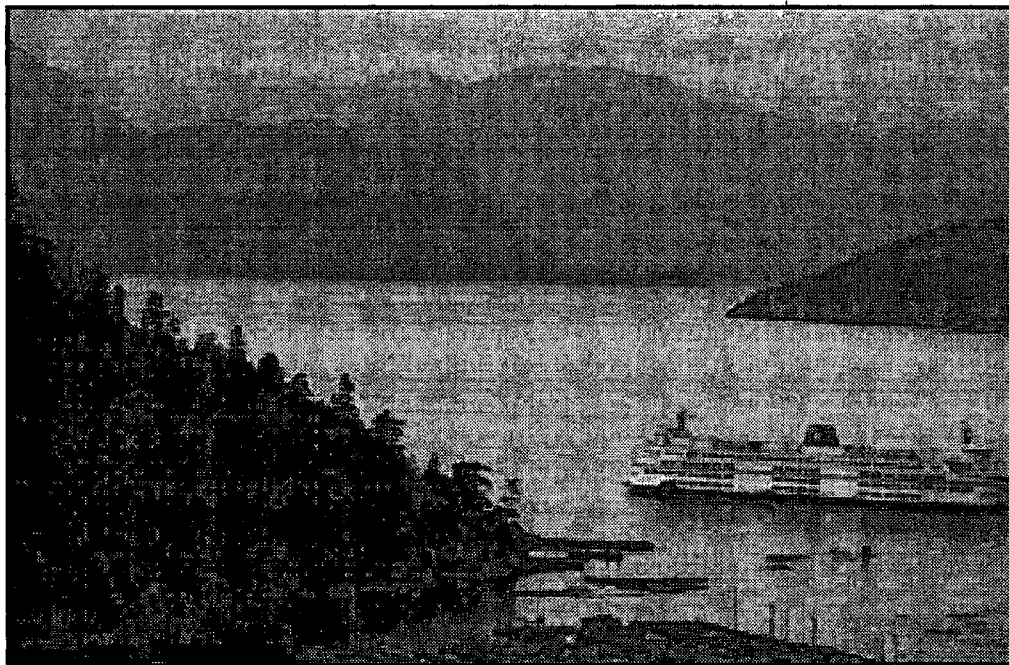


The Canadian Academic Accounting Association
L'Association canadienne des professeurs de comptabilité

Accounting without borders

Comptabilité sans frontières



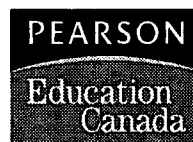
CAAA CONFERENCE 2004 PROGRAM

May 27 – 30, 2004
Vancouver Marriott Pinnacle
Vancouver

PROGRAM DU CONGRÈS 2004 DE L'ACPC

du 27 mai au 30 mai 2004
Vancouver Marriott Pinnacle
Vancouver

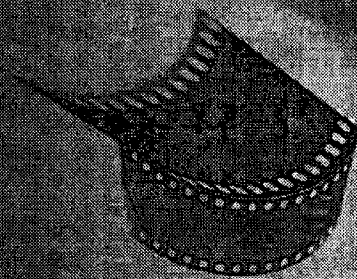
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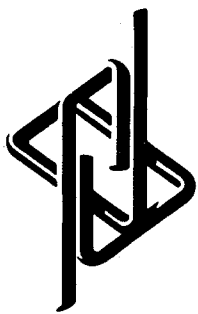
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Conference Chair / Président du congrès

Dan A. Simunic

Sauder School of Business, University of British Columbia

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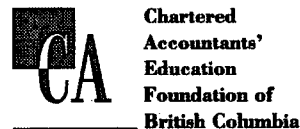


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L'Association canadienne des professeurs de comptabilité tient à remercier ses généreux commanditaires d'avoir contribué à la réalisation du congrès annuel et d'appuyer ses nombreuses initiatives. Notre organisation bénéficie énormément de l'appui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

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University of British Columbia

