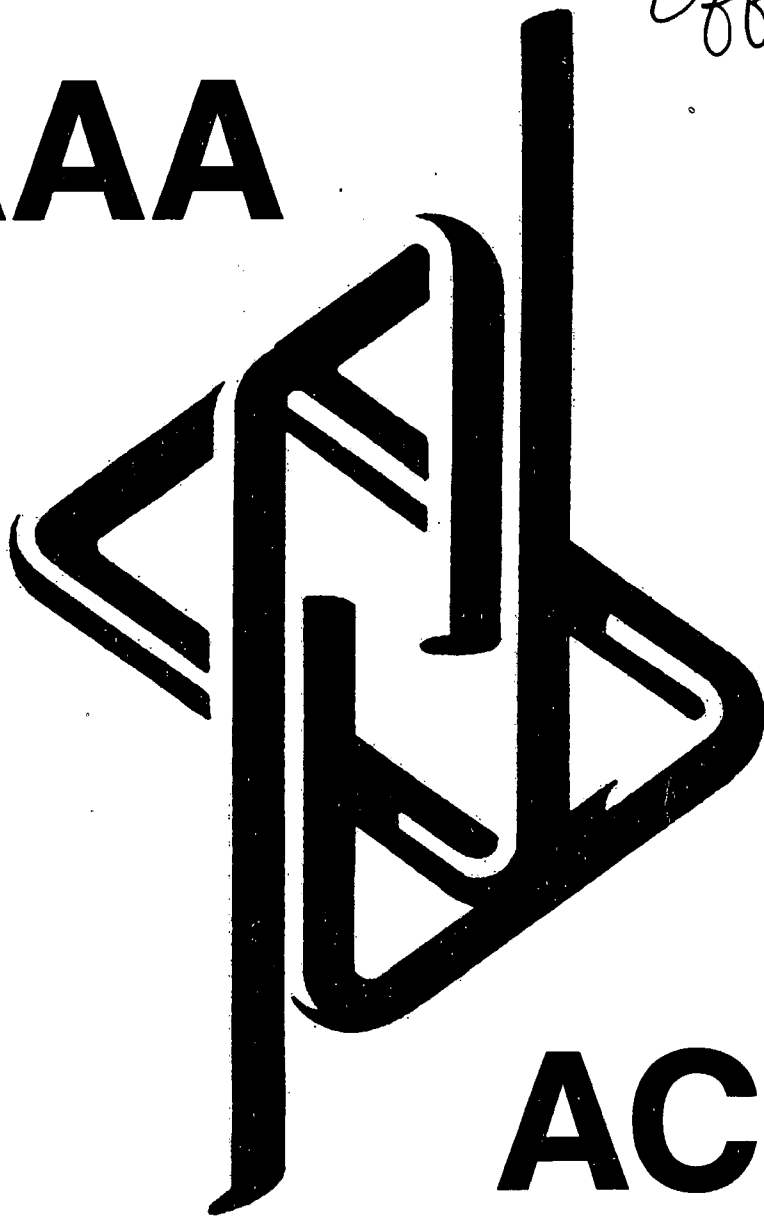


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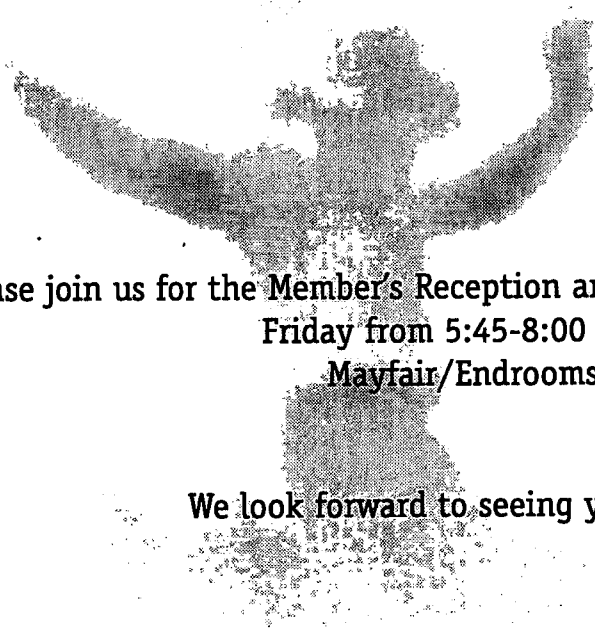
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Calgary 2001

25^e Anniversaire

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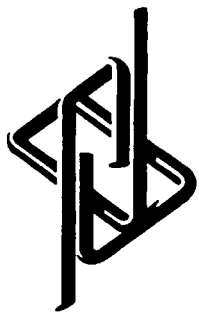


Please join us for the Member's Reception and 25th Anniversary Party
Friday from 5:45-8:00 p.m.
Mayfair/Endrooms

We look forward to seeing you there!

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and Looks to the Future
of Accounting***

***L'ACPC fête ses 25 ans
et se tourne vers l'avenir
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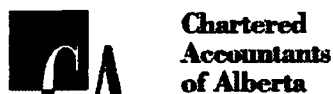
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L'Association canadienne des professeurs de comptabilité tient à remercier ses généreux commanditaires d'avoir contribué à la réalisation du congrès annuel et d'appuyer ses nombreuses initiatives. Notre organisation bénéficie énormément de l'appui des trois organisations nationales de comptables professionnels, lesquelles nous fournissent une aide en matière de ressources financières et humaines tout au cours de l'année.

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Conference Program

Programme du congrès

CAAA Presidents and Award Winners / Présidents et lauréats de prix de l'ACPC

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Anne Fortin	2000-2001	Irene M. Gordon	1988-1989
J. Efrim Boritz	1999-2000	Yvon Houle	1987-1988
David H. Bateman	1998-1999	J. Alex Milburn	1986-1987
Howard D. Teall	1997-1998	Leonard J. Brooks	1985-1986
Réal Labelle	1996-1997	Michael Gibbins	1984-1985
Daniel B. Thornton	1995-1996	Gilles Chevalier	1983-1984
V. Bruce Irvine	1994-1995	W. John Brennan	1982-1983
Patricia L. O'Malley	1993-1994	Alister K. Mason	1981-1982
Jean-Guy Rousseau	1992-1993	J. David Blazouske	1980-1981
Nabil S. Elias	1991-1992	John H. Waterhouse	1979-1980
C. Derek Acland	1990-1991	L. S. (Al) Rosen	1977-1979
Samuel H. Jopling	1989-1990	Daniel L. McDonald	1976-1977

L. S. Rosen — Chairman of Organizing Committee / Président du comité fondateur

Winners of the L. S. Rosen Award for Outstanding Contribution to Canadian Accounting Education

Lauréats du Prix L. S. Rosen pour apport exceptionnel à l'enseignement de la comptabilité au Canada

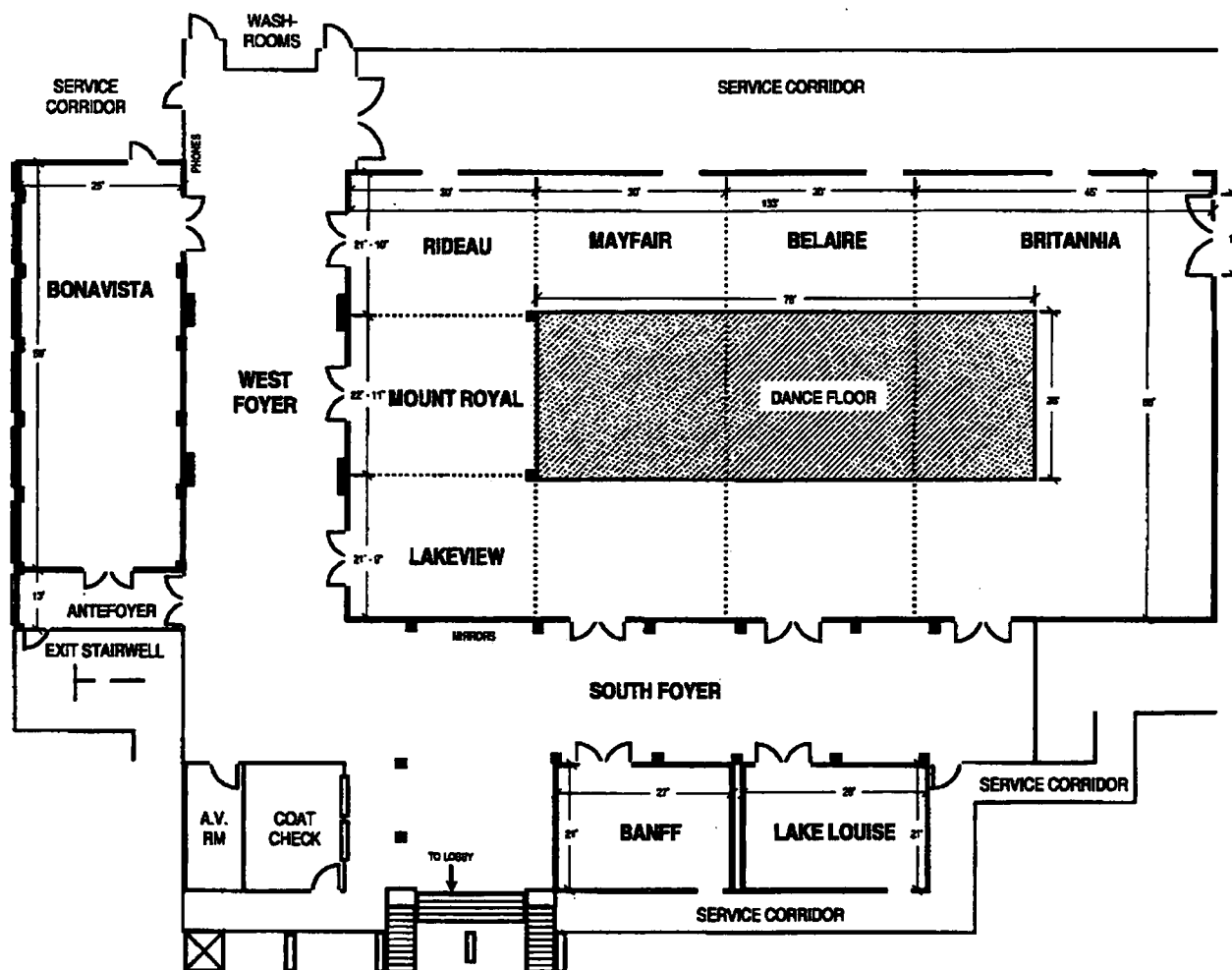
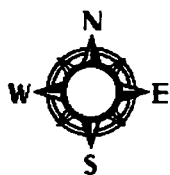
Howard M. Armitage	2000	Joel H. Amernic	1990
Irene M. Gordon	1999	Daniel B. Thornton	1989
George C. Baxter	1998	Réjean Brault	1988
Stanley L. Laiken	1997	J. David Blazouske	1987
George R. Chesley	1996	John R. Hanna	1986
Nadi Chlala	1995	James Everil Smyth	1985
Norman B. Macintosh	1994	Sanjoy (Joe) Basu	1983
Michael Gibbins	1992		

Winners of the Haim Falk Award for Distinguished Contribution to Accounting Thought

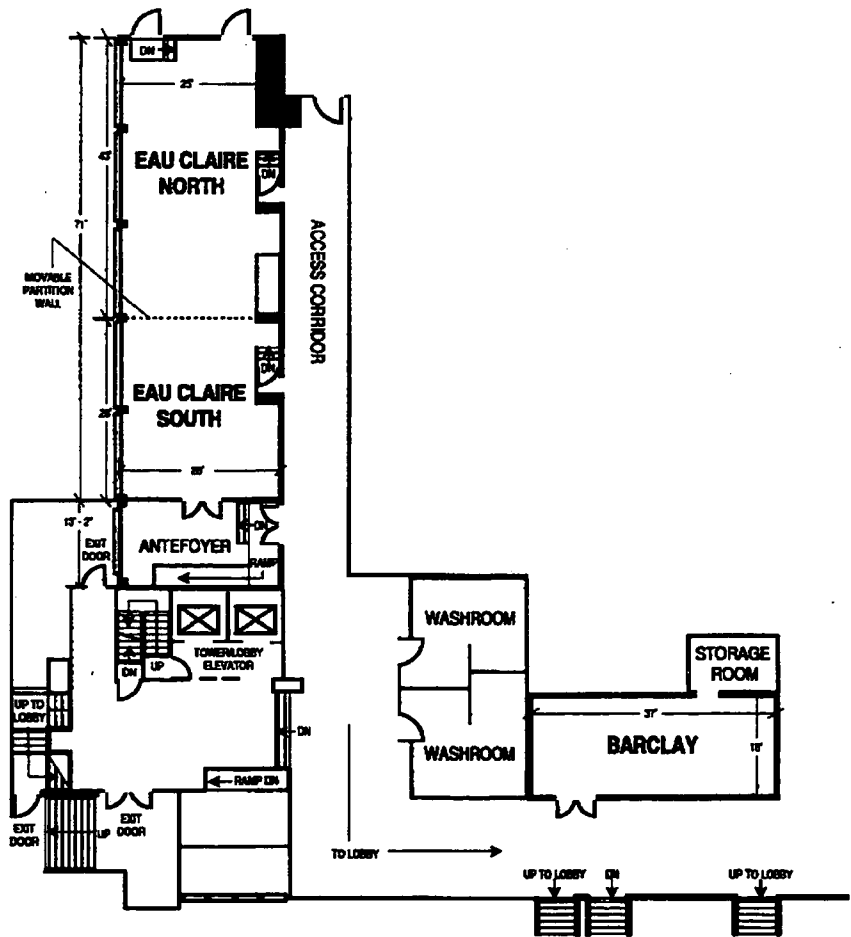
Lauréats du Prix Haim Falk pour contribution remarquable aux sciences comptables

Norman B. Macintosh	1998	Ross M. Skinner	1990
Gerald A. Feltham	1994	Anthony A. Atkinson	1989
George J. Murphy	1992	William R. Scott	1988
Richard V. Mattessich	1991	Daniel B. Thornton	1987

Conference Level / Étage de conférence



Arcade Level / Étage de galerie



Timetable

THURSDAY	Mayfair	Lakeview	Bonavista	Lakeview / Mount Royal	Lake Louise	Rideau	Belair
09:00 - 17:00 Concurrent Workshops	CGA-Canada/ CAAA Workshop I	CAAA Workshop II					
FRIDAY	Mayfair	Lakeview	Bonavista	Lakeview / Mount Royal	Lake Louise	Rideau	Belair
08:30 - 09:00	Opening Remarks						
09:00 - 10:15	Plenary Session I						
10:45 - 12:15 Concurrent Sessions 1			Education 1A	1B	1C		
14:30 - 16:00 Concurrent Sessions 2			Education 2A	2B	2C	2D	
16:30 - 17:45							Annual General Meeting
SATURDAY	Bonavista		Eau Claire South		Eau Claire North		Lakeview / Endrooms
08:30 - 10:00 Concurrent Sessions 3	Education 3A		3B		3C		
10:30 - 12:00 Concurrent Sessions 4	Education 4A		4B		4C		
14:15 - 15:45 Concurrent Sessions 5	Education 5A		5B		5C		
16:15 - 17:30							Plenary Session II
17:30 - 17:45							Closing Remarks
SUNDAY	Bonavista		Eau Claire South		Eau Claire North		Lakeview / Endrooms
08:15 - 12:00							Ethics Workshop

N.B. Poster sessions in South Foyer during afternoon breaks on Friday and Saturday.

