Ethics, University of Waterloo			
08:15 - 09:00				
Petit déjeuner des participants	Commanditaire	Sponsor	Participants' Breakfast	
Salle : Georgian Lounge	 Centre for Accounting Ethics, University of Waterloo		Location: Georgian Lounge	
09:00 - 09:05				
Mot de bienvenue	Sally Gunz Director, Centre for Accounting Ethics		Opening remarks	
Salle : Admiral			Location: Admiral Room	
09:05 - 12:00				
Éthique, impartialité et expertise comptable	Conférenciers	Speakers	Ethics, Independence, and the Practice of Public Accounting	
Salle : Admiral	Ralph Neville, FCA Partner, BDO Dunwoody		Location: Admiral Room	
	Roy Suddaby University of Alberta			
12:00 - 13:00				
Déjeuner des participants	Commanditaire	Sponsor	Participants' Luncheon	
Salle : Georgian Lounge	 Centre for Accounting Ethics, University of Waterloo		Location: Georgian Lounge	

*In 2001, The Canadian
Academic Accounting
Association will
celebrate its 25th
anniversary.*



How?

CAAA Annual Conference 2001

When?

June 14 – 17, 2001

Where?

Calgary, Alberta

Many special activities are planned. Come and help us celebrate!

Plan to Attend!

RÉSUMÉS

ABSTRACTS

**The Craft of Accounting Research: Planning, Performing,
and Publishing Research in Accounting & Auditing**

Dan A. Simunic (University of British Columbia)
Co-Editor, *Contemporary Accounting Research*

This workshop is intended for doctoral students and others interested in writing research articles for scholarly journals in accounting. The workshop will concentrate on examining issues and problems involved in planning and performing research, as well as writing-up and publishing results. Specific activities will include:

1. An overview of these issues from a journal editor's perspective.
2. An editor's critique of several working papers submitted to *Contemporary Accounting Research* as exemplars of things "to do" and "not to do".
3. Presentation of critiques and evaluation of working papers (provided in advance) by seminar participants acting in the role of manuscript referees.
4. Presentation of their own research proposals (developed and distributed in advance) to the group in a workshop format by seminar participants.

All participants will be expected to actively participate in the workshop (perhaps in groups, depending on the number registered) through activities 3 and/or 4 described above.

Jeudi 1^{er} juin
Atelier
L'art de la recherche
comptable

09:00 -17:30
Vanguard 1 Room
Lord Nelson Hotel

Thursday, June 1
CAAA Research Workshop
The Craft of Accounting
Research

Measuring Value Creation: The CICA's New Framework for Performance Reporting

**Rod Anderson, FCA
Rob McLean, CA
President, MatrixLinks International Inc.**

There will be six sessions, starting with an overview given by Messrs. Anderson and McLean; continuing with a presentation and discussion of the case studies; leading to breakout sessions consisting of small groups working with laptops.

After lunch, the session leaders will discuss and lead the participants into applying the principles to other sectors. Then the registrants will be asked to undertake the role of standards setters in order to expand the borders of this new framework. The final session will consist of interactive discussions to assess the program and to identify areas where additional research by the Canadian academic community could play a major role in strengthening the framework, as well as examining the teaching opportunities related to this field.

**Jeudi 1^{er} juin
Atelier CAAA/CICA
Mesure de la création
de valeur**

**09:00 - 17:30

Sobey Building
Saint Mary's University**

**Thursday, June 1
CAAA/CICA Workshop
Measuring Value
Creation**

The Future of International Accounting Standards and Standard Setting Processes

David Cairns (London School of Economics)

James Gaa (University of Alberta)

Stephen Zeff (Rice University)

Ian Hutchinson (Acadia University and Queen's University)

For almost five years now the IASC and the SEC (and the FASB) have debated the shape and nature of international accounting standards and the related institutional governance structure. Several accounting scholars (including two of our participants) believed a confrontation to be imminent. The disagreement in approaches to standard setting was highlighted recently within the IASC's Strategy Working Party's (December 1998) discussion paper - *Shaping IASC for the Future*. The responses to that discussion paper received from more than 100 stakeholder groups further underline the differences in standard setting approaches. These differences are not adequately addressed in the release of the Strategy Working Party's final report (November, 1999) which recommended an approach to standard setting and governance that mirrors, for the most part, the process followed by the FASB.

Given that the governance structure and process recommended for approval by the IASC Board at the May 2000 meeting of IASC member bodies is clearly SEC/FASB-centric, the publication of the SEC's Concept Release No. 34-42430 in February of this year is curious and some might argue high-handed. What prompted the SEC to act unilaterally to influence the emerging multi-lateral standard setting arrangement?

After a brief overview of the logic underlying the call for uniform world standards:

- 1) David Cairns will review the recent history of the IASC focussing on the changes in its governance structure as proposed in the SWP Discussion Paper and as recommended in the SWP's Final Report. In particular David will examine what motivated the altered position of the IASC Board who accepted the SWP's final recommendations for moving forward.
- 2) Stephen Zeff will analyze the SEC's Concept Release No. 34-42430. This release "has placed the entire [international accounting standards] debate on a broader stage and has challenged the big audit firms, the national professional accountancy bodies, and the securities regulatory agencies around the world to behave like their counterparts in the US" Stephen will consider the implications of this major thrust (by the SEC) for the global acceptance of IASC standards.
- 3) James Gaa will explore the "value dimension implicit in technical [FASB-like] international accounting standards", the explicit recognition of which has been left out of the rhetoric and debate surrounding changes to the IASC governance structure. Jim will also consider the consequences of the de facto legitimization of the IASC as world standard setter for each of standard setting in Canada and the for Canadian enterprises generally.
- 4) Finally the participants will respond to questions from the floor.

Vendredi 2 juin
Séance plénière : L'avenir des normes
comptables internationales et des
processus de normalisation

09:00 - 10:15
Admiral Room

Friday, June 2
Plenary Session: The Future of
International Standards and
Standard-Setting Processes

Are Technology and Competence Pressures Changing the Game in Introductory Accounting?

Michael Gibbins (University of Alberta)

A discussion of this question will be led by Michael Gibbins, based on his experiences teaching introductory financial accounting and related efforts as a textbook author and on his research into expertise and ongoing revisions to the introductory accounting course to further incorporate competence and technology ideas.

Some topics raised include: focusing on student learning, onrushing technology, considering competence rather than knowledge as a learning objective, students' career objectives, the task and conceptual nature of expertise, the effects of technology on expertise, the misleading "conceptual vs. procedural" debate, topic integration in the first course, accounting programs' commitment to venerable views of the material, the first course as a platform for later learning, and the consequent use of texts, Web and other materials in learning.

The presenter will outline issues, prompt responses, and leave lots of time for discussion and sharing of views on these challenging topics and any related ones attendees raise.

Vendredi 2 juin

Séance 1-a

Les pressions exercées sur le plan technologique et des compétences changent-ils les règles du jeu dans les cours d'introduction à la comptabilité?

10:45 - 12:15

Admiral Room

Friday, June 2

Session 1-a

Are Technology and Competence Pressures Changing the Game in Introductory Accounting?

Announcement Timing, Liquidity, and the Market Reaction to Earnings News

Mark R. Huson (University of Alberta)

Jason Lee (University of Alberta)

We examine the relations between announcement timing, market liquidity, and the market response to earnings information using 22,989 earnings announcements over the period from 1989-1995. In particular we investigate the frequency and materiality of announcements made before, during, and after trading hours; the effect of a stock's trading environment (liquidity) on the timing of announcements; the market reaction to these announcements; and the effect of timing and liquidity on the market impact of the announcements. We find an increasing use of the period immediately prior to the start of trading for making earnings announcements. We find that announcements containing more information are made after markets have closed. We document a relation between liquidity and announcement timing. Finally, we show that over short windows, timing affects the market reaction to earnings information. Timing is not related to the market reaction measured over longer windows. This finding raises questions about managerial motivation for announcement timing.

Vendredi 2 juin
Séance 1-b
Interprétation des annonces
relatives aux bénéfices

10:45 - 12:15
Britannia Room

Friday, June 2
Session 1-b
Interpretation of
Earnings News

The Explanatory Power of Canadian Accounting Measures of Earnings Dilution

Heather A. Weir (University of Alberta)

Thomas W. Scott (University of Alberta)

This research examines the information provided to investors by accounting measures of dilution in a Canadian context. Fully diluted earnings per share presents investors with a per share figure that attempts to capture the maximum potential dilution that would occur if all dilutive convertible securities were converted and all dilutive stock options and rights exercised. We examine how the dilutive adjustment inherent in fully diluted earnings per share affects the ability of earnings per share to predict one-period-ahead earnings per share. Further, we address the issue of the explanatory power of changes in the dilutive adjustment for unexpected annual stock returns, and for unexpected returns at the earnings announcement date. Our results indicate that the information on potential earnings dilution included in the calculation of fully diluted earnings per share aids in the earnings prediction process and is also value-relevant for the return process. Surprisingly, in contrast with the traditional accounting view that increases in the dilutive adjustment present the investor with bad news due to potential dilution of the future earnings stream, a large dilutive adjustment is positively related to next period's earnings and increases in the dilutive adjustment are positively correlated with stock returns. These results are consistent with increases in the dilutive adjustment capturing an improved growth potential that more than outweighs the potential dilution attached to the convertible securities. This can be attributed to the relation between the dilutive adjustment and the earnings process combined with a partial resolution of the uncertainty attached to growth firms.