PING ZHANG

University of Toronto

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Akindayomi, Akinloye	University of Calgary
Baker, Glen	University of Lethbridge
Beasley, Mark S.	North Carolina State University
Beaulieu, Philip R.	University of Calgary
Beechy, Thomas H.	York University
Begley, Joy	University of British Columbia
Berberich, Greg	Wilfrid Laurier University
Bewley, Kathryn	York University
Blakey, Brenda	Grant MacEwan College
Boland, Lawrence A.	Simon Fraser University
Boritz, J. Efrim	University of Waterloo
Brénnan, W. John	CA School of Business
Brown, Wendy	Southern Alberta Institute of Technology
Bubb, Gillian	University College of the Fraser Valley
Buhr, Nola	University of Saskatchewan
Carnaghan, Carla	University of Waterloo
Carson, Lynda	CGA-Canada
Carter, Donald G.A.	CA School of Business
Chamberlain, Sandra L.	University of British Columbia
Chan, Derek K.	University of Hong Kong
Chen, Yasheng	University of Western Ontario
Cheng, Qiang	University of British Columbia
Chiarello, Mark	CMA Canada – British Columbia
Cobbett, Allan	British Columbia Institute of Technology
Conrod, Joan E.D.	Dalhousie University
Coulombe, Daniel	Université Laval
Cunningham, Peter G.	Bishop's University
Daga, Sandra	University of Toronto
Daugherty, Janelle	Microsoft Business Solutions
Deresh, Chris	CGA-Canada
Deutsch, Esther	Ryerson University
Dillard, Jesse F.	Portland State University
Dilling, Petra	CGA-Canada
Downey, Angela M.	University of Lethbridge
Drake, David A.	Centennial College
Duff, Christian	Royal Roads University
Duncan, Alain C.B.	Simon Fraser University
Dykeman, Brock	University College of the Cariboo
Edwards, Barbara	Simon Fraser University

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Eisenberg, Gunter	Certified General Accountants Association
Emby, Craig	Simon Fraser University
Eng, Li Li	Oklahoma State University
Evans, Colleen	Red River College
Evans, Gale	CMA Canada
Falk, Jerrod	University of Manitoba
Farrell, Elizabeth	York University
Favere-Marchesi, Michael	Simon Fraser University
Felix, Jr., William L.	University of Arizona
Feltham, Gerald A.	University of British Columbia
Feltham, Glenn D.	University of Saskatchewan
Feltmate, Ian	Acadia University
Ferris, Susan	CGA-Canada
Fischer, Dov	Simon Fraser University
Fizzell, Maureen R.	Simon Fraser University
Fleming, David	George Brown College
Flint, Amanda	Trinity Western University
Fontaine, Richard	Université du Québec à Montréal
Forbes, Margaret E.	University of Saskatchewan
Forristal, Tim	Canadian Institute of Chartered Accountants
Fortin, Steve	McGill University
Fortunato, Vittoria	Canadian Academic Accounting Association
Francis, Ronald	Seneca College
Friedlan, John M.	University of Ontario Institute of Technology
Gale, Thomas	McGraw-Hill Ryerson
Gao, Yanmin	University of British Columbia
Gelardi, Alexander M.G.	Simon Fraser University
Gendron, Yves	University of Alberta
Gibbins, Michael	University of Alberta
Gordon, Irene M.	Simon Fraser University
Graham, Chris	University of Victoria
Granatstein, Paul	Canadian Academic Accounting Association
Groen, Brent	Trinity Western University
Gunn, John D.	Grant Thornton LLP
Gunz, Sally P.	University of Waterloo
Haime, Colin	Malaspina University College
Hausmann, Matthew	CMA Canada – British Columbia
Hemmingsen, Robin	Centennial College
Herath, Hemantha	Brock University
Heuser, Margery	Okanagan University College

Reading details

Week 8 - W. Langer - JBE (2003) "Social
Acceptability & Corp. Greenwashing"

Week 9 Cohen & Holder-Webb (2006) Issues:
Acctg. Ethics. "Rethinking the Influence of
Agency Theory in ^{the} Acctg. Academy"

Week 11 - Ellis, RZ (2002) JBE - "Determinants
of Earnings Mgmt. Ethics Among Accountants"

Week 13 - Copeland (2005) "Acctg. Horrors
" Ethics is an Imperative "