Horaire

JEUDI	Mayfair	Lakeview	Bonavista	Lakeview / Mount Royal	Lake Louise	Rideau	Belaire
09:00 - 17:00 Ateliers simultanés	CGA-Canada/ CAAA Atelier I	CAAA Atelier II					
VENDREDI	Mayfair	Lakeview	Bonavista	Lakeview / Mount Royal	Lake Louise	Rideau	Belaire
08:30 - 09:00	Mot d'ouverture						
09:00 - 10:15	Séance plénière I						
10:45 - 12:15 Séances simultanées 1			Formation 1A	1B	1C		
14:30 - 16:00 Séances simultanées 2			Formation 2A	2B	2C	2D	
16:30 - 17:45							Assemblée générale annuelle
SAMEDI	Bonavista		Eau Claire South		Eau Claire North		Lakeview / Endrooms
08:30 - 10:00 Séances simultanées 3	Formation 3A		3B		3C		
10:30 - 12:00 Séances simultanées 4	Formation 4A		4B		4C		
14:15 - 15:45 Séances simultanées 5	Formation 5A		5B		5C		
16:15 - 17:30							Séance plénière II
17:30 - 17:45							Mot de clôture
DIMANCHE	Bonavista		Eau Claire South		Eau Claire North		Lakeview / Endrooms
08:15 - 12:00							Atelier sur l'éthique

N.B. Poster sessions in South Foyer during afternoon breaks on Friday and Saturday.

Thursday, June 14 / Jeudi 14 juin

Registration / Inscription

08:00 - 10:00 Conference Program / Programme du congrès
South Foyer

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Breakfast / Petit déjeuner

08:15 - 09:00 Breakfast is only for those registered in the CAAA / ACPC
Research or CGA-Canada/CAAA On-line Delivery Workshops.
Britannia Room

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(Book display / Exposition de livres)



Concurrent Workshops / Ateliers simultanés

Workshop / Atelier I CGA-Canada/CAAA Workshop / Atelier

09:00 - 17:00 On-line Delivery — Learning, Teaching & Technology
Mayfair Room *Prestation en ligne — Apprentissage, enseignement et technologie*

Professional Development Session

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Moderator / Animateur
Michael Wright
(University of Calgary)

creator

Workshop / Atelier II CAAA Workshop / ACPC Atelier

09:00 - 17:00 *The Craft of Accounting Research: Planning, Performing
and Publishing Research in Accounting & Auditing*
Lakeview Room

*L'art de la recherche comptable : planifier, faire de la
recherche en comptabilité et en vérificateur, et en publier
les résultats*

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Workshop Leader /
Animateur

Dan A. Simunic
(University of
British Columbia)

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Thursday, June 14 / Jeudi 14 juin

Session / Séance I-1 CGA-Canada/CAAA Workshop / Atelier

09:00 - 10:30

Mayfair Room

On-line Education — The Hidden Curriculum

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Terry Anderson
(University of Alberta)

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Session / Séance II-1 CAAA Workshop / ACPC Atelier

09:00 - 10:30

Lakeview Room

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**Workshop Leader /
Animateur**

Dan A. Simunic
(University of
British Columbia)

Nutrition Break / Pause santé

10:30 - 11:00

Britannia Room

(Book display / Exposition de livres)

Session / Séance I-2 CGA-Canada/CAAA Workshop / Atelier

11:00 - 12:30

Mayfair Room

Maintaining a Real Life while Teaching a Virtual Course

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AS ABOVE

Session / Séance II-2 CAAA Workshop / ACPC Atelier

11:00 - 12:30

Lakeview Room

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**Workshop Leader /
Animateur**

Dan A. Simunic
(University of
British Columbia)

Lunch / Déjeuner

12:30 - 13:30

Britannia Room

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Guest Speaker / Invité

John Carpenter (CGA-Alberta)

CGA



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2

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Thursday, June 14 / Jeudi 14 juin

Session / Séance I-3 CGA-Canada/CAAA Workshop / Atelier

13:30 - 15:00

Mayfair Room

Blackboard: The Integrated Learning Management System

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Session / Séance II-3 CAAA Workshop / ACPC Atelier

13:30 - 15:00

Lakeview Room

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Nutrition Break / Pause santé

15:00 - 15:30

Britannia Room

Session / Séance I-4 CGA-Canada/CAAA Workshop / Atelier

15:30 - 17:00

Mayfair Room

Blackboard: The Integrated Learning Management System - II

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CGA-Canada
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CGA

Moderator / Animateur

Michael Wright
(University of Calgary)

Speakers / Conférenciers

Peter Van Tienen
(Seneca College)

Kevin Pitts
(Seneca College)

AS ASSE

Session / Séance II-4 CAAA Workshop / ACPC Atelier

15:30 - 17:00

Lakeview Room

Sponsors / Commanditaires

CGA-Canada
CAAA / ACPC

CGA

Workshop Leader / Animateur

Dan A. Simunic
(University of
British Columbia)

SP - 2

Thursday, June 14 / Jeudi 14 juin

Conference Registration / Inscription au Congrès

16:45 - 19:15

Sponsor / Commanditaire

South Foyer

John Wiley & Sons Canada Limited



WILEY

Welcome Reception / Réception de bienvenue

19:00 - 22:00

Sponsor / Commanditaire

Belaire Room

The Canadian Institute of Chartered Accountants

L'Institut canadien des comptables agréés



Entertainment / Musique

Kenna Burima

Piano — classical mix / Piano — pièces classiques variées

Friday, June 15 / Vendredi 15 juin

Conference Registration / Inscription au Congrès

07:30 - 16:30

South Foyer

Pancake Breakfast / Petit déjeuner aux crêpes

07:30 - 08:30

Sponsors / Commanditaires

Britannia Room/
Belaire Room

ACCPAC International, Inc.

CAAA / ACPC



(Book display / Exposition de livres)

Opening Remarks / Mot d'ouverture

08:30 - 09:00

Conference Chair / Président du congrès

Mayfair Room

Michael Wright (University of Calgary)

CAAA President / Présidente de L'ACPC

Anne Fortin (Université du Québec à Montréal)

AAA President-Elect / Président désigné de l'AAA

Joel Demski (University of Florida)

Plenary Session I / Séance plénière I

09:00 - 10:15

Auditor Independence

Mayfair Room

L'indépendance du vérificateur

Sponsor / Commanditaire

Chartered Accountants' Education
Foundation



Strength beyond numbers

Chartered
Accountants
of Alberta

Moderator / Animateur

Duncan Green
(University of Calgary)

**Panel / Groupe de
discussion**

John Carchrae
(Chief Accountant, Ontario
Securities Commission)

John Gordon
(Partner, KPMG, Calgary)

Morley Lemon
(University of Waterloo)

Nutrition Break / Pause santé

10:15 - 10:45

Sponsor / Commanditaire

Britannia Room

Institute of Chartered Accountants of Ontario

(Book display / Exposition de livres)



(M) - 1
(D) - 3

Friday, June 15 / Vendredi 15 juin

Concurrent Sessions 1 / Séances simultanées 1

Session / Séance 1A

10:45 - 12:15 **Dealing with Difficult Students, Administrators, and Colleagues**
Bonavista Room

Comment s'y prendre avec des étudiants, des administrateurs et des collègues difficiles

Moderator / Animatrice

Wendy Brown (Southern Alberta Institute of Technology)

Speaker / Conférencier

Dr. Phil Barrette (McMaster University)

Sponsor / Commanditaire

Microsoft Great Plains Business Solutions



Session / Séance 1B

10:45 - 12:15 **Speakers / Conférenciers**

Lakeview / Mount Royal Rooms

Joint Tests of Signaling and Income Smoothing through Bank Loan Loss Provisions

Kiridaran Kanagaretnam* (Wilfrid Laurier University)

Gerald J. Lobo (Syracuse University)

Dong-Hoon Yang (Information and Communications University, Korea)

Reputation Formation in Debt Markets: Panel Data Evidence on the Cost and Availability of Credit for Newly Public Firms

Steve Fortin* (McGill University)

Jeffrey Pittman (Memorial University of Newfoundland)

Job Security and Income Smoothing: An Empirical Test of the Fudenberg and Tirole (1995) Model

Anwer S. Ahmed (Syracuse University)

Gerald J. Lobo (Syracuse University)

Jian Zhou* (Long Island University)

Moderator / Animateur

Gerald Trites (St. Francis Xavier University)

Discussant / Commentatrice

Joy Begley (University of British Columbia)

* Presenter.

Friday, June 15 / Vendredi 15 juin

Session / Séance 1C

10:45 - 12:15

Lake Louise
Room

Speakers / Conférenciers

*Computer Related Disclosures — The Case of Y2K Dilemma:
Its Determinants, Costs and Benefits*

SP S. Mitchell Williams* (University of Calgary)

*Productivity in "Top-Ten" Academic Accounting Journals by
Researchers at Canadian Universities*

Robert Mathieu (Wilfrid Laurier University)

SP Bruce J. McConomy* (Wilfrid Laurier University)

*Évaluation de la pertinence et de la fiabilité de l'information
divulguée en matière de frais futurs d'enlèvement des
immobilisations et de restauration des lieux*

*Accounting for Future Removal and Site Restoration Costs:
Valuation and Earnings Management Implications*

SP Sylvie Berthelot (Université de Moncton)

Michel Magnan* (Concordia University)

Denis Cormier (Université du Québec à Montréal)

Moderator / Animatrice

Merridee Bujaki (University of Ottawa) M

Discussant / Commentateur

D David Cooper (University of Alberta)

President's Luncheon / Déjeuner de la présidente

12:20 - 14:25

Belaire / Mayfair
Rooms

Sponsor / Commanditaire

The Certified General Accountants
Association of Canada

L'Association des comptables généraux
accrédités du Canada



Guest Speaker / Invitée

SP Wendy Knight, CGA (Vice-President, Royal Bank of Canada)

"The Effect Accounting Changes Have on Bankers"

Presentation of CAAA Awards

L. S. Rosen Award for Outstanding Educator

Prix L. S. Rosen, éducateur exceptionnel

T. Ross Archibald (University of Western Ontario)

Haim Falk Award for Excellence in Scholarly Achievement

*(a distinguished contribution to the advancement of
accounting thought)*

Prix Haim Falk, l'excellence de travaux de recherche

*(contribuant clairement au développement de la pensée
comptable)*

Dan A. Simunic (University of British Columbia)

* Presenter.

M-1
D-1
SP-4

OK

Friday, June 15 / Vendredi 15 juin

Concurrent Sessions 2 / Séances simultanées 2

Session / Séance 2A

14:30 - 16:00 *Impact of Technology on the Accounting Curriculum*
Bonavista Room *Incidence de la technologie sur le programme d'études en comptabilité*

Moderator / Animatrice
Janet Morrill (University of Manitoba)

Panel / Groupe de discussion
Nancy Zowkewych (Centennial College)
Robin Hemmingsen (Centennial College)
David Cooper (University of Alberta)
Robert Lavery (ACCPAC International, Inc.)

Session / Séance 2B

14:30 - 16:00 *Speakers / Conférenciers*
Lakeview / Mount Royal Rooms
Revisiting the Value Relevance of EVA® and Market Anomalies
B. Brian Lee (Concordia University)
Byeonghee Choi* (McGill University)
George Kanaan (Concordia University)

Forecast Characteristics, Market Prices, and Prediction Biases: Evidence from Experimental Asset Markets
Lucy F. Ackert (Kennesaw State University)
Bryan K. Church (Georgia Tech)
Ping Zhang* (University of Toronto)

A Re-Examination of Reconciling Items Between Canadian and United States GAAP

S.P. Bandyopadhyay (University of Waterloo)
A.S. Hilton* (University of Waterloo)
G.D. Richardson (University of Waterloo)

Moderator / Animatrice

Toni Nelson (University of Lethbridge)

Discussant / Commentateur

Martin Wu (University of British Columbia)

SP - 7
M - 2
D - 1

* Presenter.