Vendredi 2 juin
Séance 1-b
Interprétation des annonces
relatives aux bénéfices

10:45 - 12:15
Britannia Room

Friday, June 2
Session 1-b
Interpretation of
Earnings News

**An Exploration of Spreads, Depths, and the Impact of Earnings Announcements:
An Intra-day Analysis in the Canadian Context**

Theresa Libby (Wilfrid Laurier University)
Robert Mathieu (Wilfrid Laurier University)
Sean Robb (University of Toronto)

This paper examines the effect of earnings announcements on information risk as perceived by registered traders of firms in the TSE 300. We use quoted bid-ask spreads and depths (relative to the average value in the non-announcement period) as proxies for perceived information risk. We hypothesize that the level of information asymmetry is higher prior to earnings announcements and will decrease after earnings announcements due to lower uncertainty. We provide evidence that spreads are wider (narrower) and depths are smaller (greater) than the interval average prior to (after) the release of earnings announcements. We also find that changes in spreads and depths are greater for announcements of quarterly earnings than for announcements of annual earnings. The results also suggest these changes persist when earnings announcements are made after trading hours. We view these findings as evidence that the release of earnings news reduces the level of information asymmetry in the market.

**Vendredi 2 juin
Séance 1-b
Interprétation des annonces
relatives aux bénéfices**

**10:45 - 12:15
Britannia Room**

**Friday, June 2
Session 1-b
Interpretation of
Earnings News**

The Canadian Accounting Academic and Practitioner Community: Strained Relationships?

V. Bruce Irvine (University of Saskatchewan)

Traditionally, accounting academics have held a responsibility for serving the discipline of accounting by designing and delivering high quality education programs, conducting and disseminating research, and providing service to professional and academic bodies.

During at least the past decade, various events and circumstances have resulted in professional accounting organizations, their practicing members, and academics themselves seriously questioning (criticizing) the effectiveness, efficiency and even the importance of the academics' role and accomplishments in carrying out these responsibilities.

In the Winter/Spring of 1999, a substantial questionnaire was developed and administered (with the assistance of the CAAA, CGA-Canada, CICA, and CMA Canada) to obtain opinions of Canadian academics and practitioners about various issues related to the academics' provision of education, research and service. The objective was to identify the perceptions of academics and practitioners and then determine where similarities and differences existed. As a result, major strengths and weaknesses in the relationship between academics and practitioners regarding these issues would be identifiable. From this, ideas and discussion may emerge on what, if anything, may be done to maintain the strengths and overcome significant weaknesses in the academics' performance in provision of education, research and service. This presentation focuses on the results of the survey regarding education.

Questions about education were answered in the context of a bachelor degree program. The questions categorized various (many) items according to knowledge components (conceptual and technical accounting, business and related areas, areas beyond business) and skills and abilities components (intellectual, interpersonal, communication, technology, time management, entrepreneurial, professional, life-long learning) that may be part of such a degree program. Respondents rated each item according to their opinion as to its importance for a new graduate to have, and the extent such graduates possessed, the knowledge or skill.

Analysis of the average of the responses revealed some statistically significant differences in opinions between academics and practitioners. However, on a practical significance dimension (ranking of importance and the extent it is possessed), there was generally substantial agreement between academics and practitioners.

Additionally, results indicated that overall academic performance regarding provision of education is at least at a satisfactory level.

Vendredi 2 juin

10:45 - 12:15

Friday, June 2

Séance 1-i

Session 1-i

**Professeurs de comptabilité et experts :
des rapports tendus?**

**Imperial Ballroom
Section**

**The Canadian Accounting Academic
and Practitioner Community:
Strained Relationships?**

**Insights into Selection-Socialization in the Audit Profession:
An Examination of the Moral Reasoning of Public Accountants
in the United States and Canada**

Linda Thorne (York University)
Dawn Massey (Fairfield University)
Michel Magnan (École des Hautes Études Commerciales)

This study extends our understanding of selection-socialization by considering which explanation, socialization or selection, best accounts for the association between auditors' moral reasoning and tenure in public practice. Socialization refers to the auditors' tendency to adopt similar values and behaviors with increased tenure in public practice (Davidson 1988; Ouchi 1980). Selection occurs when accountants' leave public practice because their values are inconsistent with the dominant values espoused (Ponemon 1992). A random sample of 239 American and Canadian public accountants are used in the study. Three different types of moral reasoning are assessed: moral development, which describes cognitive moral capability; prescriptive reasoning of how a realistic accounting dilemma ought to be resolved; and, deliberative reasoning of how a realistic accounting dilemma will be resolved. Consistent with both the socialization and selection explanations, this study finds that the variance in all types of moral reasoning scores for auditors in public practice decreases with tenure. However, there is no significant difference between the moral reasoning scores of accountants who have left public practice when compared to the scores of those who remain. Thus, the findings of our study appear to be more consistent with a socialization explanation than a selection explanation. Additionally, although differences in the deliberative reasoning scores between American and Canadian public accountants are reported, no significant differences between the moral development and prescriptive reasoning scores of Canadian and American public accountants are found when sector of employment, gender and political orientation are considered. Implications of these findings for the audit profession and accounting-ethics research are discussed.

Keywords: Moral Reasoning, Selection, Socialization

Data Availability: Contact the first or second author concerning data availability.

Vendredi 2 juin
Séance 1-v
Pratiques de vérification

10:45 - 12:15
Vanguard 1 Room

Friday, June 2
Session 1-v
Audit Practice

The Impact of Client Employee Incentive Schemes on the Design of Audit Procedures

Shane Dikolli (University of Texas at Austin)

Susan McCracken (University of Toronto)

Justin Walawski (University of Notre Dame)

This paper examines the impact of differential client remuneration schemes on auditor choice of the level of required audit procedures. We use contracting theory and institutional evidence to generate competing predictions, which we then test in a laboratory setting. Consistent with prescriptions in auditing standards, we find support for the hypothesis that, *ceteris paribus*, auditors do more work when clients pay fixed salaries plus incentives to employees, rather than fixed salaries only. This finding rejects the contracting prediction that incentives lead to a stronger control system and less required reliance on audit procedures. Contrary to implied prescriptions in audit standards and to economic rationality, we also find that, *ceteris paribus*, auditors do more audit work if clients use pay incentives to employees based on financial performance measures rather than non-financial performance measures. We interpret this finding as auditors having a systematic bias toward financial data, which may reflect a lack of understanding or inappropriate ignorance of the risk of material misstatement that can arise from the manipulation of non-financial performance data. An important implication of this finding is that audit firms may need to pay careful attention to how auditors are trained in strategic auditing approaches that rely more on understanding a client's non-financial performance measures and less on transaction-based testing.

Vendredi 2 juin
Séance 1-v
Pratiques de vérification

10:45 - 12:15
Vanguard 1 Room

Friday, June 2
Session 1-v
Audit Practice

**Undetected Deviations in Tests of Controls:
Experimental Evidence of Non-Sampling Risk**

Heather Johnston (Brandon University)
Daryl Lindsay (University of Saskatchewan)
Fred Philips (University of Saskatchewan)

The objective of the study was to examine the effects of three independent variables: accountability, structure of audit workpaper documentation, and type of seeded control deviation, on auditors' detection failure rates during tests of controls in a purchases, payables, and payments cycle. The experimental design used a between-subjects manipulation of accountability and structure, and a within-subjects manipulation of error type.

Consistent with prior research, we observed an alarmingly high detection failure rate of 42.3%. This failure rate was not affected by level of accountability or workpaper documentation structure, although post-experiment evidence suggests these variables were successfully manipulated. Failure rates did depend on the type of seeded control deviation, with non-monetary deviations being overlooked most frequently.

In addition to replicating prior research, our study makes two further contributions. First, we provide empirical evidence that supports Hirst's (1992) speculation that successful manipulations of accountability may not affect auditor performance because auditors may self-induce levels of accountability that create a ceiling effect in auditor performance. Second, we observe that although auditors perceive that they are more effective and efficient when preparing highly structured workpaper documentation, their actual audit performance was not more effective and in many cases was less efficient.

**Vendredi 2 juin
Séance 1-v
Pratiques de vérification**

**10:45 - 12:15
Vanguard 1 Room**

**Friday, June 2
Session 1-v
Audit Practice**

**Competency-Based Assessment:
Reports from the CAAA Task Force and the Canadian Accounting Profession**

Gary Spraakman (York University)

Competency-Based Assessment is a Popular Topic Among the World's professional accounting and auditing bodies. The intuitive appeal is that professionals should be competent in areas where they practice, and accordingly the education system and professional certification should assess those competencies. During the summer and early fall of 1999, a task force of CAAA members was established to "consider the issues involved in competency-based assessment (CBA) approaches from the perspective of the CAAA and recommend actions that the CAAA Board of Directors should consider that are compatible with the CAAA's mission". The task force prepared its report in December of 1999. Although the task force did not do an extensive study to ascertain the effectiveness of CBA - that would have been beyond the terms of reference - its effectiveness is unclear. In any event the effectiveness of CBA would be difficult to measure because of the complexity involved. However, the task force found no indication of a search for measuring or even understanding the effectiveness of CBA. The intuitive appeal of CBA is providing the momentum.