CF-209 0131

Material 81

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Hilton, Andrew	University of Alberta
Hilton, Murray	University of Manitoba
Hogan, Susan	Capilano College
Holyer, Gordon	Malaspina University College
Hrazdil, Karel	University of Alberta
Hsieh, Chia-Chun	University of British Columbia
Hughes, John S.	University of California at Los Angeles
Huson, Mark R.	University of Alberta
Hutchinson, Ian R.	Acadia University
Jarvie, Deborah L.	University of Lethbridge
Kalagnanam, Suresh S.	University of Saskatchewan
Kanaan, George K.	Concordia University
Kanagaretnam, Kiridaran	McMaster University
Kang, Tony	Singapore Management University
Keller, Harold J.	College of the Rockies
Kennedy, Duane B.	University of Waterloo
Khalil, Jylan	Canadian Institute of Chartered Accountants
Kim, Jeong-Bon	The Hong Kong Polytechnic University
Kim, Joung W.	Concordia University
Kim, Sunyoung	University of Alberta
Kinnear, Valerie	Mount Royal College
Kitowski, Richard	Thomson Nelson
Kopp, Lori S.	University of Lethbridge
Kosowick, Terry	College of New Caledonia
Kotchetova, Natalia V.	University of Waterloo
Krische, Susan D.	University of Illinois
Labelle, Réal	HEC-Montréal
Lajili, Kaouthar	University of Ottawa
Lakra, Anita	University of Calgary
Lapointe, Pascale	Concordia University
Leader, Brian D.	Institute of CA's of Ontario
Lee, Buryung	Indiana University Kokomo
Lemon, W. Morley	University of Waterloo
Letourneau, Katherine-Anne	Canadian Institute of Chartered Accountants
Li, Siyi	University of Illinois
Li, Yan	University of Alberta
Li, Yinghua	University of British Columbia
Li, Yue	University of Toronto
Libby, Theresa	Wilfrid Laurier University
Lindsay, Ken	Carleton University

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Liu, Xiaohong	Hong Kong University of Science & Technology
Lo, Kin	University of British Columbia and MIT
Lobo, Gerald J.	Syracuse University
Loewen, Dwayne	University of Alberta
MacDonald, E. Anne	Simon Fraser University
MacDonald, Laura D.	Wilfrid Laurier University
Macintosh, Norman B.	Queen's University
Macnaughton, Alan	University of Waterloo
Magnan, Michel L.	Concordia University
Magness, Vanessa	Ryerson University
Martin, Peter	Canadian Accounting Standards Board
Mason, Alister K.	University of Waterloo
Matthews, Thomas A.	University of Alberta
Mbagwu, Chima	University of Saskatchewan
McConomy, Bruce J.	Wilfrid Laurier University
McCracken, Susan A.	University of Toronto
McPeak, David	CGA-Canada
McReynolds, John B.	Canadian Institute of Chartered Accountants
McWatters, Cheryl S.	University of Alberta
Mercer, Janet	Okanagan University College
Messier-Marcotte, Diane	Ordre des comptables agréés du Québec
Moore, James	University of Waterloo
Morissette, Raymond	HEC-Montréal
Morrill, Cameron K.J.	University of Manitoba
Morrill, Janet	University of Manitoba
Mudd, Sandra	CGA-Canada
Mustafa, Sameer	Concordia University
Myers, Patricia M.	Brock University
Nainar, S. M. Khalid	McMaster University
Needles, Belverd E.	DePaul University
Nelson, Toni L.	University of Lethbridge
Norrie, Keri	Camosun College
Norwood, Peter	Langara College
Nymark, Brook	McGraw-Hill Ryerson
O'Brien, Patricia C.	University of Waterloo
Ohta, Yasuhiro	York University
O'Malley, Patricia L.	IASB
Oxner, Mary M.	St. Francis Xavier University
Paquette, Suzanne	Université Laval
Parkhurst, Douglas	CA School of Business

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Pelletier, Norma	North Island College
Philpott, Clifton	Kwantlen University College
Pinto, Odette	University of Alberta
Pollanen, Raili M.	Carleton University
Radcliffe, Vaughan S.	University of Western Ontario
Rattray, David	Public Accountability Consulting Inc
Rennie, Morina D.	University of Regina
Richardson, Gordon D.	University of Toronto
Rixon, Daphne	Warwick University
Robb, Sean W.G.	University of Toronto
Robinson, Linda	University of Waterloo
Roy, J. Paul-Émile	CICA
Russell, Grant W.	University of Waterloo
Russell, John D.	University of Saskatchewan
Sainty, Barbara J.	Brock University
Sale, David J.	Kwantlen University College
Salterio, Steven E.	Queen's University
Schiehl, Eduardo	HEC-Montréal
Schipper, Katherine	Financial Accounting Standards Board
Schultz, Wendy	Queen's University
Scott, Thomas W.	University of Alberta
Scully, Samantha	Pearson Education Canada
Segal, Dan	University of Toronto
Shackell-Dowell, Margaret	University of Notre Dame
Shen, Celine	Peking University
Shepherd, John D.	Northwest Community College
Shevlin, Terry	University of Washington
Shi, Ning Yaqi	Concordia University
Shih, S.H. Michael	National University of Singapore
Siam, John	McMaster University
Sills, Bonnie	Yukon College
Simpson, Suzanne	McGraw-Hill Ryerson
Simunic, Dan A.	University of British Columbia
Sinclair, Scott	British Columbia Institute of Technology
Sinnott, Marie	College of New Caledonia
Sirois, Louis-Philippe	University of British Columbia
Stammers, John	Centennial College
Stanley, Marietta	Okanagan University College
Stein, Michael T.	University of Oregon
Street, Donna	IAAER / University of Dayton