Friday, June 15 / Vendredi 15 juin

R

Session / Séance 2C

14:30 - 16:00

Lake Louise
Room

Speakers / Conférenciers

*The Politics of Comprehensive Auditing in Fields of High
Outcome and Cause Uncertainty*

(SP) Jeff Everett* (University of Calgary)

*Accounting Sign Changes and the Early Development of
Modern Internal Audit*

(SP) Gary Spraakman* (York University)

Critical Accounting Interventions

(SP) Dean Neu* (University of Calgary)
David J. Cooper (University of Alberta)
Jeff Everett (University of Calgary)

Moderator / Animatrice

Laura MacDonald* (Wilfrid Laurier University) (M)

Discussant / Commentatrice

Teri Shearer (Queen's University) (D)

R

Session / Séance 2D

14:30 - 16:00

Rideau Room

Speakers / Conférenciers

*Task Interdependence, Budget-Based Incentives and
Performance*

(SP) Theresa Libby* (Wilfrid Laurier University)
Linda Thorne (York University)
Steven Lee (York University)

*The Role of Accounting When Employees Participate in
Decision-Making*

(SP) Barbara Sainty* (Brock University)

*Analyse Empirique de l'Appariement entre la Gamme
d'Information et la Stratégie d'Affaires*

*Empirical Analysis of the Fit between Management
Accounting System Scope and Business Strategy*

(SP) Emilio Boulianne* (Université Concordia)
Suzanne Rivard (École des Hautes Études Commerciales)

Moderator / Animatrice

Cynthia Simmons (M)

Discussant / Commentateur

Philip Beaulieu (D)

Nutrition Break / Pause santé

16:00 - 16:30

Britannia Room

Sponsor / Commanditaire

Nelson Thomson Learning

(Book display / Exposition de livres)

NELSON
THOMSON LEARNING

(SP) - 6
(D) - 2
(M) - 2

* Presenter.

Friday, June 15 / Vendredi 15 juin

Paper Forum / Présentation par affiches

16:00 - 16:30 *Researchers' New Papers*
South Foyer *Travaux préliminaires des chercheurs*

Annual General Meeting / Assemblée générale annuelle de l'ACPC

16:30 - 17:45
Belaire Room

Members' Dinner Reception and 25th Anniversary Party Dîner d'accueil à l'intention des membres et fête du 25^e anniversaire

17:45 - 20:00 **Sponsors / Commanditaires**
Mayfair / University of Alberta
Endrooms John Wiley & Sons Canada Limited



CAAA President / Président de l'ACPC
Michel Guindon (École des Hautes Études Commerciales)

Introduction of Attending CAAA Past Presidents Présentation des anciens présidents présents

L. S. Rosen	1977-1979
Alister K. Mason	1981-1982
W. John Brennan	1982-1983
Gilles Chevalier	1983-1984
Michael Gibbins	1984-1985
Leonard J. Brooks	1985-1986
Nabil S. Elia	1991-1992
Patricia L. O'Malley	1993-1994
V. Bruce Irvine	1994-1995
Howard D. Teall	1997-1998
J. Efrim Boritz	1999-2000
Anne Fortin	2000-2001

Introduction of Special 25th Anniversary Book / Présentation du livret spécial marquant le 25^e anniversaire

Entertainment / Musique
Jazz quartet / Quatuor jazz

Saturday, June 16 / Samedi 16 juin

Registration / Inscription

07:30 - 09:30

South Foyer

Breakfast / Petit déjeuner

07:30 - 08:30

Britannia Room

Sponsor / Commanditaire

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

(Book display / Exposition de livres)



Concurrent Sessions 3 / Séances simultanées 3

Session / Séance 3A

08:30 - 10:00

Bonavista Room

Impact of Research on Teaching

Incidence de la recherche sur l'enseignement

Sponsor / Commanditaire

Pearson Education Canada

Pearson
Education
Canada

Moderator / Animateur

Dan Simunic (University of British Columbia)

Panel / Groupe de discussion

Joel Demski (University of Florida)

Jeong-Bon Kim (Hong Kong Polytechnic University)

Mike Stein (University of Oregon)

Session / Séance 3B

08:30 - 10:00

Eau Claire South

Speakers / Conférenciers

*Charitable Giving and the Superdeduction: An Investigation
of Taxpayer Philanthropic Behaviour Following the Canadian
Tax Reform of 1987*

Alexander M. G. Gelardi* (Simon Fraser University)

*After Davis: Some Economics and Tax Policy Implications of
Imputing Cash Tips*

Alan Macnaughton* (University of Waterloo)

Michael R. Veall (McMaster University)

Personal Taxation in Firm Market Valuation: Theory and Test

Tao Zeng* (Wilfrid Laurier University)

Moderator / Animateur

Duane Kennedy
(University of Waterloo)

Discussant / Commentateur

Hussein Warsame
(University of Calgary)

Choi
Zhou

Saturday, June 16 / Samedi 16 juin

Session / Séance 3C

08:30 - 10:00

Speakers / Conférenciers

Eau Claire North

*Implicit Claim Incentives on the Accounting Choices of
Troubled Companies*

(SP) Dominic Peltier-Rivest* (Concordia University)

*Earnings Management and Informativeness of Cash Flows
and Accruals*

(SP) Byeonghee Choi* (McGill University)

B. Brian Lee (Concordia University)

*Corporate Disclosure Policy and Earnings Management
Behavior*

(SP) Gerald J. Lobo (Syracuse University)

Jian Zhou* (Long Island University)

Moderator / Animatrice

Joan Conrod
(Dalhousie University) (M)

Discussant /
Commentateur

Paul André
(École des Hautes Études
Commerciales) (D)

Nutrition Break / Pause santé

10:00 - 10:30

Sponsor / Commanditaire

Britannia Room

Southern Alberta Institute of Technology

(Book display / Exposition de livres)



Concurrent Sessions 4 / Séances simultanées 4

Session / Séance 4A

10:30 - 12:00

Teaching Taxation

Bonavista Room

L'enseignement de la fiscalité

Moderator / animateur

(M) Alex Gelardi (Simon Fraser University)

Panel / Groupe de discussion

(SP) Glenn Feltham (University of Saskatchewan)

(SP) Hussein Warsame (University of Calgary)

-5

-2

-1

* Presenter.

Saturday, June 16 / Samedi 16 juin

R

Session / Séance 4B

10:30 - 12:00

Speakers / Conférenciers

Eau Claire South

Modes of Regulation and the Effectiveness of the Accounting Profession's Ethical Standards Enforcement System: A Comparative Study of Two Provinces

Jean Bédard* (Université Laval)

Auditors' Virtue: A Qualitative Analysis and Categorization

Theresa Libby (Wilfrid Laurier University)

Linda Thorne* (York University)

Le niveau de raisonnement moral de finissants en comptabilité d'une université québécoise

The Level of Moral Reasoning of Quebec University Accounting Graduates

Murielle Boucher (Bibliothèque du Parlement, Ottawa)

Anne Fortin* (Université du Québec à Montréal)

Louise Côté (Université du Québec à Montréal)

Moderator / Animateur

Gaétan Breton
(Université du Québec à Montréal)

Discussant / Commentateur

Jim Gaa
(University of Alberta)

R

Session / Séance 4C

10:30 - 12:00

Speakers / Conférenciers

Eau Claire North

The Valuation of Firm Loss Carry-forwards

Tao Zeng* (Wilfrid Laurier University)

The Role and the Relative Importance of Financial Statements in Equity Valuation

Kobana Abukari (Corporate Renaissance Group)

Vijay Jog (Carleton University)

Bruce J. McConomy* (Wilfrid Laurier University)

Earnings, Book Value and Accounting Conservatism in Valuation of Japanese Firms

Sandra W. M. Ho (Hong Kong Polytechnic University)

Jeong-Bon Kim* (Hong Kong Polytechnic University)

Moderator / Animateur

Barry Gorman
(Saint Mary's University)

Discussant / Commentateur

Thomas Matthews
(University of Waterloo)

* Presenter.

Saturday, June 16 / Samedi 16 juin

Members' Luncheon / Déjeuner des membres

12:00 - 14:10 Sponsor / Commanditaire

Mayfair Room / CMA Canada

Endrooms



Shaping the Future

Guest Speaker / Invité

Jim Davis, (CFO, ECL Group of Companies, Calgary)

"Management Accounting in the 21st Century"

Concurrent Sessions 5 / Séances simultanées 5

Session / Séance 5A

14:15 - 15:45 Update from the Professions

Bonavista Room Nouvelles de la profession

Sponsor / Commanditaire

University of Calgary



Moderator / Animateur

Stuart Jones (University of Calgary)

Panelists / Groupe de discussion

Gina Létourneau (CGA-Canada)

Rick Michalski (CMA Canada)

John Brennan and Doug Carter (CICA / ICCA)

Session / Séance 5B

14:15 - 15:45 Speakers / Conférenciers

Eau Claire South

The Determinants of Audit Fee Change in a Stable Audit Market

Janne Chung* (York University)

Do Audit Committee Members Know What They Know? An Exploratory Note

Greg Berberich (University of Waterloo)

Steven Salterio* (University of Waterloo)

Further Evidence on Signaling-Based Theories of IPO Underpricing

Duane B. Kennedy* (University of Waterloo)

Ranjini Sivakumar (University of Waterloo)

Kenneth R. Vetzal (University of Waterloo)

Moderator / Animateur

Mike Stein

(University of Oregon)

Discussant / Commentateur

Wally Smieliauskas

(University of Toronto)

* Presenter.

Saturday, June 16 / Samedi 16 juin

Session / Séance 5C

14:15 - 15:45

Eau Claire North

Speakers / Conférenciers

Risk-Taking Incentives of Executive Stock Options and the Asset Substitution Problem

Gerald T. Garvey (University of British Columbia)

Amin Mawani* (York University)

The Interdependence between Performance Measurement Systems, Governance Structure and Firm Performance: Evidence from Choice of Bonus Plan Performance Measures

Eduardo Schiehl* (École des Haute Études Commerciales)

CEO Compensation, Investment Opportunity Set and the Role of Corporate Governance Mechanisms: An Empirical Analysis

Fathi Elloumi* (Athabasca University)

Jean-Pierre Gueyié (Université du Québec à Montréal)

Moderator / Animatrice

Irene Herremans (University of Calgary)

Discussant / Commentateur

Tom Scott (University of Alberta)

Nutrition Break / Pause santé

15:45 - 16:15

South Foyer

Sponsor / Commanditaire

University of Lethbridge



Plenary Session II / Séance plénière II

16:15 - 17:30

Lakeview Room / Endrooms

Charting the Course for Accounting Education from a Canadian Perspective

La perspective de professeurs canadiens sur la voie à suivre en formation comptable

Sponsor / Commanditaire

CMA Canada — Alberta



Moderator / Animateur

Michael E. Wright (University of Calgary)

Panel / Groupe de discussion

Howard Teall (Wilfrid Laurier University)

Michel Magnan (Concordia University)

Handwritten notes: SP, M, D, 5, 2, 1

* Presenter.

Sunday, June 17 / Dimanche 17 juin

Ethics Workshop / Atelier sur l'éthique

08:15 - 12:00 *Current Issues Relating to Management Fraud*
Lakeview Room / *Enjeux actuels concernant la fraude commise*
Endrois *par la direction*

Sponsor / Commanditaire
Centre for Accounting Ethics, University
of Waterloo



Breakfast / Petit déjeuner

08:15 - 09:00

Opening Remarks / Mot de bienvenue

09:00 - 09:05 Sally Gunz, Director, Centre for Accounting Ethics

Presentation / Présentation

09:05 - 10:15 *The Practitioner's Perspective on Current Issues Relating to Management Fraud*
Nick Hodson (Ernst & Young)

Nutrition Break / Pause santé

10:15 - 10:30

Presentation / Présentation

10:30 - 12:00 *Case Presentation and Open Discussion*
Présentation de cas et discussion ouverte

Moderator / Animateur
J. Efrim Boritz

Accounting Department Heads' Session / Séance à l'intention des directeurs de département de comptabilité

08:30 - 12:00 By invitation only / Sur invitation seulement
Barclay Room

MIKE GIBBINS

Sunday, June 17 / Dimanche 17 juin

Conference Assessment & Planning Meeting / Réunion d'évaluation du congrès et de planification

08:30 - 12:00 By invitation only / Sur invitation seulement

Lake Louise
Room

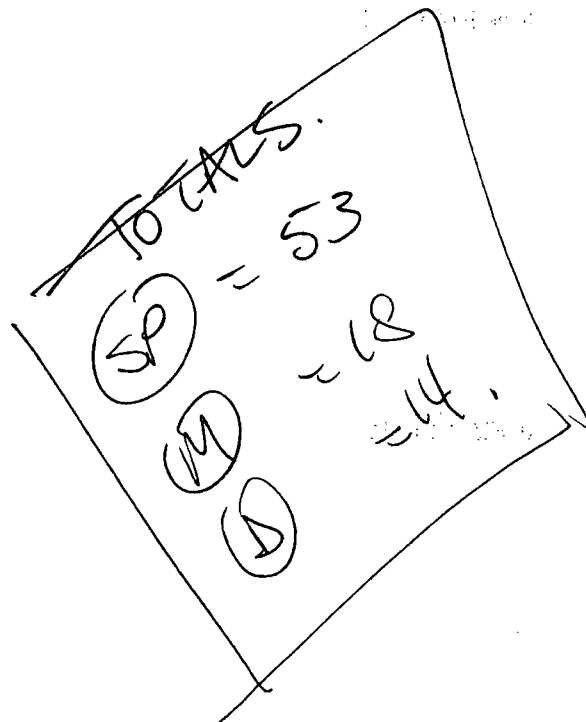
Lunch / Déjeuner

12:00 - 13:00 For attendees of all three meetings / À l'intention des
Eau Claire Room participants aux trois réunions

Sponsors / Commanditaires

Centre for Accounting Ethics, University
of Waterloo

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



**Join us next year,
May 30 - June 2, 2002,
in Montreal, Quebec
for the CAAA's
26th Annual Conference**

**Soyez des nôtres
l'an prochain à l'occasion du
26^e congrès annuel de l'ACPC,
qui aura lieu à Montréal (Québec)
du 30 mai au 2 juin**

Education Session Synopses

Aperçu des séances sur la formation

On-line Delivery — Learning, Teaching & Technology / Prestation en ligne — Apprentissage, enseignement et technologie

Terry Anderson (University of Alberta)
Peter Van Tienen (Seneca College)
Kevin Pitts (Seneca College)

Morning Session

In the morning session, two topics will be delivered by Terry Anderson, professor and Co-Director of Academic Technologies for Learning, Faculty of Extension, University of Alberta. A seasoned presenter, Terry has been widely published in the area of technologies for learning and distance education.