All three Canadian professional accounting bodies have incorporated CBA into their programs, but with diverse approaches. At the time the report was written, the task force did not expect any significant issues to arise directly from CGA-Canada and CMA-Canada in their use of CBA. Their programs will continue to evolve resulting in the required university courses for those programs to also change over time. However, the situation was less clear with the CICA because CBA initiatives were at an early stage of development. The explicit competencies were being developed, and obviously they had not been approved by the CICA, nor had their educational ramifications been implied. Now, six months later, the CICA situation will be clearer. This session will provide an opportunity for the three Canadian professional accounting bodies to explain how CBA is being used in their programs. It will also allow for a current assessment of how CBA will affect CAAA members.

**Vendredi 2 juin
Séance 2-a
Évaluation des compétences
caractéristiques**

**14:30 - 16:00
Admiral Room**

**Friday, June 2
Session 2-a
Competency-Based
Assessment**

Market Concentration, Price Competition, and Audit Fee: Evidence from Ontario Municipal Audit Market

Sati P. Bandyopadhyay (University of Waterloo)

Jennifer L. Kao (University of Alberta)

The purposes of this study are to examine (1). the effect on audit fees as the control of the market becomes more concentrated in a few firms; (2). the determination of audit fees in the presence of the buyers market power; (3). the impact of interaction between the supplier and buyers market power on audit fees; and (4). the role played by matching the characteristics of the buyer and the supplier in setting audit fees.

Our sample consists of 263 Ontario municipalities with audit fees and relevant financial information for 1995. Following prior economic studies, we segment market according to geographic locations and product types. Supplier concentration is measured for each of the local markets based on the Herfindahl index. The size of audit firms is used to surrogate for audit quality, where Big-6, Regional, and Local firms are assumed to provide premium, high, and average quality audits. To test for the predictions of the study, we follow the extant municipal audit fee literature in employing a model that controls for size, audit complexity, audit risk, and fiscal stress. In addition, we introduce a new control variable, Distance, based on the notion that the physical distance between the supplier of goods/services and its client may be an important determinant of price.

Results indicate that, contrary to Pearson and Trompeter (1994) but consistent with the economic theory and most of the empirical evidence in the economic literature, there is a significant and positive relation between real audit fees and supplier concentration. While greater buyers market power is negatively related with real audit fees, it is not significant. When the sample is partitioned by the degree of supplier concentration, we find that real audit fees are significantly lower for the subsample of municipalities for which the supplier market is less concentrated, but not so for the high concentration subsample. We also find evidence consistent with the theory of Chan, Feltham, and Simunic (1999), predicting a lower audit fee when the auditee's characteristics are matched up with those of its auditor. Finally, our study shows that the distance between the auditor and its client, overlooked in the prior audit fee literature, is a significant audit fee determinant, especially in the small client segment of the markets.

**Vendredi 2 juin
Séance 2-b
Modélisation en
comptabilité - I**

**14:30 - 16:00
Britannia Room**

**Friday, June 2
Session 2-b
Modelling Research
in Accounting - I**

The Interrelationship Between Instalment Payments and Taxpayer Compliance

Glenn D. Feltham (University of Saskatchewan)

Suzanne M. Paquette (Université Laval)

This paper provides a theoretical framework for analysing the relationship between taxpayers' tax instalment (estimated tax) payment strategy and reporting behaviour. Previous studies have provided evidence that taxpayers who are in a tax due position at year-end are more likely to engage in non-compliant behaviour than those who are in a tax refund position. Some researchers argue that this payment behaviour at the filing date is consistent with the predictions from prospect theory. We provide an economic rationale for this behaviour where the taxpayer must pay tax through instalments. Furthermore, whereas prior research has taken the level of instalments as exogenous, this study extends the literature by incorporating the instalment payment decision into a tax compliance game. Using a one- period game-theoretic model, we examine the effect that the tax instalment rules have on taxpayers' incentives to evade and on the tax agency's audit strategy.

Our primary results are as follows. First, in equilibrium the tax agency audits taxpayers who have made low instalment payments with a higher probability than those who have made high instalment payments. The gain to the tax agency from auditing taxpayers who underpay and evade arises not only from the penalties charged for evasion but also from the interest charged on deficient instalments. Second, taxpayers utilise a different decision rule in choosing their optimal instalment payment depending upon the eventual reporting and auditing game played at the filing date. Third, taxpayers who make higher instalments (or equivalently, those who are in a zero balance or tax refund position) are more likely to lie about their level of income than those who make lower instalments (and thus, may be in a tax due position). This result is contrary to that documented in the prior literature. However, these studies have not focused on the joint instalment and reporting decisions and have not considered the strategic role of the revenue authority.

**Vendredi 2 juin
Séance 2-b
Modélisation en
comptabilité - I**

**14:30 - 16:00
Britannia Room**

**Friday, June 2
Session 2-b
Modelling Research
in Accounting - I**

Earnings, Dividends, and Stock Prices: A Theoretical and Empirical Analysis.

Granville Ansong (Saint Mary's University)

The paper derives a valuation formula that maps the parameters of investors' preferences and the dynamics of an exogenous variable, interpreted as earnings, onto equilibrium equity values. This is done within the framework of a representative agent optimizing over intertemporal consumption allocations. A closed form solution to the underlying optimization problem is derived given the dynamics of earnings. The resulting valuation equation shows that the earnings response coefficient is a function of the rate of time preference, the degree of risk aversion and the variability of earnings. By appropriate restrictions on preferences and the dynamics of earnings, the simple earnings capitalization formula emerges. The model permits the examination of the specific properties of the relation between value and earnings within the context of a well-defined theoretical structure.

The set up also allows the exogenous environment to be described by dividends. This permits a non-nested testing procedure to be used to evaluate empirically whether earnings or dividend is the more appropriate exogenous variable of the asset pricing environment. The empirical results indicate that the earnings-based asset pricing model dominates the dividend-based model. Some potentially new areas for empirical investigation include risk preferences, the stochastic dynamics of earnings, differences in implied share values, macroeconomic effects on earnings, and other value related accounting variables.

**Vendredi 2 juin
Séance 2-b
Modélisation en
comptabilité - I**

**14:30 - 16:00
Britannia Room**

**Friday, June 2
Session 2-b
Modelling Research
in Accounting - I**

**Adaptation of Management Control and Incentive Systems in Multi-Business Firms:
Exploratory Study of the Impact of National Culture and Business Unit Strategy**

Wim A. Van der Stede (University of Southern California)

This paper examines whether variations in national culture and competitive strategy at the business unit-level of multi-business firms cause adjustments in the management control and incentive systems to fit local business unit circumstances. The results show that, in a cross-sectional sense, selected characteristics of the management control and incentive systems are affected by business unit national culture and competitive strategy, which generally supports contingency thinking in management control research.

This paper, however, empirically challenges the often-cited, and apparently overstated, importance of national culture and competitive strategy as "substantial" contingency factors. The data in this study allows an assessment of the "relative" impact of corporate-level and business unit-level effects. The analyses reveal small business unit-level effects compared to corporate effects. In other words, firms differ from one another a great deal more than business units within firms differ from one another in terms of the design of their management control and incentive systems. In order to explain and understand a larger portion of the variation in the design of management control and incentive systems, future work should include other contingency factors and potentially clusters of multiple factors simultaneously - that have remained largely under-studied in the management control literature.

Vendredi 2 juin

Séance 2-i

**Perspectives sur la budgétisation
et le contrôle de gestion**

14:30 - 16:00

Imperial Ballroom Section

Friday, June 2

Session 2-i

**Perspectives on Budgeting
and Management Control**

Contracting Frame and Individual Behavior: Experimental Evidence

Bryan Church (Georgia Institute of Technology)
Theresa Libby (Wilfrid Laurier University)
Ping Zhang (University of Waterloo)

This paper reports the results of an experiment designed to examine the effect of budget-based incentives on individual behavior. We examine two incentive contracts, which though framed differently are equivalent from an economic perspective. One contract includes a bonus component, whereas the other includes a penalty component. Previous research documents that compensation schemes framed differently (i.e., bonus versus penalty) affect individuals' contract choices (Aron, 1990; Lazear, 1991; Luft, 1994). Specifically, bonus contracts are generally preferred to penalty contracts.

We examine whether preferences for bonus over penalty contracts affects individuals' task performance and their willingness to create budgetary slack, which in turn would affect firm wealth. Results indicate that although individuals paid under the bonus contract believed that the contract was more reasonable than did individuals paid under the penalty contract, such belief did not translate into actual effects on individual performance or on individual propensity to create budgetary slack.