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Swanson, Edward P.	Texas A&M University
Sylph, James	International Federation of Accountants
Thorne, Linda	York University
Thornton, Daniel B.	Queen's University
Trabelsi, Samir	HEC-Montréal
Tran, Terry	CGA-Canada
Trenholm, Barbara A.	University of New Brunswick
Trites, Gerald	St. Francis Xavier University
Trottier, Kim	University of British Columbia
Tsui, Judy S.L.	Hong Kong Polytechnic University
Wall, Jeanine	Red River College
Wang, Shiheng	Queen's University
Warsame, Hussein A.	University of Calgary
Wayne, Paul	University of Ontario Institute of Technology
Western, John	Kwantlen University College
Wiecek, Irene	University of Toronto
Wier, Heather A.	University of Alberta
Williams, Heather	University College of the Cariboo
Williams, S. Mitchell	Singapore Management University
Wilson, John	Capilano College
Wright, Foster	Southern Alberta Institute of Technology
Wright, Michael E.	University of Calgary
Wu, Martin G.H.	University of Illinois
Wu, Serena Shuo	University of British Columbia
Xie, Hong	University of Illinois
Xu, Bixia	Wilfrid Laurier University
Yi, Cheong H.	Hong Kong Polytechnic University
Yoo, Choong-Yuel	Queen's University
Young, Nicola M.	Saint Mary's University
Zhang, Ping	University of Toronto
Zhou, Yibin	University of Toronto

Conference Program

Programme du congrès

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

CAAA Presidents / Présidents de l'ACPC

Linda Thorne	2003-2004	Samuel H. Jopling	1989-1990
Joan Conrod	2002-2003	Irene M. Gordon	1988-1989
Michel Guindon	2001-2002	Yvon Houle	1987-1988
Anne Fortin	2000-2001	J. Alex Milburn	1986-1987
J. Efrim Boritz	1999-2000	Leonard J. Brooks	1985-1986
David H. Bateman	1998-1999	Michael Gibbins	1984-1985
Howard D. Teall	1997-1998	Gilles Chevalier	1983-1984
Réal Labelle	1996-1997	W. John Brennan	1982-1983
Daniel B. Thornton	1995-1996	Alister K. Mason	1981-1982
V. Bruce Irvine	1994-1995	J. David Blazouske	1980-1981
Patricia L. O'Malley	1993-1994	John H. Waterhouse	1979-1980
Jean-Guy Rousseau	1992-1993	L. S. (Al) Rosen	1977-1979
Nabil S. Elias	1991-1992	Daniel L. McDonald	1976-1977
C. Derek Acland	1990-1991		

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

V. Bruce Irvine	2003	Norman B. Macintosh	1994
Howard D. Teall	2002	Michael Gibbins	1992
T. Ross Archibald	2001	Joel H. Amernic	1990
Howard M. Armitage	2000	Daniel B. Thornton	1989
Irene M. Gordon	1999	Réjean Brault	1988
George C. Baxter	1998	J. David Blazouske	1987
Stanley L. Laiken	1997	John R. Hanna	1986
George R. Chesley	1996	James Everil Smyth	1985
Nadi Chlala	1995	Sanjoy (Joe) Basu	1983