His first topic “On-line Education — the Hidden Curriculum” explores the ‘hidden curriculum’ that can either empower or disenfranchise some students, faculty or content when delivery moves from the classroom to cyberspace. The second half of the morning workshop “Maintaining a Real Life while Teaching a Virtual Course” focuses on workloads faced by faculty developing and delivering courses for on-line delivery. The workshop will consist of presentations, tours of relevant Web sites, brainstorming, and facilitator-led Web searches.

Afternoon Session

In the afternoon, Peter Van Tienen, Manager, Academic Technologies, and Kevin Pitts, Faculty Liaison, at the Centre for New Technologies in Teaching and Learning at Seneca College will demonstrate the integrated learning management system Blackboard. Considered the most accessible, efficient LMS on the market today, Blackboard is instrumental in the provision of on-line learning services. Seneca’s Centre for New Technologies in Teaching and Learning has enabled faculty to develop more than 50 fully on-line courses and incorporate elements of on-line instruction into subjects once offered in classroom mode only. Peter will share some of these experiences in his illustrative workshop focused on facilitating on-line delivery.

Séance de l’avant-midi

En matinée, Terry Anderson, professeur et codirecteur de l’Academic Technologies for Learning de la Faculty of extension de l’Université de l’Alberta, traitera de deux sujets. Cet orateur chevronné compte de nombreuses publications dans le domaine des technologies de l’apprentissage et de la formation à distance.

Il explorera d’abord le « programme d’études caché » propre à l’enseignement en ligne, lequel peut habiliter ou désarçonner certains étudiants et professeurs lorsque le cours passe de la salle de classe au cyberspace. Le deuxième volet de la séance, intitulé « Vivre une vraie vie tout en donnant un

(... continued)

Thursday, June 14 / Jeudi 14 juin 09:00 - 17:00 Mayfair
CGA-Canada/CAAA Workshop / Atelier CGA-Canada/ACPC

cours virtuel », portera essentiellement sur la charge de travail que doivent abattre les professeurs qui élaborent et donnent des cours en ligne. L'atelier comprendra des exposés, la visite de sites Web pertinents, des séances de remue-méninges et des recherches sur le Web dirigées par l'animateur.

Séance de l'après-midi

En après-midi, Peter Van Tienen, directeur des technologies universitaires, et Kevin Pitts, agent de liaison des professeurs, au centre des nouvelles technologies d'apprentissage et d'enseignement du Seneca College, feront une démonstration du système intégré de gestion de l'apprentissage Blackboard. Considéré comme le système de gestion de l'apprentissage le plus accessible et le plus efficace sur le marché, Blackboard est essentiel à la prestation de services d'apprentissage en ligne. Le centre des nouvelles technologies d'apprentissage et d'enseignement du Seneca College a permis aux professeurs d'élaborer plus d'une cinquantaine de cours entièrement en ligne et d'incorporer des éléments de la prestation en ligne dans les matières qui autrefois étaient réservées à la salle de classe. Dans le cadre de cet atelier de démonstration axé sur la prestation en ligne, Peter fera part aux participants de certains de ces modèles.

The Craft of Accounting Research: Planning, Performing, and Publishing Research in Accounting & Auditing / L'art de la recherche comptable : planifier, faire de la recherche en comptabilité et en vérification, et en publier les resultants

Dan A. Simunic (University of British Columbia)

This workshop is intended for doctoral students and junior faculty 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. Attendees are expected to actively participate, perhaps in groups, depending on number registered. Activities include:

1. Overview of issues from a journal editor's perspective.
2. 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 (based on topics developed and distributed in advance) to the group in a workshop format by seminar participants.

Cet atelier destiné aux étudiants au doctorat et aux professeurs en début de carrière qu'intéresse la rédaction d'articles de recherche en vue de les faire publier dans des revues savantes spécialisées en comptabilité. Il se penchera essentiellement sur les enjeux et les défis propres à la planification et à la réalisation de travaux de recherche ainsi qu'à la rédaction et à la publication du produit final. Les organisateurs s'attendent à ce que tous les participants prennent une part active à l'atelier (peut-être en groupes, selon le nombre d'inscriptions). L'atelier se déroulera comme suit :

1. aperçu des enjeux du point de vue d'un rédacteur en chef d'une revue;
2. commentaires d'un rédacteur en chef sur plusieurs documents de travail présentés à *Recherche comptable contemporaine*, à titre d'exemples de méthodes à suivre ou à éviter;
3. critique et évaluation de documents de travail (fournis à l'avance) par des participants à l'atelier, qui joueront le rôle d'examineurs de manuscrits;
4. présentation, par des participants, de leur propre projet de recherche (selon des sujets établis et communiqués à l'avance) à l'ensemble du groupe sous forme d'un atelier.

(... continued)

**Thursday, June 14 / Jeudi 14 juin 09:00 - 17:00 Lakeview
CAAA Research Workshop / Atelier de recherche de L'ACPC**

Schedule for “Craft of Accounting Research” Workshop — Calgary — June 14, 2001

- Introduction and overview of planning, performing, and publishing research (Dan Simunic — 1 hour)
- Discussion of four exemplar papers from CAR files illustrating various “Do’s” and “Don’ts” (Dan Simunic — 1 hour)

MS#2000-008; MS#2000-513; MS#2000-534; MS#2000-005

- Comments on preparing referee reports (Dan Simunic — 10 minutes)
- Referee reports on specific papers (15-20 minutes each)

MS#2000-520 (Yasheng Chen); MS#2000-531 (Mozaffar Khan);
MS#2000-560 (Emilio Boulianne)

- Comments on preparing research proposals (Dan Simunic — 10 minutes)
- Presentation of specific research projects — 20 to 25 minutes each
 - V. Triveldi — Tax filing experience and tax compliance: an experimental investigation
 - J. Zhou — Audit firm size, industry specialization, and earnings
 - M. Oxner — Investigating the impact of issue consequences on the ethical sensitivity of auditors
 - J. Everett — Accounts, accountability, and auditing in Canada’s national parks
 - T. McCurdy — Measuring process capital: a model for implementation and analysis
 - S. Trabelsi — Voluntary information disclosure by internet
 - P. Robinson — Accruals management research and the sociology of knowledge
 - S. Hilton — The role of securities market regulations in the interpretation of accounting information
- Wrap up and closing comments (Dan Simunic)

Auditor Independence / L'indépendance du vérificateur

Moderator / Animateur : Duncan Green (University of Calgary)

Panel / Groupe de discussion : John Carchrae (Chief Accountant, Ontario Securities Commission)
John Gordon (Partner, KPMG LLP, Calgary)
W. Morley Lemon (University of Waterloo)

The panel members will examine the issue of auditor independence in Canada from the perspectives of an academic, a practising public accountant and a securities regulator. The panel will consider the current state of play in Canada and explore whether there is a need for increased regulation from the profession or the securities commissions.

Les membres du groupe de discussion aborderont la question de l'indépendance du vérificateur au Canada du point de vue d'un professeur, d'un expert-comptable et d'un membre d'un organisme de réglementation du commerce des valeurs mobilières. Ils feront le point sur la situation au Canada en vue de déterminer s'il existe un besoin, au sein de la profession ou des commissions de valeurs mobilières, en matière d'accroissement de la réglementation.

The panel will discuss from the perspective of a regulator, an academician and a public practitioner the need for revised and updated Canadian requirements on auditor independence. The panel will comment on the implications for Canada of new rules from the US Securities and Exchange Commission and proposals from the International Federation of Accountants set out in a Re-exposure Draft, "Independence", issued in April, 2001. The panel will also review some of the key themes emerging from a Forum on Independence held by the CICA on June 4, 2001, and discuss the significance of those themes in the practice of public accounting.

Dealing with Difficult Students, Administrators, and Colleagues / Comment s'y prendre avec des étudiants, des administrateurs et des collègues difficiles

Moderator / Animatrice : Wendy Brown (Southern Alberta Institute of Technology)

Speaker / Conférencier : Dr. Phil Barrette (McMaster University, Department of Psychiatry)

"I love mankind, it's people I can't stand." (Charlie Brown)

How to deal (and live) with difficult students, faculty, administrators, ex-spouses and adolescents. Workshop participants will have the opportunity to interact with a professional actor and learn how to confront negative behaviour in the home or workplace. Specifically, delegates will be taught advanced communication skills to assist in motivating difficult students and reducing bullying behaviour by others. Interest-based negotiation skills will be discussed in light of dealings with fellow faculty and administrators. Personal collusion in maintaining conflict will be identified.

Comment traiter (et vivre) avec des étudiants, des professeurs, des administrateurs, des ex-conjoints et des adolescents difficiles Les participants à l'atelier auront l'occasion d'interagir avec un acteur professionnel et d'apprendre à faire face aux comportements négatifs à la maison ou au travail. Plus précisément, on leur montrera des techniques perfectionnées de communication pour les aider à motiver les étudiants difficiles et à réduire le comportement intimidateur chez les autres. L'animateur discutera des techniques de négociation à la satisfaction de toutes les parties en ce qui a trait aux rapports entre les professeurs et les administrateurs. Il abordera également la collusion de personnes en vue de maintenir les conflits.

The use of this model in the workplace has contributed to a major reduction in grievances and use of both certified and uncertified medical leave.

Impact of Technology on the Accounting Curriculum / Incidence de la technologie sur le programme d'études en comptabilité

Moderator / Animatrice : Janet Morrill (University of Manitoba)

Panel / Groupe de discussion : Nancy Zowkewych (Centennial College)
Robin Hemmingsen (Centennial College)
David Cooper (University of Alberta)
Robert Lavery (Vice-President, ACCPAC International, Inc.)

The session will take the form of a debate designed to be a constructive exercise highlighting fundamental issues in today's accounting curriculum related to technology. The panel will focus on the following questions: What level of technology should students learn? What is the technology content of university and college accounting curricula? What changes are required in the use of technology in accounting curricula?

La séance prendra l'allure d'un débat conçu à titre d'exercice constructif visant à mettre en évidence les enjeux fondamentaux touchant le programme d'études actuel en comptabilité relativement à la technologie. Le groupe de discussion abordera essentiellement les questions suivantes : Dans quelle mesure les étudiants devraient-il se familiariser avec la technologie? Quelle est la portion technologie des programmes d'études en comptabilité offerts dans les universités et les collèges? Quels changements faudrait-il apporter relativement à l'utilisation de la technologie dans les programmes d'études en comptabilité?

Impact of Research on Teaching / Incidence de la recherche sur l'enseignement

Moderator / Animateur : Dan Simunic (University of British Columbia)

Panel / Groupe de discussion : Joel Demski (University of Florida)
Jeong-Bon Kim (Hong Kong Polytechnic University)
Mike Stein (University of Oregon)

Dan Simunic, University of British Columbia, will lead a panel discussion of the impact of research on teaching. The session will explore the potential benefits and difficulties of incorporating academic research into the teaching of undergraduate and MBA courses. Panel members will discuss their own experiences and provide guidance on how best to integrate research findings into the curriculum.

Dan Simunic, de l'Université de la Colombie-Britannique, dirigera un groupe de discussion sur l'incidence de la recherche sur l'enseignement. Dans le cadre de cette séance, on explorera les avantages et les difficultés que pourrait présenter l'intégration des résultats de la recherche scientifique dans l'enseignement des cours de premier cycle et de MBA. Les membres du groupe exposeront leurs propres expériences à ce chapitre et fourniront des lignes directrices sur la meilleure façon de procéder à une telle intégration.

The importance and challenges of integrating research into teaching classes for undergraduate and masters students have long been recognized and debated. In a recent article in *Accounting Horizons* by Professors Demski & Zimmerman ("On 'Research vs. Teaching': A Long-Term Perspective", Vol. 14, No. 3, September 2000, pp. 343-352), the authors state "... we reject any notion of separating research and teaching. ... the relevance and productivity of research activities are essential to the long-run health of our university system." They also note that "... the creation of new knowledge causes the curriculum to grow and deepen. This research-teaching interaction is an ever present and ever essential process". However, a large percentage of classes at Canadian universities are taught by full or part-time lecturers with no exposure to or interest in research. Moreover, accounting textbooks usually fail to incorporate relevant research in a meaningful manner. Finally, students often fail to see the importance of research and may "reward" the incorporation of research into teaching with poor student evaluations! The panel members will speak to these challenges, and there should be ample time for discussion and debate of issues raised by participants from the floor.

Teaching Taxation / L'enseignement de la fiscalité

Moderator / Animateur : Alex Gelardi (Simon Fraser University)

Panel / Groupe de discussion : Glenn Feltham (University of Saskatchewan)
Hussein Warsame (University of Calgary)

Dr. Glenn Feltham and Dr. Hussein Warsame will present different approaches to teaching taxation and will try to lead participants' discussions to shed light on the following two main questions: Whither Canadian Taxation Education in the 21st Century? Will the current approaches (paradigms) to teaching taxation co-exist in the foreseeable future?

Glenn Feltham et Hussein Warsame présenteront deux façons d'enseigner la fiscalité et tâcheront de stimuler la discussion parmi les participants afin de jeter la lumière sur les deux grandes questions suivantes : Où va la formation en fiscalité au Canada dans le 21^e siècle? Les approches actuelles (paradigmes) en matière d'enseignement de la fiscalité pourront-elles coexister dans un avenir prévisible?

Update from the Professions / Nouvelles de la profession

Moderator / Animateur : Stuart Jones (University of Calgary)

Panel / Groupe de discussion : Gina Létourneau (CGA-Canada)
Rick Michalski (CMA Canada)
John Brennan and Donald Carter (CICA)

The three national accounting bodies, CICA, CMA Canada and CGA-Canada will provide an update on their education and certification requirements and highlight any changes.

Competency-based curriculum and online delivery — how have the changes that characterize the evolution CGA accounting education served the accounting profession? Gina Létourneau will describe the present and future of CGA accounting education.

CMA Canada will provide an update on the accreditation requirements to become a Certified Management Accountant. The update will include recent changes to accreditation programs.