Vendredi 2 juin
Séance 2-i
Perspectives sur la budgétisation
et le contrôle de gestion

14:30 - 16:00
Imperial Ballroom Section

Friday, June 2
Session 2-i
Perspectives on Budgeting
and Management Control

From Significant *Difference* to Significant *Sameness*: Establishing a Methodological Tradition of Seeking Empirical Generalizations (With an Application to the RAPM Area in Management Accounting)

R. Murray Lindsay (University of Saskatchewan)
Raymond Hubbard (Drake University)

Bamber et al. (2000) argue that a number of biases operating at the researcher, reviewer and discipline levels in accounting foster an environment where too much importance is placed on early studies, resulting in subsequent over generalization of early evidence. In particular, based on a case study examining a seminal study in financial accounting, they argue that while accounting researchers think they understand the impact of research design choices on the generalizability of results, they fail to apply this understanding in practice. This leads them to stress the importance of replicating research.

Despite the solid epistemological basis underlying their importance and several pleas over the years for undertaking more replications, evidence abounds that replication studies are not highly valued by the research community and, by implication, rarely published. Consequently, it is far from assured that this recent call will cause researchers to take notice of what many consider to be a rather obvious and necessary component of the scientific method.

This paper takes the position that the lack of replication is due to the operation of complex philosophical (methodological), institutional and behavioral factors which have not been fully recognized in previous arguments. In particular, establishing a replication tradition has been undermined by the following forces: extant research traditions (e.g., hypothetico- deductivism, tests of significance) are antithetical to the establishment of empirical generalizations; researchers confuse statistical generalization with predictive or scientific generalization; we do not know how to do replications properly, i.e., a theory of replication is lacking; and writers, including ourselves, have couched the argument in the wrong terms - the real message is not that we need to do more replications (which we do), but rather it is that we need to seek empirical generalizations, with replication being the means to the end and not the end itself. In addressing all of these issues, this article hopes to begin a dialogue on establishing a different (but not new) methodological tradition - one which puts empirical generalization at the forefront of any discussion in accounting on the motivation of studies, the framing of research questions, the design of studies, the analysis of results, and the use of statistical methods.

Vendredi 2 juin

Séance 2-i

Perspectives sur la budgétisation
et le contrôle de gestion

14:30 - 16:00

Imperial Ballroom Section

Friday, June 2

Session 2-i

Perspectives on Budgeting
and Management Control

What's New at Centennial College? — The E-commerce Institute

Uwe Krebs (Centennial College)
Robin Hemmingsen (Centennial College)
Dennis Wilson (Centennial College)
Nancy Zowkewych (Centennial College)

To be relevant in this digital economy, post-secondary educational institutions must take a fresh look at their curricula and develop new approaches to classroom instruction. This is exactly what Centennial College of Toronto, Ontario did leading up to the opening of its E-commerce Institute in the fall of 1999. With courses in their program covering such topics as Enterprise Resource Planning Systems, Electronic Payments and Electronic Data Interchange (EDI), Supply Chain Management and Front to Back-end Electronic Storefront Integration, the flexible eight-month program allows students to choose from four specialties in their second term: e-finance, supply chain management, e-marketing and information technology, or mix and match for a generalist focus. With an emphasis on process versus the traditional functional silo, the program allows the accounting/finance student to use earlier acquired skills to solve new economy business issues. Instead of the traditional teacher and teaching-oriented classroom focus, there has been a shift to an on-line collaborative team learning approach using the concept of a laptop university.

The presentation by representatives of Centennial College takes us through the processes involved in bringing this initiative to fruition. Robin Hemmingsen reviews the evolution of the e-commerce curriculum, identifies lessons learned from the process, factors critical to its success and issues related to in-service learning. The Director of the School of Business, Uwe Krebs, discusses the partnership, funding and support aspects of this program — those needed to get the program off the ground, the continuing needs for support, and possible future linkages as the program is further developed. Dennis Wilson takes us through the rationale for the significant shift to collaborative learning and the associated environmental changes needed to make this work. He introduces practical methods of incorporating standard IBM Thinkpads as tools in extracting and synthesizing insights from the mass of data available on the web. Nancy Zowkewych reviews the role of accounting in the "new economy" and demonstrates an Enterprise Resource Planning system to show the importance of the accounting function with respect to the effective use of enabling technologies. An opportunity will be provided for questions and answers at the end of the session.

Samedi 3 juin

Séance 3-a

Quoi de neuf au Centennial College?

08:30 - 10:00

Admiral Room

Saturday, June 3

Session 3-a

What's New at Centennial College?

A Model of Corporate Disclosure

Jeffrey J. Archambault (Clarkson University)

Marie E. Archambault (Clarkson University)

This paper develops a model of cultural, national, and corporate factors that influence the financial disclosure of corporations. This model is then empirically tested using a sample of companies from 41 countries. The paper extends the literature on disclosure by considering a larger number of variables representing determinants of disclosure and by empirically testing the model using a larger number of countries than prior studies. The model is tested using disclosure scores included in International Accounting and Auditing Trends. The model considers the influence of Hofstede (1991) cultural dimensions, education, language, religion, political freedom, legal system, press, economic orientation, economic development, inflation, capital market size, accounting model, accounting regulation, accounting professionalism, block ownership, multiple exchange listings, dividend payment, auditor, leverage, firm size, number of SIC Codes, and relative level of foreign sales on the amount of corporate financial disclosure. The results of regression models indicate that disclosure is influenced by culture, political systems, economic systems, and accounting systems at the national level and financial systems and operating systems at the corporate level. The model developed is shown to provide a reasonably good explanation of the disclosure decision. Differences among the components of the model help explain differences in observed financial disclosure between companies in different countries and between companies within the same country. The results indicate that the financial disclosure decision for a company is complex and influenced by many national and corporate factors.

**Samedi 3 juin
Séance 3-b
Modélisation en
comptabilité - II**

**08:30 - 10:00
Britannia Room**

**Saturday, June 3
Session 3-b
Modelling Research
in Accounting - II**

Equity Valuation with Imperfect Accounting Information

Ping Zhang (University of Waterloo)

This paper develops a model to value equity with imperfect accounting information. The paper also analyzes the effect of accounting precision on the equity valuation. The formula developed in the paper to calculate the equity value with noisy accounting firm value is similar to the Black-Scholes formula except that accounting precision creates additional terms in the formula. I show that the equity price is an increasing function of precision in accounting information in all periods. The marginal effect of precision on equity price is maximized for a certain face value of debt and is greater in periods closer to debt maturity. If the precision in accounting information for the second period is set after observing the accounting value at the end of period one, the marginal effect of precision on equity price is maximized if the observed accounting value at the end of period one is lower than the expected firm value. When there are interim reviews of accounting values by the debt holders before the debt matures and the equity holders incur costs if the debt covenant is violated in the interim periods, then the equity price is an increasing function of the precision in accounting information for period one if the debt covenant level is low or very high. However, if the covenant level is moderately high, the equity price is a decreasing function of the precision in accounting information for period one. The equity price is always an increasing function of the precision in accounting information for the last period.

**Samedi 3 juin
Séance 3-b
Modélisation en
comptabilité - II**

**08:30 - 10:00
Britannia Room**

**Saturday, June 3
Session 3-b
Modelling Research
in Accounting - II**

Risk Aversion and Stock Price Sensitivity to Earnings

Granville Ansong (Saint Mary's University)

This paper investigates the possibility that earnings may contain enough information to explain observed stock price variability when they are used to evaluate the intertemporal marginal rate of substitution (IMRS). The estimation results suggest that the earnings asset pricing model provides a better explanation of the data than the dividend asset pricing model. In particular, the estimate of the relative risk aversion is more precise in the earnings- CAPM than the corresponding one in the dividend-CAPM. This is an interesting finding, since we also show that the earnings-CAPM generates intertemporal marginal rate of substitution which satisfy Hansen and Singleton over-identifying restrictions.

**Samedi 3 juin
Séance 3-b
Modélisation en
comptabilité - II**

**08:30 - 10:00
Britannia Room**

**Saturday, June 3
Session 3-b
Modelling Research
in Accounting - II**

The Impact of Financial Reporting Standards on the Market's Valuation of Reported Environmental Liabilities

Kathryn Bewley (York University)

This study considers whether new financial reporting standards for environmental liabilities have an impact on the value relevance of companies' reported environmental liabilities. Two standard-setting regimes are studied: the U.S. and Canada. The new standards of interest were released in 1993 in the U.S. and in 1995 in Canada. The relation between the environmental liability amounts reported by companies ('book values') and the market's valuation of these items ('market values') is examined for samples of U.S. and Canadian public companies, over the period from approximately 1989 to 1996. The study examines whether there is a change in this book-to-market relation associated with introduction of the new financial reporting standards, indicating that the new regulations are associated with an increase in the information's value relevance. The study results provide weak evidence that reported environmental liabilities become more value relevant after the U.S. regulatory intervention in 1993. For the Canadian sample, the results are generally inconclusive. The potential for these results to be influenced by omitted factors limits the conclusiveness of the analysis and suggests further research.