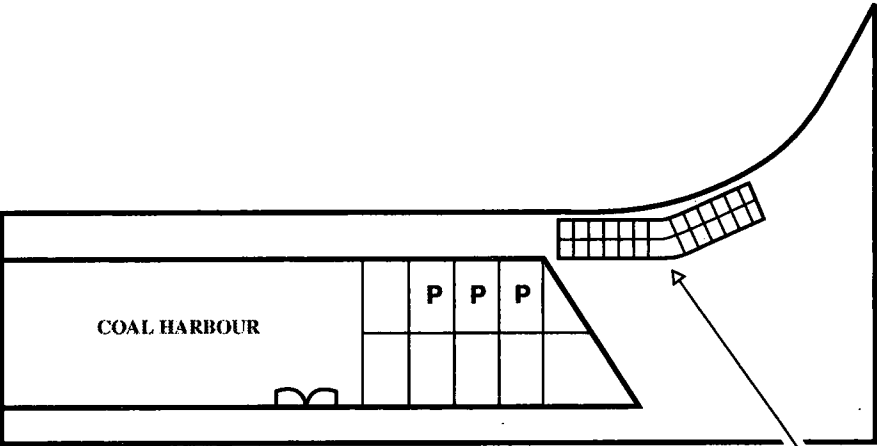
Winners of the Haim Falk Award for Distinguished Contribution to Accounting Thought

Lauréats du Prix Haim Falk pour contribution remarquable aux sciences comptables

Michael Gibbins	2003	Richard V. Mattessich	1991
Dan A. Simunic	2001	Ross M. Skinner	1990
Norman B. Macintosh	1998	Anthony A. Atkinson	1989
Gerald A. Feltham	1994	William R. Scott	1988
George J. Murphy	1992	Daniel B. Thornton	1987

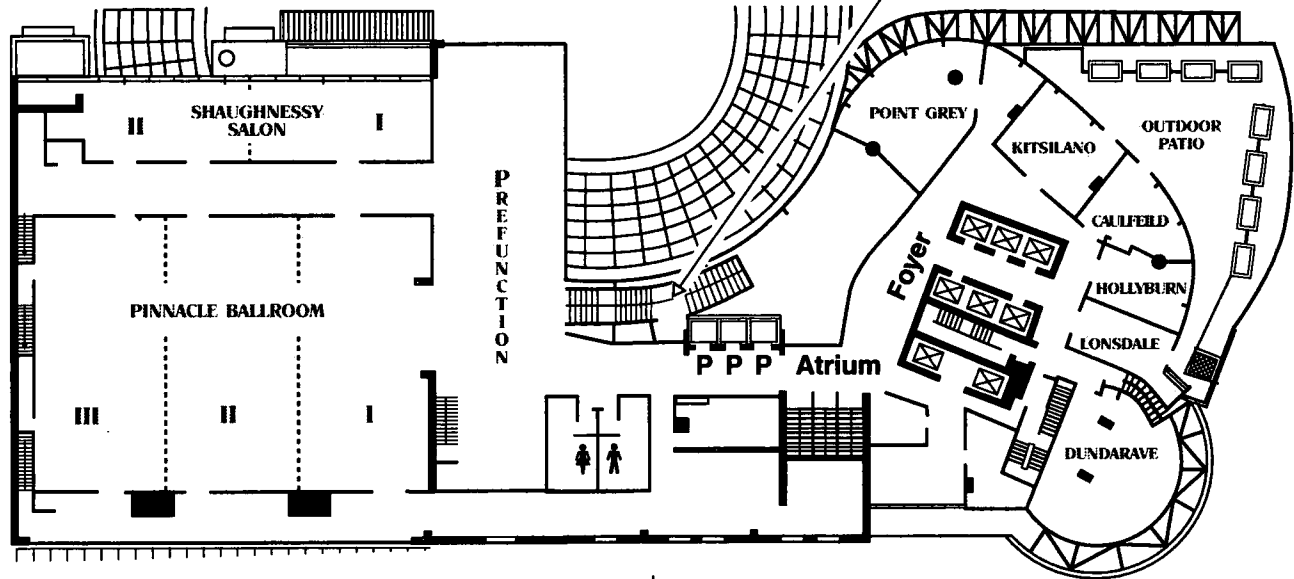
Conference Levels / Étages de conférence