Dr. John Brennan and Dr. Don Carter will present the new delivery model being developed in Western Canada to implement the national reform initiatives being undertaken by the CA profession. The presentation will include a description of how the new CA School of Business is responding to a competency-based, core-plus focus approach to qualification and will provide a demonstration of their new fully integrated distributed learning model.

Les trois organisations nationales d'experts-comptables, soit l'ICCA, CMA Canada et CGA-Canada, feront le point sur leurs exigences en matière de formation et d'accréditation et mettront en évidence tout changement.

Programmes axés sur les compétences et prestation en ligne — Comment les changements qui caractérisent l'évolution de la formation de CGA ont-ils profité à la profession comptable? Venez entendre Gina Létourneau de CGA-Canada parler du présent et de l'avenir de la formation des CGA.

Quant au représentant de CMA Canada, il fera le point sur les exigences relatives à l'accréditation du comptable en management. Il abordera dans le cadre de cette mise à jour, les changements qui ont été apportés récemment aux programmes d'accréditation.

Enfin John Brennan, Ph. D., et Don Carter, Ph. D., présenteront le nouveau mode de prestation qui est actuellement mis au point dans l'Ouest canadien en vue de mettre en oeuvre les projets de réforme entrepris à l'échelle nationale par la profession de CA. L'exposé comprendra une description de la façon dont la nouvelle CA School of Business (CASB) réagit à l'introduction de l'approche fondée sur les compétences et du concept compétences de base et focalisation en ce qui a trait au processus d'admission. Les conférenciers montreront comment fonctionne le nouveau modèle entièrement intégré de diffusion de l'apprentissage.

Charting the Course for Accounting Education from a Canadian Perspective / Perspectives de professeurs canadiens sur la voie à suivre en formation en comptabilité

Moderator / Animateur : Michael Wright (University of Calgary)

Panel / Groupe de discussion : Irene Gordon (Simon Fraser University)
Howard Teall (Wilfrid Laurier University)
Michel Magnan (Concordia University)

This will be a Canadian perspective of the American Accounting Association monograph entitled *Accounting Education: Charting the Course through a Perilous Future*. The panel discussion will focus on the following questions:

What are the changes in the Canadian business environment and what impact will this have on accounting education? Are fewer and less qualified students choosing accounting as a major? What changes are required to improve accounting education?

Au cours de cette séance, des professeurs canadiens donneront leur point de vue sur la monographie de l'American Accounting Association intitulée *Accounting Education: Charting the Course through a Perilous Future*. Les membres du groupe de discussion aborderont les questions suivantes :

Comment le milieu des affaires a-t-il changé au Canada et quelle incidence ces changements auront-ils sur la formation comptable? Les étudiants qui choisissent la comptabilité comme majeure sont-ils moins nombreux et moins compétents? Quels changements faudrait-il apporter pour améliorer la formation comptable?

The American Accounting Association published a study in 2000 written by Steve Albrecht and Robert Sack entitled, "Accounting Education: Charting the Course through a Perilous Future". The study examines the changes affecting accounting education and questions the relevance of our current accounting programs to the realities of today's business environment. The study concludes with the following sentences.

Corporate and public accounting firms are working to transform themselves into finance professionals and professional service firms. It is now accounting education's turn to transform itself. Failure to do so could be fatal. Seizing the moment to make needed changes could increase our relevance and open new opportunities for accounting education.

The plenary session will examine the problems facing accounting education and potential conclusions and recommendations that could be considered by accounting educators across Canada. Through an open exchange and discussion of the issues, we trust that we will be better prepared to address the challenges being faced by our accounting programs.

Saturday, June 16 / Samedi 16 juin 16:15 - 17:30 Lakeview / Endrooms
Plenary Session II / Séance plénière II

Current Issues Relating to Management Fraud / Enjeux actuels concernant la fraude commise par la direction

Moderator / Anamatrice : Sally P. Gunz (Centre for Accounting Ethics, University of Waterloo)

Speakers / Conférenciers : Nick Hodson (Ernst & Young)
J. Efrim Boritz (Centre for Accounting Ethics, University of Waterloo)

Nick Hodson, CA, IFA, partner heading the Canadian Investigative and Forensic Accounting practice of Ernst & Young will present the practitioner's perspective on current issues relating to management fraud.

Efrim Boritz will present and discuss cases addressing management fraud prepared for this meeting by him and Don Cockburn. Efrim will illustrate the use of these cases in the classroom and expand upon their learning goals. This session is designed to be interactive and to provide attendees with current materials and teaching methods to take back to the classroom.

Nick Hodson, CA, IFA, associé responsable de la juricomptabilité au Canada chez Ernst & Young, présentera la perspective du praticien sur les enjeux actuels concernant la fraude commise par la direction.

Quant à Efrim Boritz, il présentera des cas portant sur la fraude commise par la direction que lui et Don Cokburn ont préparés en vue de l'atelier. Ces cas feront ensuite l'objet d'une discussion. Efrim montrera comment on peut se servir de ces cas en classe et en développera les objectifs d'apprentissage. Cette séance interactive vise à offrir aux participants de la documentation courante et des méthodes d'enseignement qu'ils pourront mettre en pratique en classe.

Sunday, June 17 / Dimanche 17 juin 09:00 - 12:00 Lakeview / Endrooms

Ethics Workshop / Atelier sur l'éthique

Abstracts

Résumés

Joint Tests of Signaling and Income Smoothing through Bank Loan Loss Provisions

Kiridaran Kanagaretnam* (Wilfrid Laurier University)

Gerald J. Lobo (Syracuse University)

Dong-Hoon Yang (Information and Communications University, Korea)

This study investigates the implications of bank managers' discretion over their loan loss provision. It empirically assesses whether discretionary loan loss provision contains both signaling and income smoothing components. To do so, the study identifies different environments in which either signaling or income smoothing or both motivations exist. The results indicate that relative undervaluation plays a critical role in motivating bank managers to use discretionary loan loss provision to signal their private information about future bank performance. The analysis also demonstrates that the level of current performance relative to the industry median is a key determinant of managers' decisions to smooth income.

Keywords Discretionary accruals; loan loss provision; income smoothing; signaling.

* Presenter.

Reputation Formation in Debt Markets: Panel Data Evidence on the Cost and Availability of Credit for Newly Public Firms

Steve Fortin* (McGill University)
Jeffrey Pittman (Memorial University of Newfoundland)

Diamond's (1989) theory of reputation formation in debt markets models the evolution of borrower incentives in their early years. He argues that young firms can moderate information problems by accumulating a credit history for servicing their debts, which in turn lowers their interest rates. This paper provides the first direct empirical evidence on the influence of reputation on the path of the cost and availability of credit by observing firms across their first nine public years. Firms are found to increasingly benefit from lower interest rates and less credit rationing by lenders with age, consistent with the predictions of Diamond (1989) and recent extensions to his model. This study complements the cross-sectional tests that dominate extant research by examining the time-series variation in credit decisions. The empirical tests exploit the characteristics of panel data to control for unobserved firm-specific effects to avoid omitted variable bias and to refine the estimation of within-firm dynamics.

JEL classification G14; G21; G32; D82.

Keywords Firm-lender relationships; asymmetric information; capital structure; rationing.

We appreciate comments from Tony Atkinson, Sati Bandyopadhyay, Phelim Boyle, Shane Dikoli, Alan Douglas, Len Eckel, Alan Macnaughton, Amin Malawni, Thomas Matthews, Gord Richardson, Ken Klassen, Jay Ritter, Ranjini Sivakumar, Dan Thornton, Tony Wirjanto and seminar participants at the University of Waterloo. Sarah Mavrinac generously provided IPO data.

* Presenter.

Job Security and Income Smoothing: An Empirical Test of the Fudenberg and Tirole (1995) Model

Anwer S. Ahmed (Syracuse University)
Gerald J. Lobo (Syracuse University)
Jian Zhou* (Long Island University — Brooklyn Campus)

Fudenberg and Tirole (1995) analytically demonstrate that income smoothing can arise in equilibrium if managers are concerned about job security. Consistent with their model, DeFond and Park (1997) show that managers smooth income in consideration of both *current* and *future* relative performance. We provide more direct evidence on whether job security results in income smoothing. More specifically, we hypothesize that the extent of income smoothing will vary directly with managers' job security concerns (proxied by the degree of competition in firms' product markets, product durability, and capital intensity). Our results are consistent with our predictions and add to the literature on income smoothing.

* Presenter.

Computer Related Disclosures — The Case of the Y2K Dilemma: Its Determinants, Costs and Benefits

S. Mitchell Williams (University of Calgary)

Communication by individuals, companies and government agencies on matters related to the Y2K dilemma was considered an important ingredient in ensure the preservation of global economic, social and government infrastructures in the wake of this problem. Using a cost-benefit framework, this study intended to identify determinants of Y2K disclosure in the 1998 annual reports, issued prior to June 30th, of 434 publicly listed companies in the United States. Descriptive results indicated that there appeared to be a significant variation in the amount of Y2K disclosure amongst the sample population. Multivariate multiple regression analysis suggested that independent variables representative of a firm's *social performance and reputation* were the most significant determinants of the amount of Y2K disclosure. Findings also suggest that some factors portraying *information acquisition costs* were also moderately statistically significant. The *financial position* of the entity was found not to have any significant influence on the amount of Y2K disclosure provided by publicly listed entities in the United States. The nature of industry type in which a company operated was also found to be statistically significant. *Firm size* and *materiality* were also of limited influence, whilst a company's *listing status* was found not to be a determinant.

Keywords Y2K; disclosure strategies; cost-benefit analysis; information acquisition costs.

Productivity in "Top-Ten" Academic Accounting Journals by Researchers at Canadian Universities

Robert Mathieu (Wilfrid Laurier University)
Bruce J. McConomy* (Wilfrid Laurier University)

We examine the research productivity of academic accountants at Canadian universities in the eleven-year period from 1990-2000. Our analysis is based on the "top-ten" ranked refereed journals in accounting, auditing and taxation, as documented by Brown and Huefner (1994). We provide details of the proportion of articles published in each of these journals by academics from Canadian universities, the type of research published in each journal (auditing, financial accounting, managerial accounting and taxation) and details of editorial board service. Our results indicate that even at the most productive Canadian university (in terms of "top-ten" publications), faculty members publish (on average) just under one article every five years. Six Canadian universities have faculty members with, on average, in excess of one article in "top - ten" journals every 10 years. However, at the median university in our sample, faculty members publish, on average, approximately one article in a "top-ten" journal in their careers (i.e., one article every 33 years). We also provide results of analyses that rank each Canadian university after controlling for the relative quality of each journal, using the impact factors published by the *Social Science Citation Index*. In addition, statistics are provided regarding the 15 most productive researchers in the eleven-year period. Lastly, in conjunction with the 25th anniversary of the Canadian Academic Accounting Association, we examine the productivity of academic accountants at Canadian universities over the past 25 years by combining our results with those reported by Richardson and Williams (1990).

* Presenter.

Évaluation de la pertinence et de la fiabilité de l'information divulguée en matière de frais futurs d'enlèvement des immobilisations et de restauration des lieux / Accounting for Future Removal and Site Restoration Costs: Valuation and Earnings Management Implications

Sylvie Berthelot (Université de Moncton)
Michel Magnan* (Concordia University)
Denis Cormier (Université du Québec à Montréal)

L'étude a pour objectif d'évaluer la pertinence et la fiabilité des éléments d'information divulgués en vertu des directives de l'Institut Canadien des comptables agréés (ICCA) concernant les frais futurs d'enlèvement des immobilisations et de restauration des lieux (ch. 3060.39 à 3060.43 du *Manuel de l'ICCA*). Ces directives prévoient la constitution d'une provision pour les frais futurs d'enlèvement des immobilisations et de restauration des lieux lorsque ces frais peuvent être estimés au prix d'un effort raisonnable et qu'il est probable qu'ils seront encourus. Dans le cadre de l'étude, la pertinence est définie en terme de prise en compte des éléments d'information par les investisseurs boursiers (Amir, 1993; Harris et Mueller III, 1999) et la fiabilité l'est en terme d'affranchissement aux biais émanant des intérêts des dirigeants ou de leurs sociétés (Scott, 1999). L'échantillon retenu pour les fins de l'étude est composé d'entreprises opérant dans les secteurs d'activités des pâtes et papiers et produits forestiers, des mines et métaux et des produits pétroliers. Il couvre les années 1990 à 1996 inclusivement.

Quoique sensibles à certaines options méthodologiques, les résultats des analyses tendent à indiquer que les éléments d'information divulgués par les entreprises en conformité avec les directives de l'ICCA sont pertinents pour les investisseurs, mais que l'on peut avoir certains doutes sur leur fiabilité. Il semble, en effet, que les dirigeants des entreprises exercent, dans certaines circonstances, des influences discrétionnaires sur les montants en cause, notamment lorsque les entreprises sont politiquement visibles ou que leurs bénéfices démontrent une certaine volatilité. La prise en compte de ces éléments d'information par les investisseurs boursiers malgré les influences discrétionnaires dont semble faire l'objet ces éléments d'information laisse, par ailleurs, supposer que les directives de l'ICCA représentent un compromis acceptable entre ces deux importants attributs de l'information comptable. Les résultats de l'étude apparaissent intéressants pour les initiatives entreprises dans la même voie que l'ICCA par d'autres organismes de normalisation comptable (ex. : aux États-Unis et en Angleterre). De plus, ils permettent de croire que les efforts déployés par les entreprises pour procéder à l'estimation et à la comptabilisation des frais futurs d'enlèvement des immobilisations et de restauration des lieux sont compensés par la transmission d'éléments d'information pertinents pour les investisseurs.

(... continued)

This study investigates how investors and corporate managers reacted to the adoption of Section 3060 of the CICA Handbook mandating that a provision be set up for future removal and site restoration costs. The study focuses on industries, forest products, mines and metals, oil and gas, that are most likely to be affected materially in the years following the standard's enactment.

Overall, results suggest that the provision recorded by firms in accordance with the standard provides additional relevant information to investors. However, managers do appear to engage in income smoothing in the determination of the provision to be shown on the income statement, thus making it less reliable. Various sensitivity analyses are also performed.