Samedi 3 juin
Séance 3-i
Évaluation des risques et
passif envrionmental

08:30 - 10:00
Imperial Ballroom Section

Saturday, June 3
Session 3-i
Risk Assessments and
Environmental Liabilities

**Risk Exposure and the Quantitative Risk Disclosure Under the SEC Regulations:
An Empirical Analysis for Metal Mining Companies**

Flora Niu (University of Waterloo)

This paper investigates the value-relevance of forward-looking quantitative risk disclosures in assessing gold (silver) mining firms' future risk exposure. By using information disclosed in 10-K reports which are subject to the Security and Exchange Commission's risk disclosure regulations (1997), I find a significant cross-sectional association between gold (silver) mining firms' risk disclosures and subsequent stock return sensitivities to gold (silver) price movements. Some additional analysis suggests that the association becomes weaker when a longer panel of return data following the issuance date is used to estimate the gold (silver) price sensitivity. I also test the hypothesis that companies with higher stock return sensitivity with respect to commodity prices and with larger year-end hedging positions as of last fiscal year end, are more likely to disclose that information to the market. The results only partially support this hypothesis. Taken together, and subject to several important caveats, the evidence generally supports the hypothesis that the SEC's risk disclosure rules are value-relevant and useful to financial report users, at least in the short run. It is consistent with the SEC's decision to mandate disclosure of quantitative risk estimates.

**Samedi 3 juin
Séance 3-i
Évaluation des risques et
passif envrionmental**

**08:30 - 10:00
Imperial Ballroom Section**

**Saturday, June 3
Session 3-i
Risk Assessments and
Environmental Liabilities**

**The Information Content of the Toxics Release Inventory Database:
An Examination of a Potentially Redundant Environmental Measure**

Sandy Hilton (University of Waterloo)

Environmental agencies have recently introduced a number of regulations that are intended to provide stakeholders with information about a firm's pollution propensity. The public availability of such information is thought to allow stakeholders to make socially and environmentally aware decisions. Such decisions may provide an indirect monitoring tool that will force firms to decrease their level of emissions. With the number of such regulations, it may be that some are not providing any unique information to the market, and therefore not fulfilling the original intent of the legislation. Also, many of these regulations are used in multiple industries, and the effect in one industry may not be the same as another. Similar to Khanna, Quimio, and Bojilova (1998), this paper examines one particular regulatory development, the Toxics Release Inventory. The market effect of this signal is examined in the pulp and paper industry as opposed to the chemical industry as in Khanna et. al. (1998). The results indicate that the Toxics Release Inventory does not provide any significant information to the capital markets for the pulp and paper industry. These results are significantly different from those found in Khanna et. al. (1998), and the analysis is extended to attempt to explain these differences.

* I would like to thank Gord Richardson and Yue Li for supervising this project. This paper has also benefited from comments from Steve Fortin, Jeff Pittman and other participants at a workshop at the University of Waterloo.

**Samedi 3 juin
Séance 3-i
Évaluation des risques et
passif envrionmental**

**08:30 - 10:00
Imperial Ballroom Section**

**Saturday, June 3
Session 3-i
Risk Assessments and
Environmental Liabilities**

**Some Topical Issues and the CAAA Monograph Entitled,
A Framework for Assurance Evidence and its Role in Accounting.**

Wally Smieliauskas (University of Toronto)

The presentation will provide perspectives of the 1999 CAAA Monograph on some current challenges facing the profession. The current issues analyzed will be the following.

1. Perceived Deficiencies of Auditor Independence and Objectivity
2. Perceived Deficiencies in the Goals of Auditing
3. Effects of Technology and Competition on the Profession
4. Effects of Globalization and International Standards
5. Perceived Accounting Deficiencies of the 21st Century—Need for More Logical Ways of Dealing with Accounting Uncertainties
 - (a) revenue recognition
 - (b) “big bath” accounting
 - (c) materiality concept
 - (d) accounting and accountability for deception

**Samedi 3 juin
Séance 3-v
Un cadre pour la certification des
éléments probants et son rôle en
comptabilité**

**08:30 - 10:00
Vanguard 1 Room**

**Saturday, June 3
Session 3-v
Some Topical Issues and the CAAA
Monograph “A Framework for Assurance
Evidence and Its Role in Accounting”**

What Value Analysts?

Eli Amir (Tel Aviv University)

Baruch Lev (New York University)

Theodore Sougiannis (University of Illinois at Urbana-Champaign)

We evaluate the contribution of analysts' earnings forecasts to investors' decisions by comparing the association between annual excess returns and a broad set of information items derived from financial statements with the association between excess returns and that information set plus the present value of five-year ahead analysts' earnings forecasts. We thus bring to a sharp focus the incremental contribution (over financial statement information) of the major product of analysts - near and medium-term earnings forecasts - to investors' decisions as reflected by annual excess returns. However, in assessing analysts' contribution from associations with stock returns care should be taken to account for the inherent simultaneity - analysts not only contribute (possibly) to investors, they also observe stock price behavior and learn from investors' decisions. We are therefore using a system of simultaneous equations to control for the endogeneity of both excess returns and analysts' forecasts, allowing us to isolate the net contribution of analysts' forecasts to capital markets. Our findings, based on cross-sectional regressions covering the period 1982-1997, indicate that over the sample period, analysts add a hefty 40 percent (in Adj-R2 terms) to the explanatory power of financial information with respect to stock returns. However, when simultaneity (i.e., analysts' learning from returns) is accounted for, their contribution is estimated as a modest 12 percent. This result suggests that analysts' mostly react to changes in market values rather than cause them. Additional findings indicate that: (1) The incremental contribution of analysts increases over time. Analysts, therefore, mitigate to some extent the decrease in the informativeness of financial statements. (2) The incremental contribution of analysts in loss-reporting firms is substantially larger than in profitable companies. (3) The incremental contribution of financial analysts is largest in high-tech industries followed by low-tech industries, and regulated firms, suggesting that the contribution of analysts is larger in sectors where the informativeness of financial reports is low. (4) Analysts' contribution to valuation in firms with substantial research and development (R&D) capital is relatively larger than in firms without such R&D capital. (5) The incremental contribution of analysts during economic boom periods is higher than during recessions (e.g., the early 1990s). (6) Based on a firm-specific measure of analysts' incremental contribution, we find that this contribution decreases with firm size, systematic risk, and earnings persistence, and increases with the firm's R&D capital. All in all, we find the direct contribution of analysts' forecasts of earnings to investors' decision to be quite modest. However, this contribution is substantial in firms, sectors and circumstances where the informativeness of financial statements is relatively low.

Samedi 3 juin

Séance 4-a

**Utilisation des renseignements
comptables dans les modèles
d'évaluation de l'entreprise**

10:30 - 12:00

Admiral Room

Saturday, June 3

Session 4-a

**Use of Accounting Information
in Valuation Models**

The Equivalence of Dividend, Cash Flows and Residual Earnings Approaches to Equity Valuation Employing Ideal Terminal Value Expressions

Lucie Courteau (Universite Laval)
Jennifer Kao (University of Alberta)
Gordon D. Richardson (University of Waterloo)

Recently, Penman and Sougiannis (1998) and Francis, Olsson and Oswald (1999) compared the bias and accuracy of the dividend discount model (DDM), discounted cash flow model (DCF), and Edwards-Bell-Ohlson residual income model (RIM) in explaining the relation between value estimates and observed stock prices. Both studies report that, with non price-based terminal values, RIM outperforms DCF and DDM.

Our primary research objective is to explore whether, over a five-year valuation horizon, DDM, DCF and RIM are empirically equivalent when Penman's (1998) theoretically "ideal" terminal value expressions are employed in each model. Using Value Line terminal stock price forecasts at the horizon to proxy for such values, we find empirical support for the prediction of equivalence between these three price-based valuation models.

Our secondary research objective is to demonstrate that, within each class of the DCF and RIM valuation models, the model that employs Value Line forecasted price in the terminal value expression will generate the lowest pricing errors, compared to models that employ non price-based terminal value under an arbitrary growth assumption. Results indicate that, for both DCF and RIM, price-based valuation models outperform the corresponding non price-based models by a wide margin.

We also revisit the issue of the apparent superiority of RIM, and find that this result does not hold in a level playing field where an approximation of ideal terminal values is employed. In fact, the price-based RIM model is marginally outperformed by the price-based DCF and DDM models, in terms of pricing errors as well as its ability to explain current market price.