* Presenter.

Revisiting the Value Relevance of EVA® and Market Anomalies

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

This paper examines the relative value relevance of EVA® and other traditional accounting measurements for firm performance: earnings and operating cash flows. Biddle et al. (1997) report that earnings show a higher association with stock returns than do EVA and operating cash flows. Since the low association between proxies for firm performance and stock returns might result from the errors-in-variables problem, with respect to these accounting measures, we correct the delayed recognition-of-economic events problem and noise. Correcting for both factors, however, does not change the relative value relevance of these three variables.

Trading strategies are constructed on the basis of signs of changes in both earnings and EVA. The benchmark adopted for this study is future size-adjusted returns in the portfolio of stocks with consistent signs between changes in annual earnings and EVA. The portfolio of stocks with negative changes in earnings coupled with positive changes in EVA yields higher size-adjusted future returns than does the benchmark over the period of four years from the second to the fifth year after portfolios are formed. The higher size-adjusted future returns for this portfolio still hold when the levels of future earnings are controlled.

* Presenter.

Forecast Characteristics, Market Prices, and Prediction Biases: Evidence from Experimental Asset Markets

Lucy F. Ackert (Kennesaw State University)
Bryan K. Church (Georgia Tech)
Ping Zhang* (University of Toronto)

This study reports the results of 15 experimental asset markets designed to investigate the effects of forecast characteristics on market prices and traders' abilities to use forecasted information. Across the 15 markets, we manipulate the biasedness and variability of forecasts. We find that market prices are not affected by forecast characteristics even though, on average, traders exhibit judgmental biases.

* Presenter.

A Re-examination of Reconciling Items between Canadian and United States GAAP

S. P. Bandyopadhyay (University of Waterloo)

A .S. Hilton* (University of Waterloo)

G.D. Richardson (University of Waterloo)

This paper re-examines the value relevance of Canadian-U.S. GAAP differences using data from 156 Canadian domiciled firms (350 firm-years) from 1996 to 1998 which are interlisted on U.S. stock exchanges. In particular, our research addresses the issue of harmonization of Canadian GAAP with U.S. GAAP, as well as the proposal to allow Canadian SEC registrants to use U.S. GAAP for reporting financial statements domestically.

Our relative tests of information content suggest a striking conclusion: Canadian and U.S. GAAP numbers appear to be close substitutes. Thus complete harmonization or, alternatively, permitting Canadian interlisted firms to report using U.S. GAAP might not deprive market participants of valuable information.

* Presenter.

The Politics of Comprehensive Auditing in Fields of High Outcome and Cause Uncertainty

Jeff Everett (University of Calgary)

This paper explores the technology of comprehensive auditing (CA) in the context of Canada's national parks programme. Its main argument is that effectiveness, a criterion designed to help determine 'the match between programme outcomes and programme objectives', is open to auditor interpretation in contexts or fields of high outcome and cause uncertainty. Auditor interpretation is problematic in these fields because this auditing technology is biased 'in favour of the market' and auditor interpretation may undermine any potential to induce equity that this technology may have. This 'effectiveness problematique' makes CA an important site of struggle over 'resources, stakes and access', an important site of contestation to establish, in Pierre Bourdieu's words, 'a monopoly over the legitimate right to name'. To highlight this problematique, the paper first examines literature in the areas of language, accountability, state audit and public sector reform. The paper then considers the notion of effectiveness in light of Canada's national parks agency. This programme's stated objectives are examined and a set of 'true' objectives is then developed using a protected areas sociology. The paper then highlights three authoritative Canadian CA texts as a means of identifying 'received wisdom' on the problem of effectiveness audit. Some practical and theoretical implications concerning both this 'received wisdom' and Parks Canada's stated and 'true' objectives are discussed. A number of avenues for further research are also provided.

Keywords Comprehensive auditing; effectiveness; accountability; state audit; public sector reform; national parks; language; Bourdieu.

Accounting Sign Changes and the Early Development of Modern Internal Audit

Gary Spraakman (School of Administrative Studies, York University)

This paper uses Baudrillard's orders-of-simulacra theories to investigate the use of inspections at the Hudson's Bay Company. These inspections were comparable to "modern" internal audits. They were being conducted in 1871, 50 years prior to the accepted date of the arrival of modern internal auditing. Inspections were started as the Hudson's Bay Company was getting easier to manage, which was contrary to the accepted history of internal audit; the modern internal audit was believed to have been developed to assist with the management of large and complex companies dependent on financial statements and financial information. Investigating with Baudrillard's orders-of-simulacra allowed the analysis of inspections to be observed outside conventional understandings. The findings suggest that as accounting practices of the Hudson Bay Company became more abstract and detached from reality, inspections were devised to ensure an explicit attachment to reality. These findings also suggest that modern internal audit may not have been a response to increased complexity; it may have been a response to the increased abstractness of financial accounting.

Critical Accounting Interventions

Dean Neu* (University of Calgary)
David J. Cooper (University of Alberta)
Jeff Everett (University of Calgary)

Accounting research should be orientated to improving life, and accounting academics have a responsibility to society to conduct research that 'matters'. Starting from prior research on the functioning of intellectuals, the current study examines two questions: first, how can we intervene in social struggles in a manner that takes advantage of our expertise and offers the greatest potential for transforming and improving social practices? and second, how do we, as 'intellectuals', judge the effectiveness or success of an intervention, given that the means used to effect change could well have a bearing on our legitimacy, on the very definition of 'intellectual', and on our long term efficiency. Using two case studies, we analyze the functioning of accounting within public policy struggles, and theoretically interrogate the interventions and the resultant outcomes. Although we acknowledge that the specific terrain of struggle varies, insights from these two episodes extend our understandings of accounting's role within social conflict and perhaps, more importantly, encourage accounting academics to reintegrate the theoretical and praxis components of accounting scholarship through interventions in the public sphere.

* Presenter.

Task Interdependence, Budget-Based Incentives and Performance

Theresa Libby* (Wilfrid Laurier University)
Linda Thorne (York University)
Steven Lee (York University)

This study uses an experimental approach to consider the effect of individual and group budget-based incentives on performance for tasks that are pooled, sequential, and reciprocal interdependent in nature (Thompson 1967). Results of the experiments suggest that, given a particular type of task interdependence, performance differs according to the type of budget-based incentive scheme employed. Consistent with a contingency perspective (Fisher 1994), no one incentive structure was dominant across all task interdependencies. Furthermore, the effectiveness of a budget-based incentive structure varied according to the degree of task interdependency and, to some extent, the measure of performance employed.

* Presenter.

The Role of Accounting when Employees Participate in Decision-Making

Barbara Sainty (Brock University)

Employees are becoming more and more involved in the decision-making procedures at all levels of organizations. A variety of accounting information is made available to managers and employees to facilitate decision-making. Some organizations call this practice open-book management (OBM). Others use the terms business literacy, employee empowerment, employee participation or employee involvement. Whatever the name, the practice of sharing information has become increasingly popular in recent years (Cotton, 1993; Lawler, 1993). Surveys of *Fortune 1000* firms have shown that the vast majority of large organizations use some form of employee involvement (EI) and that this trend is increasing (Lawler, Mohrman & Ledford, 1992). Many disciplines, such as economics, psychology, sociology and communication, among others, have studied employee participation in the workplace, although few studies focus on the accounting function, itself.

However, both scientific literature and management experience have demonstrated that participation is useful only under certain circumstances. For example, Wagner (1994, p. 325) concludes that although participation is positively related to both employees' performance and satisfaction, the magnitude of its effects is small enough to raise questions regarding the practical benefits of such programs. Therefore a study of employee participation in a controlled environment is warranted.

Using experimental economic techniques, this study explicitly examines the role of accounting when information is shared with employees. This methodology allows me to directly manipulate variables and ensure that at least one element of job satisfaction — pay — is obtained in a controlled setting. It also allows me to isolate the effect of accounting information and determine whether it leads to greater productivity.

I examine the effectiveness of two mechanisms to increase productivity in a prisoner's dilemma. One mechanism provides additional feedback directly to participants as to the effort choice of their partner. This mechanism is much like an accounting system as it allows participants to observe numerical feedback. The other mechanism is endogenous and adds correlation to the environment. It is much like environmental factors having a similar effect in different divisions of a firm. This creates an implicit feedback mechanism.

Laboratory experiments demonstrate the importance of accounting in increasing productivity by sharing accounting information with players. The form of information is critical to increase productivity. Explicit information in the form of a report (much like accounting information) is successful in achieving greater productivity. However, implicit information does not achieve the same results. Interestingly, the two mechanisms together offer the highest level of productivity.

Analyse Empirique de l'Appariement entre la Gamme d'Information et la Stratégie d'Affaires / Empirical Analysis of the Fit between Management Accounting System Scope and Business Strategy

Emilio Boulianne* (Concordia University)
Suzanne Rivard (École des Hautes Études Commerciales, Montreal)

En comptabilité de management, on vise à recueillir et communiquer de l'information de gestion utile pour fin de prise de décision. Cet objectif a amené un postulat à l'effet qu'une information pertinente, en fonction de la stratégie d'affaires poursuivie, permet de prendre de meilleures décisions. Ces meilleures décisions devraient se traduire par une performance organisationnelle supérieure. Il existerait donc une importante relation entre le type de stratégie poursuivie, le type d'information utilisée aux fins de prise de décision, et la performance d'une organisation.

Afin d'examiner cette relation, nous avons mis dans un modèle de contingence les construits stratégie d'affaires, gamme d'information et performance d'affaires. En menant une enquête auprès de 90 unités d'affaires situées au Canada, nos résultats démontrent que l'hypothèse à l'effet que les entreprises qui ont une gamme d'information correspondant à leur profil de stratégie sont plus performantes que les entreprises dont la gamme d'information ne correspond pas à leur profil de stratégie, est soutenue pour la configuration *prospecteur / gamme d'information étendue*, mais n'est pas soutenue pour la configuration *défendeur / gamme d'information restreinte*.

Notre contribution de recherche se situe au niveau d'une étude en contexte canadien, couvrant deux secteurs d'activité, et d'une conceptualisation différente de congruence entre les construits examinés, résultant ainsi une analyse différente des données obtenues. Notre objectif de recherche était d'obtenir une meilleure compréhension du type d'information utilisé pour fin de prise de décision, en fonction de la stratégie d'affaires poursuivie.

In management accounting research, a core assumption is that an accounting system that provides relevant information to managers, in line with business strategy, leads to better decision-making that ultimately translates into higher performance. The present paper aims to improve our understanding of the relationship between strategic choices and management accounting systems design.

A survey research was conducted using the strategy typology developed by Miles and Snow (1978). Results indicate that firms with a Prospector / Broad scope configuration have a higher business unit performance than firms with a Prospector / Narrow scope and Defender / Broad scope configurations. In other words, managers of prospector-type businesses need, in addition to traditional accounting information, external, nonfinancial and future-oriented information to achieve higher performance.

(... continued)

Our research contributions are a better understanding of the relationship between strategic choices and management accounting systems design in a Canadian context, a study that covers two different industries, and a different fit model conceptualization.

Keywords MAS scope; business strategy; business unit performance.

* Presenter.

Charitable Giving and the Superdeduction: An Investigation of Taxpayer Philanthropic Behaviour following the Canadian Tax Reform of 1987

Alexander M. G. Gelardi (Simon Fraser University)

Because it is regarded a cost efficient, governments encourage private philanthropy. Generally it is through the income tax system, by way of deductions or tax credits, that this encouragement is effected. Canada, in its tax reform of 1987, changed from a deduction system to a tax credit system, as well as lowering the top tax rates. Specifically for charitable donations, tax credits were calculated at the top tax rate for donations above \$250, and at the lowest tax rate for donations up to \$250. The overall effect was that lower rate taxpayers who gave over \$250 were better off (had lower cost of giving) than if they had had a tax deduction (called the "superdeduction"); whereas, the lowering of the top rate of tax (and the credit at the lowest tax rate for the first \$250) increased the post tax cost of making donations for top rate taxpayers. The normal expectation of this would be that the lower rate taxpayers would increase their donations to above \$250 to tax the benefit of the superdeduction and the highest rate taxpayers would reduce their donations due to the higher cost of giving.

This paper reports a study that examines whether taxpayers followed the normal expectations and whether the expectations were sustained (into 1992). It was found that the lower income taxpayers did increase their donations but not substantially; in particular, the percentage of these taxpayers who gave more than \$250 did not increase substantially. Furthermore, where there was an increase in donations, this increase was not generally sustained into 1992. The higher income taxpayers increased their donations in both amount and the percentage giving above \$250. These increases were only partially sustained into 1992, particularly for very high income taxpayers. The middle income taxpayers, who benefited partially from the superdeduction, but also may have suffered from the high cost of giving due to the lowering of tax rate, increased their donations significantly both in actual amounts and the percentage of taxpayers who gave more than \$250. These increases were well sustained into 1992. The paper also examines the influence of age and occupation of taxpayers on the change of behaviour after tax reform. The conclusion is that the results could not be explained by a simple post tax cost of giving theory. Some other variable must be involved. It was suggested that some measure of disposable income should be examined in future studies.

After *Davis*: Some Economics and Tax Policy Implications of Imputing Cash Tips

Alan Macnaughton* (University of Waterloo)
Michael R. Veall (McMaster University)

Unlike most types of employment income, cash tips are not readily observable by tax authorities. We discuss the consequences of some options for taxing such tips both in the Canadian context and in comparison to U.S. developments. One such option is for the Canada Customs and Revenue Agency to estimate a restaurant server's tips on cash sales as a function of tips on credit card sales. We demonstrate that one consequence of this approach is that when the ratio of cash sales to credit card sales is large (a) the effective marginal tax rate on a credit card tip can be very high and in excess of 100% and (b) the choice of payment and tipping method (cash or card) can affect a server's after-tax receipts by much more than simple marginal tax rate considerations would seem to suggest.

* Presenter.