Samedi 3 juin
Séance 4-a
Utilisation des renseignements
comptables dans les modèles
d'évaluation de l'entreprise

10:30 - 12:00
Admiral Room

Saturday, June 3
Session 4-a
Use of Accounting Information
in Valuation Models

Accounting Stereotypes in Popular Cinema of the Twentieth Century

Tony Dimnik (Queen's University)
Sandra Felton (Brock University)

This paper undertakes a comprehensive study of how the accountant has been portrayed in popular cinema. Our aim is to identify every accounting character portrayed in main-stream films screened in North America during the twentieth century, to record their characteristics and to identify and analyse the stereotypes they represent. Through solicitations in accounting journals and searches of databases, movie reviews and previous literature, we compiled the most extensive listing to date of movies with accounting characters. We coded 129 accounting characters from 94 movies on more than 50 relevant characteristics which we developed using a variety of sources. We used factor analysis to reduce these characteristics to a more manageable set of six factors: personal warmth, self-confidence, intelligence, attractiveness, attitude and appearance. Cluster analysis of the factors identified four different stereotypes: (1) the heroic accountant who is optimistic, self-assured and sensitive; (2) the working accountant, whose work setting helps to define the character; (3) the subservient accountant, who is timid, but caring; and (4) the malicious accountant, who is assertive and insensitive. Our classification of stereotypes suggests that the portrayal of accountants in the movies is much richer and more complex than that described by previous studies. Our paper differs from previous research both in the size of the database (more than four times the number of characters referenced by any previous work) and by our use of statistical techniques to analyse the data. As one of the most influential cultural mediums of the twentieth century, movies play an important role in shaping social attitudes and assumptions. Since representation in popular culture can have a significant impact on how a vocation is perceived, an understanding of these stereotypes can help the profession in shaping its communications and hiring and training strategies to create a more positive image of the accountant.

Samedi 3 juin
Séance 4-b
La comptabilité : perspectives
historiques et stéréotypées

10:30 - 12:00
Britannia Room

Saturday, June 3
Session 4-b
Accounting: Historical and
Stereotypical Perspectives

**Examining the Incentives vs. Bureaucratic Controls Orthodoxy:
A Case Study of Fur Trade Strategic Moves and Reactions**

Gary Spraakman (York University)

In their textbook, Milgrom and Roberts (1992) used 19th century fur trading companies as examples of effective (the ?entrepreneurial? North West Company using profit sharing) and ineffective (the ?bureaucratic? Hudson?s Bay Company using accounting and other controls) organization. Milgrom and Roberts based their conclusions on limited sources, along with the assumption that profit sharing is more effective than bureaucratic control. Using Milgrom and Roberts? (1995) complementarity framework and transaction costs economics as the theory in use, a detailed examination of the Hudson?s Bay Company archives suggests that Milgrom and Roberts were inaccurate in their depictions. With the complexity facing these 19th century companies from asset specificity and uncertainty, bureaucratic controls were needed to coordinate intercontinental operations. Profit sharing was also needed to supplement the bureaucratic controls.

Samedi 3 juin
Séance 4-b
La comptabilité : perspectives
historiques et stéréotypées

10:30 - 12:00
Britannia Room

Saturday, June 3
Session 4-b
Accounting: Historical and
Stereotypical Perspectives

**Divergent Streams of Accounting History:
A Review and Call for Confluence**

Richard Fleischman (John Carroll University)
Vaughan S. Radcliffe (Case Western Reserve University)

The paper reviews the main streams of accounting history as seen in contemporary literature. The development of a 'new' or 'critical' approach concerned with history in the contextualization of accounting practice is examined and contrasted with 'old' or 'traditional' approaches to historical work. The paper outlines the major features of these genres, identifies areas of contention, and calls for mutual learning and exchange between accounting historians in both main streams.

Samedi 3 juin
Séance 4-b
La comptabilité : perspectives
historiques et stéréotypées

10:30 - 12:00
Britannia Room

Saturday, June 3
Session 4-b
Accounting: Historical and
Stereotypical Perspectives

The REA (Resources, Events, Agents) Model Implications for Accounting Educators

William E. McCarthy (Michigan State University)

The REA model is a pattern for an internal business process or an external market exchange. It consists of two mirror image constellations of the economic objects involved in a transaction – economic Resources, economic Events, and economic Agents - connected by a duality relationship. In microeconomic terms, the full REA pattern is a representation of a production function that transforms one or more types of input into an output of greater value. More recent REA work has extended this basic pattern in two directions: (1) horizontally into types and commitments; and (2) vertically into enterprise value chain and workflow representation.

Besides its use in research and practice, REA is a commonly used teaching framework for enterprise information systems, and multiple textbooks use it as an organizing principle for teaching AIS (accounting information systems) courses. This session will overview that use in a variety of educational settings, and it will discuss more specifically the changes/extensions in REA being used to accommodate the types of inter-enterprise trading and tightly-coupled supply chains needed for e-commerce. We will conclude with an overview of how REA components are being used and integrated within the business process metamodel of ebXML, an XML standardization effort of the UN OASIS group.

Samedi 3 juin
Séance 4-i
Le modèle REA (ressources,
événements, agents)

10:30 - 12:00
Imperial Ballroom Section

Saturday, June 3
Session 4-i
The REA (Resources,
Events, Agents) Model

**Developing Performance Measures is as Easy as ABC
(Using Activity Based Costing)**

Ken R. Burt (Okanagan University College, Kelowna, B.C.)

Activity-Based Costing (ABC) allocates indirect and other support costs to different educational programs based on different activity measures that are typically found and used throughout most educational institutions. This paper will show one institution's total costing success using ABC to expand a post-secondary institution's financial information beyond direct discipline costing to consider the total institutional cost associated with providing various education programs. The result of a three-step process is a data-mart that captures total discipline cost information at the student course registration level. Once in the data- mart, multidimensional analysis can be performed to determine various performance measures for the institution.

**Samedi 3 juin
Séance 4-v
Perspectives critiques sur l'évaluation
du rendement universitaire**

**10:30 - 12:00
Vanguard 1 Room**

**Saturday, June 3
Session 4-v
Developing Performance
Measures is as Easy as ABC**

Helping Your Students Become Better Business Partners

G. Peter Wilson (Boston College)

This session examines three frameworks that are applicable to a broad range of accounting courses and can help students become better business partners — become more effective working with colleagues outside their functional specialties. The three frameworks (the conceptual, procedural, and learning frameworks) can help students who become accountants learn to work more effectively with non-accountants and can help those who do not become accountants gain a fuller appreciation for accounting.

We will begin with a brief overview of the conceptual framework, which centers on three intertwined decisions. Two of these decisions occur within reporting entities and determine the content of financial, managerial, and tax reports. These are the entities' business and accounting decisions. The third are user decisions, which are made by the users of accounting reports who may be inside or outside the reporting entity. The conceptual framework can be viewed at several levels and applies to a continuum of reporting entities including corporations, divisions, departments, and key processes. We will examine real-world examples to demonstrate how this framework integrates financial, managerial, and tax accounting with business and user decisions.

The conceptual framework illustrates the concepts that link real-world phenomena and thus permits students to learn a few principles rather than numerous rules. The procedural framework is comprised of sophisticated Excel workbooks that help students learn the nitty-gritty details that are needed to apply these concepts. Each of the Excel workbooks is a model of a company that has financial statements that are very similar to a real company. Making the business and accounting decisions for these fictitious Excel companies helps students conjecture the events and accounting decisions behind numbers reported by real companies.

The learning framework provides a way for students to organize the way they learn the conceptual and procedural frameworks. It is based on five learning challenges that I have found that students confront when they study accounting.

Samedi 3 juin

Séance 5-a

**Aider les étudiants à devenir de
meilleurs associés en affaires**

14:15 - 15:45

Admiral Room

Saturday, June 3

Session 5-a

**Helping Your Students Become
Better Business Partners**

**Association of Returns with Earnings:
Knowledge-based vs. Traditional Industries**

Byeonghee [Ben] Choi (McGill University)
B. Brian Lee (Concordia University)

The aim of this study is to identify which factor (earnings' lack of timeliness or noise) primarily contributes to the weak association between earnings and returns in the knowledge-based sector. Collins et al. (1997) report that earnings' lack of timeliness, not noise, is a contributing factor to the weak association between earnings and returns using various aggregation levels of financial data (firm, industry and economy). A possible reason for the lower explanatory power of financial information in the knowledge-based sector may originate from the current accounting practice of expensing expenditures on intangible assets. In other words, the current accounting practice of recognizing revenues that are not encumbered by their related expenses violates the matching principle, which is one of the fundamental concepts that underlie accounting measurement. If this is the only concern for current accounting practice in the knowledge-based industries, the explanatory power of earnings can improve by controlling for earnings' lack of timeliness, as reported by Collins et al. (1997). If, however, correcting earnings' lack of timeliness is not an effective method to improve the explanatory power of earnings, noise might be an alternative explanation.

Our findings show that the explanatory power of earnings for firms in traditional (knowledge-based) industries increases to 20.4 (12.3) percent when earnings' lack of timeliness is corrected. On the other hand, when noise is suppressed, the explanatory power of earnings for firms in traditional (knowledge-based) industries increases to 65.6 (78.3) percent. In both cases, the difference of explanatory powers between the two groups is statistically significant at the conventional levels, respectively.

This study contributes to accounting literature by separating two factors that lead to the low association between earnings and returns for firms in the knowledge-based industries. Since prior studies focused on only the contemporaneous association between earnings and returns to document the low value relevance of earnings for firms in knowledge-based industries, they could not isolate the earnings' lack of timeliness problem from noise, which is the primary concern for accounting academics and practitioners. The confounding effect prevents accounting scholars from properly evaluating the value relevance of earnings for firms in the knowledge-based industries. Thus, we disentangle the confounding effect of noise and earnings' lack of timeliness on the low association between earnings and returns.

Samedi 3 juin
Séance 5-b
Divulcation de renseignements par les
sociétés et rapidité de la publication

14:15 - 15:45
Britannia Room

Saturday, June 3
Session 5-b
Corporate Disclosure and
Timeliness of Financial Reporting

The Effect of Mandated Compensation Disclosure on Executive Compensation and Firm Performance

Jane Craighead (McGill University)

Michel Magnan (École des Hautes Études Commerciales)

Linda Thorne (York University)

In October 1993, the Ontario Securities Commission (OSC) amended Regulation 638 requiring Toronto Stock Exchange (TSE) firms to provide executive compensation data at a level of detail similar to that required by the SEC in 1992. Regulation 638 also required firms to retroactively disclose two years of executive compensation data, which was previously considered to be private information. The retroactive nature of the institutional event facilitates an investigation of the effect of mandated compensation disclosure on firms by allowing a comparison of the determinants of executive compensation, and the determinants of firm performance, between the two disclosure regimes. We hypothesize that mandated compensation disclosure results in a convergence in executive compensation, and in firm performance, across firms with different firm-specific corporate governance structures. Our results indicate that mandated compensation disclosure reduces the differences in CEO compensation, and the differences in firm performance, associated with firm-specific governance structure, which existed in a private information setting.

Samedi 3 juin

Séance 5-b

**Divulgarion de renseignements par les
sociétés et rapidité de la publication**

14:15 - 15:45

Britannia Room

Saturday, June 3

Session 5-b

**Corporate Disclosure and
Timeliness of Financial Reporting**

Earnings Management and Predisclosure Information Environment

Byeonghee [Ben] Choi (McGill University)

B. Brian Lee (Concordia University)

This paper is motivated by the need to investigate the confounding effect of firm size and auditor type on earnings management. Our investigation is conducted as follows. First, this paper examines how firm size and auditor type affect the behavior of managers who attempt to avoid losses by managing earnings. Since prior studies (Burgstahler and Dichev 1997; Kang 1999) report that a substantial number of firms manage earnings to avoid losses, we attempt to extend those findings by investigating the effect of firm size and auditor type on the practice of earnings management. Next, discretionary accruals are estimated for firms that are suspected of earnings management to avoid losses and then comparisons are made between small and large firms as well as between firms with Big Six and non-Big Six auditors. Finally, prior research (Xie 1998) documents that discretionary accruals are related to various operational needs such as avoiding the violation of debt covenants contracts, facilitating external finance, smoothing the stream of earnings, and so on. These incentives are included as moderating variables to evaluate the effect of firm size and auditor type on earnings management. Our results show that small, rather than large firms are suspected of more frequently managing earnings to avoid losses. When firm size is controlled, the difference in auditor quality is not a relevant factor in explaining the cross-sectional variation of discretionary accruals. Small firms exhibit higher discretionary accruals than large firms, while no substantial difference of discretionary accruals is present between firms with Big Six and non-Big Six auditors. Finally, our findings are robust in controlling for various motivations for earnings management such as debt covenant, external finance, and income smoothing. Small firms more likely need to raise funds from outside in the near future, while large firms show higher leverage ratios. No difference is observed in terms of earnings smoothing. The multivariable regression model, in which the three variables are simultaneously controlled, shows that firm size, not auditor type, is significant in explaining the cross-sectional variation of discretionary accruals. Consequently, our findings are not consistent with Becker et al. (1998) and Burgstahler and Dichev (1997) with respect to the role of firm size in earnings management. Nevertheless, our findings empirically support the argument that firm size plays a role as a proxy for information asymmetry between managers and market participants that has been widely accepted in other accounting topics.

Samedi 3 juin

Séance 5-b

**Divulgarion de renseignements par les
sociétés et rapidité de la publication**

14:15 - 15:45

Britannia Room

Saturday, June 3

Session 5-b

**Corporate Disclosure and
Timeliness of Financial Reporting**

The Relationship Between Board Characteristics and Voluntary Improvements in Audit Committee Composition and Experience

Mark Beasley (North Carolina State University)

Steven Salterio (University of Waterloo)

This study empirically examines the relation between certain board of director characteristics and the extent that audit committee composition voluntarily exceeds minimum mandated levels and includes outside directors with financial reporting and audit committee knowledge and experience. This study focuses on board characteristics as the board directly controls audit committee membership. Such staffing decisions can directly affect the ability of the audit committee to monitor management's financial reporting process on behalf of the board. Results suggests that Canadian firms which voluntarily include more outside directors on the audit committee than the mandated minimum have larger boards with more outsiders serving on those boards and are more likely to segregate the board chairperson position from the CEO/president positions. Additionally, firms who voluntarily create audit committees composed of outsider members with a breadth of relevant financial reporting and audit committee knowledge and experience have boards that are larger, have more outside members, and are less likely to be chaired by the CEO/president. Implications of these findings for auditors, institutional investors, regulators and other interested parties are discussed.

Key Words: Audit committees, audit committee composition, audit committee knowledge and experience, corporate governance.

Samedi 3 juin

Séance 5-i

**Comité de vérification et expérience,
savoir-faire et impartialité du
vérificateur**

14:15 - 15:45

Imperial Ballroom Section

Saturday, June 3

Session 5-i

**Audit Committee and Auditor
Experience, Expertise and
Independence**

**The Exportation of Audit Expertise:
Striving to Expand the Professionalization Project into Electronic Commerce**

Yves Gendron (University of Alberta)
Michael Barrett (University of Alberta)

This paper aims to provide further insights into the process in which the North American accounting profession has sought, via WebTrust, to leverage and export its expertise in providing comfort to the new potential jurisdiction of electronic commerce assurance. More specifically, we examined how proponents have presented and promoted the seal, and how managers, consumers, and members of the profession have reacted to it. The results emphasize the active role that WebTrust proponents have played in attempting to create a "need" for the seal in the marketplace. As well, the paper highlights the diversity of interests (in space and time) that WebTrust has generated within the accountant community.

Key Words: Profession, Diversification of services, WebTrust, Means of persuasion, Fragmentation of the profession.

**Samedi 3 juin
Séance 5-i**

**Comité de vérification et expérience,
savoir-faire et impartialité du
vérificateur**

14:15 - 15:45

Imperial Ballroom Section

**Saturday, June 3
Session 5-i**

**Audit Committee and Auditor
Experience, Expertise and
Independence**

**In the Name of Accountability: State Auditing in the Province of Alberta and
New Public Management**

Yves Gendron (University of Alberta)
David J. Cooper (University of Alberta)
Barbara Townley (University of Alberta)

This paper investigates the role of the state auditor in Alberta, a jurisdiction that emphasizes New Public Management. Our concerns are threats to the independence of the Auditor General. An analysis of the Office of the Auditor General of Alberta's annual reports shows that the role of the Office has significantly changed. At the beginning of the 1980s, the Office sought to highlight problems in public administration by exposing waste and inefficiency. The contemporary role of the Office promotes and encourages the implementation in the public sector a particular type of accountability, informed by New Public Management. By promoting a particular mode of public management, we argue that the Office has increased its power to influence politicians and public servants about the merits of its specific understanding of what accountability should be. However, as the Office becomes more powerful, it also becomes more vulnerable to complaints about a lack of independence from the executive. Indeed, the Office is now so closely associated with New Public Management that we believe that it is difficult for the Office to sustain the claim that it is able to provide independent assessments of public-sector administration.

Samedi 3 juin

Séance 5-i

**Comité de vérification et expérience,
savoir-faire et impartialité du
vérificateur**

14:15 - 15:45

Imperial Ballroom Section

Saturday, June 3

Session 5-i

**Audit Committee and Auditor
Experience, Expertise and
Independence**

A New Academic Accounting Journal for Canada

Glenn Feltham (University of Saskatchewan)

Alan J. Richardson (Queen's University)

The closing plenary session will provide an opportunity to discuss the new association journal. The rationale for the establishment of the journal will be presented. The editor, Alan Richardson, will then discuss the editorial policy. The plenary will be structured to provide feedback to help ensure the success of this important initiative. Audience participation and suggestions are sought.

**Samedi 3 juin
Plénière de clôture
Une nouvelle revue
pour les professeurs de
comptabilité au Canada**

**16:15 - 17:30
Admiral Room**

**Saturday, June 3
Closing Plenary
A New Academic Accounting
Journal for Canada**

Ethics, Independence, and the Practice of Public Accounting

Centre for Accounting Ethics, University of Waterloo

Chair: Sally P. Gunz (University of Waterloo)

Speaker: Ralph Neville, FCA, Partner, BDO Dunwoody

Speaker: Roy Suddaby, University of Alberta

Ralph Neville, FCA, Partner, BDO Dunwoody, Member of the Board of the CICA, Member of the CICA Committee on the Public Interest and Integrity and Roy Suddaby, University of Alberta, whose research expertise is in issues of governance in the professions (specifically the ethical and regulative implications of multi-disciplinary practices as an emerging new form of organization), will give presentations and provide the focus for the ensuing discussions.