Personal Taxation in Firm Market Valuation: Theory and Test

Tao Zeng (Wilfrid Laurier University)

In this paper, I extend Ohlson's (1995) firm market valuation model under clean surplus accounting to incorporate personal taxes: the taxes on dividends and the taxes on capital gains from firm open market share repurchases. Without personal taxes, firm market value can be expressed as the present value of future benefits received by the shareholders (dividends in this case). Under personal taxes, the benefits received by the shareholders should be classified into three categories (due to their different tax treatments): dividends, share repurchases, and new share issue (i.e., contributed capital). The extended model shows the effects of personal taxation on firm market valuation: retained earnings are valued less than contributed stocks, both dividends taxes and capital gains taxes reduce retained earnings valuation and firm market value. When facing two cash distribution methods, i.e., paying dividends and repurchasing shares, firms will choose the distribution method which can increase their retained earnings valuation and therefore increasing their market value. Two hypotheses are specified. Hypothesis one: the retained earnings are valued less than the capital stock. Hypothesis two: a firm uses cash distribution methods, including dividends and share repurchases, to increase retained earnings valuation and consequently firm market value. The results from the empirical test, using a sample from the "Disclosure Select Canada" and the "Financial Post Card" for the years 1995-1998 support these hypotheses. The empirical results do not change under various sensitivity tests.

Keywords Dividend tax; capital gains tax; retained earnings; capital stock; share repurchase.

Implicit Claim Incentives on the Accounting Choices of Troubled Companies

Dominic Peltier-Rivest (Concordia University)

This paper uses a multivariate regression analysis to examine the effect of implicit claim incentives on accrual accounting choices in 127 troubled firms. Troubled firms are defined as those that experienced three consecutive losses and reduced dividends.

Bowen et al. (1995) examine implicit claim incentives for a sample of firms that excludes financially distressed firms. However, the finance literature clearly indicates that implicit claim incentives may affect the behavior of troubled firms's managers as well. Further, some studies suggest that different incentives may affect accounting choices in distressed firms as compared to healthy firms.

The results provided in this paper indicate that troubled manufacturing firms that are highly dependent on suppliers have incentives to adopt income-increasing accounting choices to paint a better firm reputation and maximize the terms of trade negotiated with those suppliers. However, implicit claims with customers and employees do not appear to provide incentives to adopt income-increasing accounting choices, thus suggesting that for troubled firms the pay-offs from these incentives are too low to influence managers' behavior.

Earnings Management and Informativeness of Cash Flows and Accruals

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

This paper investigates whether or not earnings management to avoid losses affects informativeness of cash flows and accruals. The informativeness of cash flows and accruals is evaluated by computing their measurement errors and comparing them within the sample and across samples. We find that both operating cash flows and accruals are relevant in explaining firm value and future firm profitability, consistent with prior studies. When the second-stage procedure is employed to assess measurement error pertaining to these earnings components, however, the earnings component manipulated to avoid losses reveals higher measurement error, suggesting that earnings management to avoid losses lowers the informativeness of both cash flows and accruals.

* Presenter.

Corporate Disclosure Policy and Earnings Management Behavior

Gerald J. Lobo (Syracuse University)
Jian Zhou* (Long Island University — Brooklyn Campus)

This study examines the relationship between corporate disclosure and earnings management. Corporate disclosure and earnings management are both subject to managers' discretion; therefore, managers are likely to consider their interaction when exercising managerial discretion. This study employs a simultaneous equations model to test the hypothesis that corporate disclosure and earnings management are negatively related. It uses ratings published by the Association for Investment Management and Research to measure corporate disclosure, and discretionary accruals from the modified Jones model to measure earnings management. Consistent with theoretical predictions, the empirical analysis indicates that there is a statistically significant negative relationship between corporate disclosure and earnings management. Firms that disclose less tend to engage more in earnings management and vice versa. This result holds even after controlling for the effects of potentially confounding variables, and for all three components of corporate disclosure: annual disclosure, quarterly disclosure, and investor relations disclosure. By documenting a consistent negative relationship between corporate disclosure and earnings management, the study provides evidence on how management uses the flexibility afforded it under current minimum disclosure requirements to exercise discretion in reporting earnings. This has implications for the interpretation of and information conveyed by reported accounting earnings. That more informative corporate disclosure is related to less earnings management provides evidence that more informative disclosure is desirable as SEC has consistently exhorted companies to disclose more information.

* Presenter.

Modes of Regulation and the Effectiveness of the Accounting Profession's Ethical Standard's Enforcement System: A Comparative Study of Two Provinces

Jean Bédard (Université Laval)

Although the largest accounting firms are worldwide organizations, regulatory functions such as codes of conduct, practice review procedures, and disciplinary procedures, are still enacted and enforced on a country-by-country basis using differing system of regulation. The question for public policy is then how do these systems of regulation and discipline of the accountancy profession serve public interest. This paper examines the disciplinary process of the accounting profession in two jurisdictions using two different modes of regulation, the chartered accountants of the Canadian provinces of Ontario and Québec. In Ontario, the profession is mainly self-regulated with little government involvement. In Québec, the profession is self-regulated, but there is a greater level of the rules imposed by the state, and its work is overseen by a regulating agency. Because the professionals control the regulatory functions, the self-regulation approach carries with it the risk of degenerating into regulation for the protection of the practitioners rather than of the public. I expected that the differences in the mode of regulation between the two provinces will result in better protection of the public in Québec than in Ontario.

Decisions from the disciplinary committee in both provinces were examined to compare the ability of the two disciplinary systems to protect the public. The results indicate that, overall, both regulatory approaches result in a similar level of protection of the public interest. The self-regulatory approach of Ontario, however, results in more importance being given to the protection of the profession's self-interest than in Québec. As long there is no conflict between the interest of the public and the profession, the two systems appear to result in a similar level of public protection. The main loser with Ontario's self-regulation appears to be the offender. Because the profession needs to demonstrate to the public that it is policing itself, offenders are given a stiffer sanction in Ontario than in Québec and get stiffer sanctions if their offenses is notorious. Moreover, a notice of the decision, no matter the sanction level, is given to all the institute members and the probability of having a public notice of the decision greatly increases if the offense is notorious.

Auditors' Virtue: A Qualitative Analysis and Categorization

Theresa Libby (Wilfrid Laurier University)

Linda Thorne* (York University)

This paper reports on a qualitative study of virtue in the auditing context. The research involved analysis of rich descriptions of auditors' virtues obtained through in-depth interviews with nine professional accountants. We identify an audit-specific adaptation of the virtue framework of Pincoffs (1986) important for identifying the dispositions of auditors' character critical to the maintenance of an auditing community that values and maintains high ethical standards. In particular, the framework suggests the importance of quintessential virtue to maintaining the auditors' professional role in society.

* Presenter.

Le niveau de raisonnement moral de finissants en comptabilité d'une université québécoise / The Level of Moral Reasoning of Quebec University Accounting Graduates

Murielle Boucher (Bibliothèque du Parlement, Ottawa)

Anne Fortin* (Université du Québec à Montréal)

Louise Côté (Université du Québec à Montréal)

Afin de préserver la confiance accordée par la société à la profession comptable, les organismes régissant cette dernière s'attendent à ce que les finissants en comptabilité, à l'aube de leur entrée sur le marché du travail, possèdent des capacités de raisonnement moral leur permettant de porter des jugements éthiques. Alors que bon nombre d'études ont porté sur l'observation et l'analyse du raisonnement moral des experts-comptables et des étudiants en comptabilité américains, peu de chercheurs se sont intéressés au développement cognitif du raisonnement moral des experts-comptables et étudiants en comptabilité canadiens, et plus particulièrement celui de sujets québécois. Ces travaux de recherche ont permis d'identifier certaines caractéristiques personnelles, académiques et professionnelles pouvant influencer le niveau de raisonnement moral. De plus, les résultats obtenus auprès de sujets canadiens diffèrent, à certains égards, des observations relevées chez les praticiens et étudiants américains. La présente étude vise principalement à déterminer, au moyen du *Test de définition des problématiques* (TDP), version française du *Defining Issues Test* (DIT), le niveau de raisonnement moral de quatre-vingt-dix-huit étudiants terminant leur programme d'études de niveau baccalauréat en comptabilité d'une université québécoise et à examiner les variables démographiques et certains facteurs de l'environnement social qui peuvent influencer le développement de ce niveau de raisonnement moral.

En général, les résultats obtenus diffèrent de ceux relevés dans le cadre des études canadiennes et américaines sur le développement du niveau de raisonnement moral des experts-comptables et étudiants en comptabilité. Nous constatons en effet que le niveau de raisonnement moral des finissants québécois est inférieur à celui mesuré dans les études menées auprès d'étudiants canadiens et américains et à celui des praticiens canadiens. Il est également inférieur à la norme de Rest pour les étudiants au baccalauréat. Par ailleurs, alors qu'il ne fut pas possible d'identifier de lien significatif entre le sexe des répondants et leur niveau de raisonnement moral, nous observons l'existence d'une relation positive de ce dernier avec l'âge des répondants et l'expérience acquise dans la résolution de problèmes éthiques dans le cadre d'un emploi. De plus, aucun lien significatif n'a pu être identifié entre le fait que les finissants s'adonnent à des activités parascolaires et leur niveau de raisonnement moral. Nous constatons également que le programme d'études actuel ne semble pas contribuer au développement du raisonnement moral des futurs praticiens québécois. Ces

(... continued)

résultats pourraient s'expliquer par l'absence de formation spécifique en éthique dans le cadre du programme d'études et par le contexte particulier du Québec en matière d'éthique.

Mots clés Comptabilité; Defining Issues Test; éthique; étudiant universitaire; raisonnement moral.

As professionals, accountants have the responsibility to serve the public interest. Therefore, the society and its regulatory bodies expect accounting students to develop moral reasoning abilities that will allow them to make ethical decisions in their work environment. Several researchers have studied the association of demographic variables with the moral reasoning of American accountants and accounting students. However, very few studies have looked at the level of moral reasoning of Canadian accountants and accounting students. So far, US-based findings differ somewhat from those reported in Canada.

This study examines the impact of demographic variables (gender and age) and some factors found in the social environment (experience in solving ethical problems and extracurricular activities) on the level of moral reasoning of 98 senior level accounting students enrolled at a French-Canadian university. Contrary to the results obtained in previous US and Canadian studies, we find that moral reasoning is associated with age and experience in solving ethical problems but not with gender nor with extracurricular activities. Furthermore, the level of moral reasoning measured by a French version of the DIT is significantly lower than that obtained by researchers with practitioners and accounting students in US and in Canada.

Keywords Accounting; Defining Issues Test; ethics; college student; moral reasoning.

The Valuation of Firm Loss Carryforwards

Tao Zeng (Wilfrid Laurier University)

The paper explores the value-relevant information of three deferred tax components, i.e., loss carryforwards, deductible temporary differences — the expenses deductible for tax purposes exceeding those for accounting purposes, and unused investment tax credit carryforwards. A tax-based market valuation model is utilized, which is developed based on Feltham-Ohlson (1995) market value measurement model. It shows that, with corporate taxation, firm market value can be expressed as the bottom line accounting value, i.e., the book value, the expected future abnormal earnings, and the expected future tax payments. Under the assumption that loss carryforwards, deductible temporary differences, and unused investment tax credit carryforwards reduce a firm's future tax payments, the cross-sectional regression results, using the "Disclosure Select Canada" and the "Financial Post Card", show that loss carryforwards enhance firm market value. It is further shown that loss carryforwards whose deductions have less restrictions (i.e., jurisdiction, timing and source restrictions) enhance firm market value more significantly. However, deductible temporary differences and unused investment tax credit carryforwards do not have significant effects on firm market value.

Keywords Tax-based market valuation model; loss carryforwards; deductible temporary difference; unused investment tax credit carryforwards.

The Role and the Relative Importance of Financial Statements in Equity Valuation

Kobana Abukari (Corporate Renaissance Group)

Vijay Jog (Carleton University)

Bruce J. McConomy* (Wilfrid Laurier University)

Earnings, book value, dividends and other financial statement variables have been used in theoretical and empirical research as important factors in models of equity valuation. Similarly, courts of law have relied on financial variables in determining equity values of private firms. Our focus is on determining the robustness and relative rankings of ten equity valuation models. Our results indicate that in all models tested, book value and earnings related variables (e.g., abnormal earnings) remain the most important variables in terms of equity valuation, with some variation by industry. By separating earnings into two components (earnings retained and dividends), we then show that dividends have a credible signalling / informational value and that dividends have higher valuation importance for firms facing a higher degree of information asymmetry. We also find a significant difference in market valuation for firms that have strong current performance versus those that do not. More specifically, valuations seem to use current performance as a strong indicator of future performance. In addition, we find significant merit in models used by courts of law as accepted practices for firm valuation; these formulas take into account not only financial statement variables, but also the corresponding industry benchmarks. Our results contribute to the ever growing debate on the relevance of fundamental variables (and by implication the relevance of financial statements) in equity valuation.

Keywords Valuation; residual income; equity; Canadian.

* Presenter.

Earnings, Book Value and Accounting Conservatism in Valuation of Japanese Firms

Sandra W. M. Ho (Hong Kong Polytechnic University)
Jeong-Bon Kim* (Hong Kong Polytechnic University)

Consistent with Feltham and Ohlson (1995: FO), Japanese stock prices are positively associated with book value of equity and abnormal operating earnings, while unrecorded goodwill is positively associated with operating assets and abnormal operating earnings. The market places higher value on firms maintaining higher earnings persistence or adopting more conservative accounting practices but not on firms undergoing higher growth. Moreover, earnings persistence, but not growth, accentuates the valuation effect of accounting conservatism. The negative results associated with growth may be explained by the inconsistent results obtained for FO's linear information model, or by the non-homogeneous association of growth and conservatism, inferred from Beaver and Ryan (2000). An alternative measure of accounting conservatism inferred from Ryan (1995) and Beaver and Ryan (2000) gives results partly supporting the positive valuation effect of accounting conservatism. Lastly, as expected, non-accounting information has incremental explanatory power beyond abnormal operating earnings and operating assets in explaining the variation in unrecorded goodwill.