Following the presentations there will be an open discussion of critical issues facing public accounting identified by the speakers with a special focus upon the implications of change for the way in which accounting students are educated.

Dimanche 4 juin
Atelier sur l'éthique
Éthique, impartialité et expertise
comptable

09:00 - 12:00
Admiral Room

Sunday, June 4
Ethics Workshop
Ethics, Independence and the
Practice of Public Accounting

PRÉSENTATIONS PAR AFFICHES

POSTER SESSIONS

Political Uncertainty and Firm Valuation: Evidence of a Discount Related to the Quebec Independence Movement

Roger Graham (Oregon State University)
Cameron Morrill (University of Manitoba)
Janet Morrill (University of Manitoba)

We compare market-to-book value associations of a sample of firms headquartered in Quebec with those of a sample (both unmatched and matched) of Canadian firms headquartered outside of Quebec, over the period 1988-1998. Our preliminary results suggest that Quebec-based firms are discounted on average ten percent relative to other Canadian firms when valuation is based on a multiple of book value. We also find that the provincial referendum on sovereignty held in 1995 had no significant impact on this discount. The higher implied rates of return are consistent with market participants having greater uncertainties regarding the future prospects of Quebec-based firms. At this point, the paper would benefit from general feedback, although suggestions for refining the empirical approach and discussion of other potential confounding variables would be particularly helpful.

The Relationship between Experience, Machiavellianism, the Dilution Effect, and Going Concern Judgements: An Empirical Investigation.

Anamitra Shome (Brock University)
Hema Rao (SUNY, Utica/Rome)

Auditors base their decisions on rich information sets. However, they may be unable to completely discount irrelevant information, resulting in sub-optimal decision performance. Machiavellianism is a set of behaviours characterized by emotional detachment, lack of conventional morality, and the tendency to manipulate people and situations. However, High Machs are known to be less distracted by irrelevant information than low Machs.

Kohlberg (1981) suggests that an individual's level of cognitive moral development changes with time and experience. Thus individuals who may have been high Machs when younger could become low Machs with time and experience. We posit that this could affect an experienced individual's ability to distinguish between relevant and irrelevant information in a

Continued...

Vendredi 2 juin
Présentations par affiches

16:00 - 16:30
Georgian Lounge

Friday, June 2
Poster Sessions

judgement task such as going concern assessment. Specifically, more experienced auditors may make sub-optimal going concern decisions relative to less experienced auditors. We welcome feedback that would assist in further development of the theoretical framework and hypotheses.

Assessment of Harmonization: Between and Within NAFTA Countries

Peter Secord, Saint Mary's University

Accounting and disclosure practices of the NAFTA signatories vary along many dimensions. Comprehensive explanations of the differences appear to be far from complete. The proposed research program involves the measurement of *de facto* harmonization within NAFTA, and an attempt to improve the techniques for the objective measurement of harmonization. *De facto* harmonization is the focus because of the wide variations which exist between regulation and practice. Samples of published annual reports from two industries in the three countries have been selected, and the state of harmony is measured both between countries, and within countries at two points in time, leading to an assessment of the extent of harmonization during the intervening period. Statistically significant results are found, leading to a conclusion of an increase in the degree of harmony financial reporting within NAFTA.

Vendredi 2 juin
Présentations par affiches

16:00 - 16:30
Georgian Lounge

Friday, June 2
Poster Sessions

Information Technology: The Perspectives of Manufacturing Controllers and Accounting Faculty in Canada

Kathryn Bewley (York University)
Gary Spraakman (York University)

In this exploratory Canadian study, controllers from manufacturing firms and accounting professors were asked to give their opinions on 18 information technology topics in regard to importance, and required knowledge and application skill of entry-level accounting graduates. The results suggest that the expectations of professors regarding the preparation of accounting graduates in information technology topics are generally higher than that of controllers. The two items for which controllers' ratings significantly exceeded professors' (importance of spreadsheets and importance of financial accounting software) suggest employers' expectations exceed professors' for these two topics.

The authors would like to learn of other related research to which our results could be compared, and other interpretations of these results. Our results indicate that controllers and professors may use rating scales differently so we are interested in techniques to assess how different respondent groups use rating scales.

The Use of Earnings Information in Internal Contractual Settings

Alley Daneshfar (University of Ottawa)

This paper aims to investigate the conditions underlying the selection and use of employee profit sharing. Prior studies have found a positive relation between the selection of employee profit sharing and the firms performance. Yet, these studies do not provide answer to this question that why only a fraction of firms selects profit sharing for employee motivation despite of the documented benefits.

This paper argues that payments under employee profit sharing are earnings-based. Therefore, earnings properties (such as temporary and permanent components) may influence adoption of profit sharing. Existing theories (e.g. expectancy and agency) support this argument by indicating that compensation schemes are effective when the performance measures reflect the

Continued..

Samedi 3 juin
Présentations par affiches

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Georgian Lounge

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Poster Sessions

employee's work and effort. Accordingly, the earnings changes that are expected to persist into future reflect the change in the firm's productivity and profitability. Also, the employees' perception about lack of control on the firm's decision and resources is likely higher when the temporary component of earnings changes is larger. Therefore, it is hypothesized that earnings permanence, measured by earnings persistence, is positively associated with the probability of adoption of employee profit sharing. A Logit model is used to investigate the effect of earnings persistence and control variables on the probability of selection of employee profit sharing. Earnings persistence is computed using IMA(1,1) model following Collins and Kothari, 1989, Ali and Zarowin, 1992, and Baber et al., 1998. However, Lipe and Kormandi, 1994, and Baginski et al. (1999) argued that higher order ARIMA models perform better in capturing the underlying factors. Therefore, ARIMA (2,1,0) is also used as an alternative model. The preliminary results support the hypothesis.

**Disclosure in Annual Reports:
Longitudinal Changes Within NAFTA**

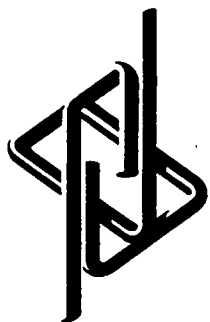
Peter Secord (Saint Mary's University)

As a part of a larger study on measurement and disclosure practices within NAFTA countries, this paper reports on the development of an index for the empirical assessment of the relative extent of disclosure in the annual reports of companies. Samples of published annual reports from two industries in the three countries have been selected. The disclosure index developed is applied to these sample firms and scores are compiled for two recent reporting years. These indices are compared statistically to determine the extent of differences between the industries and among the countries, as well as longitudinally. Statistically significant results are found, leading to the conclusion that disclosure practices have improved in both Canada and Mexico over the period 1993 to 1997.

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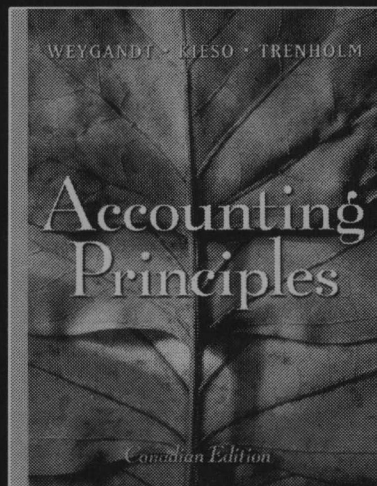
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CAAA / ACPC
12 Donwoods Drive
Toronto, Ontario M4N 2G1
Tel: (416) 486-5361
Fax: (416) 486-6158
E-Mail / Courriel : admin@caaa.ca

Co-Managing Directors / Direction générale :
Vittoria Fortunato
Paul D. Granatstein

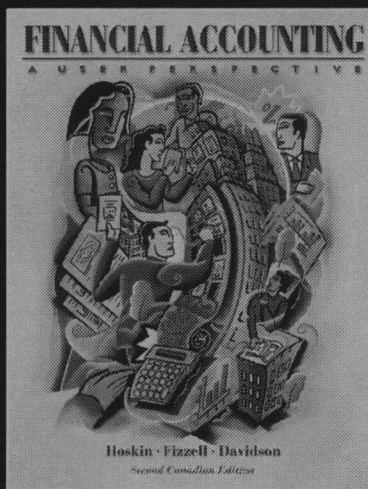
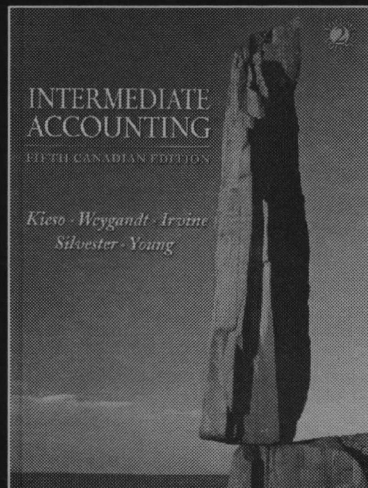
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