* Presenter.

The Determinants of Audit Fee Change in a Stable Audit Market

Janne Chung (York University)

Maher et al. (1992) examine audit fee change in an environment of increasing competition and report that change in size (both in revenue and total assets) and change in complexity (in the number of SIC codes) are determinants of audit fee change in this kind of environment. This study reports the behavior of audit fees in a stable audit market. The purpose of this study is to determine what the predictors of long-term audit fee change are in an environment where most audit clients are paying increasing fees relative to size. The 1997 and 1993 published financial data of 109 publicly listed Australian industrial companies were compared. Change in size (measured by change in revenue and change in total assets) and change in the number of consolidated subsidiaries are significant covariates of audit fee change. Also significant is the change in nonaudit service fees. Similar analyses using data from 1992 to 1993 and 1996 to 1997 were carried out. The results show differences between long- and short-term audit fee determinants as well as between 1992 to 1993 and between 1996 to 1997.

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Do Audit Committee Members Know What They Know?

An Exploratory Note

Greg Berberich, Ph.D. Student (University of Waterloo)
Steven Salterio* (University of Waterloo)

Recent high-profile calls for audit committee reform have stressed the need for committee members to be, or to become shortly after appointment, financially literate. In this study we examine whether audit committee members believe they possess “above average” accounting and auditing knowledge compared to their peers. We also examine whether these self-assessments accurately reflect members’ tested financial accounting, financial statement analysis, and audit knowledge. We find that audit committee members believe their financial literacy is “above average” relative to their peers. We find, however, that the self-assessments are not correlated with the knowledge test results. Implications of these findings for audit committee member selection and education are discussed.

Keywords Audit committees; self-assessment; knowledge; corporate governance.

* Presenter.

Further Evidence on Signaling-Based Theories of IPO Underpricing

Duane B. Kennedy* (University of Waterloo)
Ranjini Sivakumar (University of Waterloo)
Kenneth R. Vetzal (University of Waterloo)

Many alternative explanations have been proposed in the finance literature for the empirically observed large average magnitude of underpricing of initial public offerings (IPOs). Ritter (1998) provides a survey. One category of theories relies on signalling-type models (Allen and Faulhaber (1989), Grinblatt and Hwang (1989), Welch (1989), etc.). The basic story is that high-quality firms are presumed to be willing to bear the cost of underpricing the IPO in order to distinguish themselves from low-quality firms. By doing so, they expect to see subsequent seasoned equity offerings (SEOs) received more favourably by the market.

Empirical evidence regarding these types of theories has not generally been consistent with them. For example, Speiss and Pettway (1997) find no evidence that either the firm as a whole or its owner/managers subsequently benefit from a first SEO by having a more underpriced IPO. These conclusions are based on a sample of firms which went public during the period from 1987-1991 and had an SEO before 1995. Given the "hot issue" market during the latter part of the 1990s, it is of interest to revisit the evidence using data from this period. This can be expected to provide a somewhat biased test of signalling-based models since it is more likely to find evidence in their favour when the cost of signalling is relatively high. In other words, failure to find evidence supporting these theories in this context strongly suggests that they are not true in practice.

We perform this analysis and find mixed results, which are generally unsupportive of the theories. Two features, however, do stand out: i) there are significant differences depending on whether one considers the firm as a whole or merely the impact on insiders; and ii) the latter part of the 1990s appears to have been very different from the previous half of the decade.

* Presenter.

Risk-Taking Incentives of Executive Stock Options and the Asset Substitution Problem

Gerald T. Garvey (University of British Columbia)
Amin Mawani* (York University)

Various theoretical models show that managerial compensation schemes can reduce the distortionary effects of financial leverage. There is little evidence that highly levered firms offer less stock-based compensation, a common prediction of such models. Both the theoretical and empirical research, however, have overlooked the leverage provided by executive stock options. In principle, adjusting the exercise prices of executive stock options can mitigate the risk incentive effects of financial leverage. By setting option exercise prices near the prevailing stock price at the date of grant, the executive-stock-option-induced risk incentives defined with respect to total firm risk is unrelated to firms' leverage, while the executive-stock-option-induced risk incentives defined with respect to equity volatility is negatively related to leverage. In a large cross-sectional sample of Canadian option-granting firms, we find evidence that the leverage of executives' claims, and more importantly, their incentives to take equity risk, are negatively related to the leverage of their employers. We do not, however, find any systematic relationship between *changes* in leverage and *changes* in the CEO's risk incentives since the risk sensitivity of a call option does not monotonically increase or decrease in the value of the underlying stock. For reasonable parameter values, this risk incentive-maximizing stock price lies very close to the option's exercise price.

JEL classification numbers G32, D23, J33.

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* Presenter.

The Interdependence between Performance Measurement Systems, Governance Structure and Firm Performance: Evidence from Choice of Bonus Plans Performance Measures

Eduardo Schiehl (École des Hautes Études Commerciales)

This study examines the interdependence between the choice of using financial and non-financial measures of performance in executive bonus plans and the firm's observed governance structure. The governance mechanisms under scope are inside ownership, board composition, debt financing, relative importance of the CEO's performance-contingent compensation, and presence of large shareholders. Using governance information from Canadian public companies in two very distinct economic sectors, I also investigate and control the effect of market-based mechanisms, such as product, corporate control, and managerial labor markets on the firm's internal governance configuration. These study documents empirical evidence that the mix of financial and non-financial performance measures in CEO bonus contracts is jointly determined with inside ownership, board composition, and firm performance. I found that firms with independent boards and greater inside ownership tend to rely in greater extend on non-financial measures of performance to monitor and reward managers. Overall, the evidence supports the study's main hypothesis that non-financial information enhances the board's proprietary information concerning the CEO's current strategic activity not fully reflected in financial and stock-price information.

CEO Compensation, Investment Opportunity Set and the Role of Corporate Governance Mechanisms: An Empirical Analysis

Fathi Elloumi* (Athabasca University)
Jean-Pierre Guey   (Universit   du Qu  bec    Montr  al)

The empirical relationship between Chief Executive Officer (CEO) compensation, the investment opportunity set (IOS) and corporate governance mechanisms is analyzed for a sample of 415 Canadian firms in 1997. Results indicate that firms with high IOS pay higher levels of total compensation to their CEOs. In addition, CEOs of high IOS derive a larger proportion of their compensation from performance-contingent forms of pay such as bonuses, stock option grants and long-term incentive plans. However, CEOs with weak boards of directors are compensated more than CEOs with powerful boards. Contrary to our expectation, we find that in high IOS firms with weak boards of directors, CEOs seek to have higher proportions of contingent forms of pay in their compensation. An implication of this result is that contingent compensation practices may be a more value-enhancing form of remuneration for CEOs.

Keywords CEO compensation; investment opportunity set; board of directors' composition; contingent compensation; agency theory.

Paper Forum

Présentations par affiches

Categorization of Customized Assurance Services by Decision Makers

Phil Beaulieu (University of Calgary)

When decision makers encounter new assurance services that can be customized for individual clients, they must include them in their pre-existing categorization of assurance, a task known as postclassification. The example of SysTrust is used to show that a necessary condition for successful postclassification, that decision makers be reminded of pre-existing categories when they learn to use new categories, is absent. Specifically, decision makers are not encouraged to compare features of conventional assurance, such as financial statement audits, to features of customized assurance services. Implications of this absence for public acceptance of customized assurance are discussed.

Keywords Category use effect; expectations gap; postclassification; SysTrust.

Friday, June 15, 16:00 - 16:30 & Saturday, June 16, 15:45 - 16:15

South Foyer

Vendredi 15 juin, 16:00 - 16:30 et Samedi 16 juin, 15:45 - 16:15

South Foyer

Paper Forum / Présentations par affiches

Corporate Governance: Factors Influencing Voluntary Disclosure by Publicly Traded Canadian Firms

Merridee Bujaki (University of Ottawa)
Bruce J. McConomy (Wilfrid Laurier University)

We report on the comprehensiveness of voluntary corporate governance disclosures in the annual reports and management information circulars of Toronto Stock Exchange (TSE) firms. We first examine the degree of correspondence between the corporate governance practices described in these disclosures and the fourteen guidelines set out in the TSE's report on corporate governance "Where were the Directors?" Our analysis indicates that very few of the TSE 300 firms have fully adopted the TSE guidelines, and that the extent of disclosure on corporate governance varies widely among the firms. Based on recent theoretical developments we then test factors associated with the comprehensiveness of such disclosures and the choice of disclosure medium using simultaneous equations multivariate analysis. We also assess the influence of publicized corporate governance failures on disclosure. Overall, our results suggest that the choices of disclosure medium and the extent of disclosure are made concurrently, and are influenced by managements' strategic considerations.

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A Proposed Canadian Loss Transfer System

Barry Gorman (Saint Mary's University)

Canadian corporations are not permitted to offset their unused losses, deductions or tax credits against the taxable income or taxes payable of another member of a corporate group. In order to access these amounts, tax planners must engage in expensive, time-consuming and/or dubious tax planning strategies. The current rules impose significant competitive disadvantages on corporate groups, in addition to the monetary costs. This paper discusses the reasons separate corporations exist within a corporate group and presents several group reporting systems available in other countries which provide a mechanism for corporate groups to share profits and losses for tax purposes. The paper also reviews the results of a survey conducted by the Financial Executives Institute Canada designed to solicit the views of members with regard to the magnitude of the problem created by their inability to offset group profits and losses, and to gather suggestions for recommending a group reporting system to the Department of Finance. The paper concludes with an outline of a recommended loss transfer system, developed from the respondents' comments and the personal views of the author.

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The Placer Dome Accident: Stock Responses to an Environmental Accident in the Canadian Mining Industry — an Empirical Study

Vanessa Magness (Ryerson University)

Research using US data has shown that environmental disclosures in company reports influence share reactions to external stimuli such as industry accidents, and changes in environmental legislation. This paper employs content analysis and event study methodology to explore the factors influencing the response of shares in Canadian companies to the Placer Dome accident in the Philippines in 1996. A contagion effect was observed in the gold mining industry. Large companies, those with high betas, and companies inter-listed on a US experienced a greater, negative, impact in market valuation. There is also evidence of an association of financial health with share reaction.

While the extensiveness of annual report disclosures are not associated with share price using the full sample, the results change when the model is tested using the cross-listed companies alone. These findings support prior research concerning the role of size and beta on share reaction. The role of the listing factor suggests that different models may be required for shares trading in Canada alone, and shares that are inter-listed.

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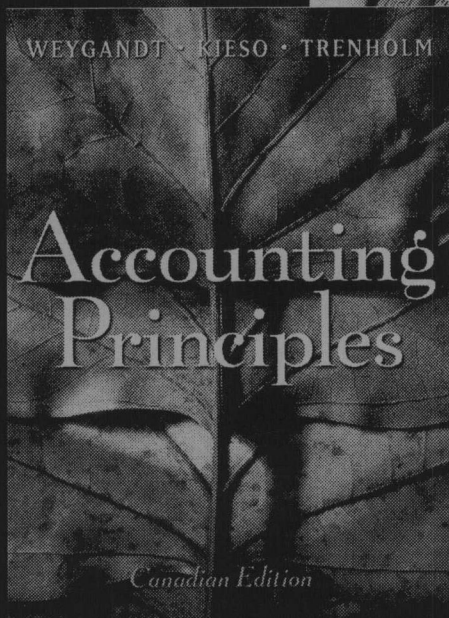
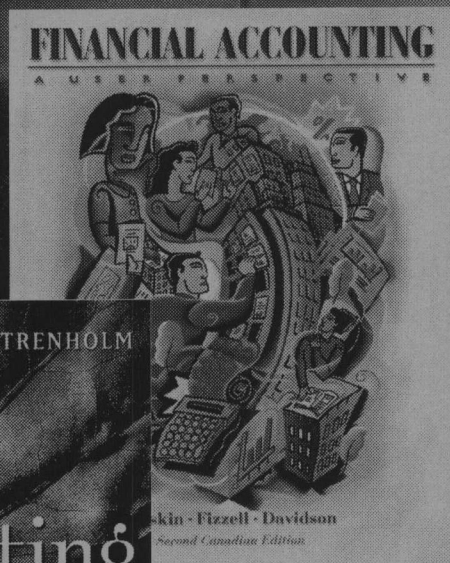
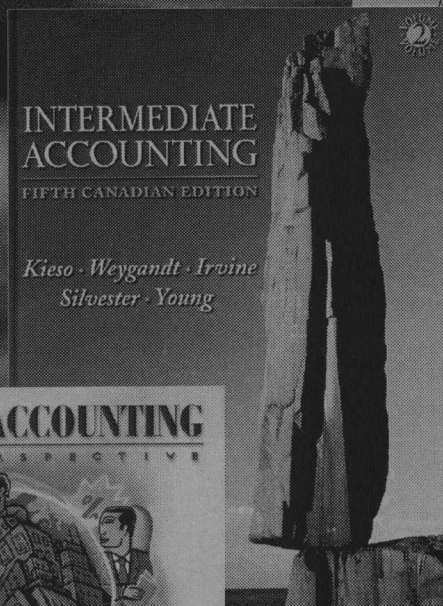
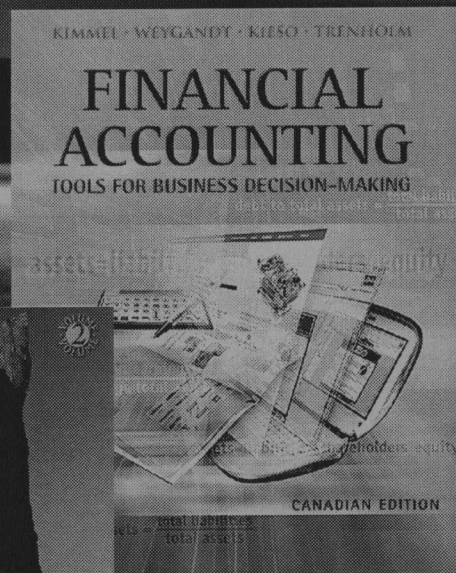
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