Level 2 / Niveau 2



Stairway landing
Le palier à mi-chemin

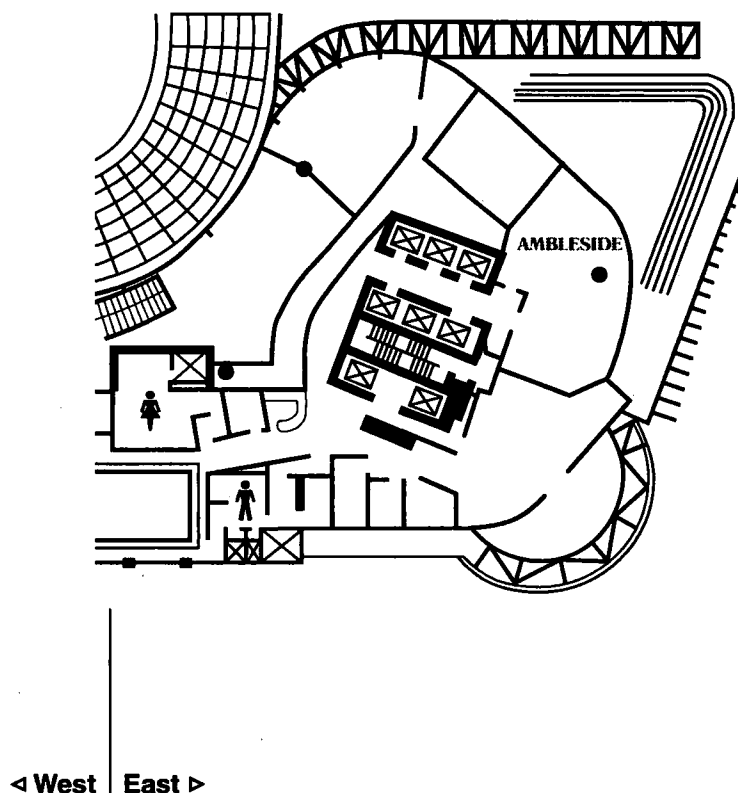
Level 3 / Niveau 3



◁ West | East ▷

Conference Levels / Étages de conférence

Level 4 / Niveau 4



Legend / Légende

P = Elevators to parking garages. These are the only elevator service to the Coal Harbour Room (second floor). The other means of access to the Coal Harbour Room is the main staircase. The landing partway up is for the second floor.

Ascenseurs pour les garages de stationnement. Il s'agit du seul ascenseur qui mène à la salle Coal Harbour (deuxième étage). L'autre façon de se rendre à cette salle consiste à emprunter l'escalier principal. Le palier à mi-chemin est celui du deuxième étage.

Prefunction = Pinnacle Ballroom Lobby

Sessions A / Séances A = Shaughnessy Salon

Sessions B / Séances B = Ambleside Room

Sessions C / Séances C = Point Grey Room

Sessions D / Séances D = Kitsilano Room

Sessions E / Séances E = Coal Harbour Room

Sessions F / Séances F = Dundarave Room

Timetable

	Pinnacle Ballroom II-III	Pinnacle Lobby* / Atrium – Patio**	Shaughnessy (Sessions A)	Ambleside (Sessions B)
THURSDAY – SATURDAY	Registration in Ballroom Lobby. Thursday Breakfast and Lunch in Pinnacle Ballroom II. Thursday Breaks in Pinnacle Lobby. Friday and Saturday Book / Software Display, Breakfasts, and Breaks in Pinnacle Ballroom I – Pinnacle Lobby (except Saturday afternoon Break).			
THURSDAY				
09:00 – 17:00 Concurrents	CAAA Workshop (Pinnacle Ballroom I)		CGA-Canada Workshop	
17:00 – 18:30				
19:00 – 22:00		Welcome Reception**		
FRIDAY				
07:15 – 08:15				
08:15 – 08:55	Opening Remarks			
08:55 – 10:25	Plenary Session I			
10:55 – 12:25 Concurrents 1			University Dept. Heads Exchange (by invitation)	Behavioural / Experimental
12:30 – 14:35	President's Lunch			
14:40 – 16:10 Concurrents 2			Education Panel: Cultural Diversity	Financial / Empirical
16:40 – 17:55			AGM	
18:00 – 20:15		Members' Reception**		
SATURDAY				
08:15 – 09:45	Plenary Session II			
10:15 – 11:45 Concurrents 3			Education Panel: e-Business	Financial / Empirical
11:50 – 13:55	Members' Lunch			
14:00 – 15:30 Concurrents 4		Learning Strategies Poster Session*	Education Innovations: Winners Present	Financial / Empirical
16:00 – 17:30 Concurrents 5			Education Panel: Judgement/Standards	Auditing / Analytical
SUNDAY				
Ethics Workshop				
07:30 – 08:00			Breakfast	
08:00 – 11:00			Presentations	
08:30 – 12:00	Conference Assessment & Planning Meeting (by invitation), Lonsdale Room, Level 3 East			

Timetable

Point Grey (Sessions C)	Kitsilano (Sessions D)	Coal Harbour (Sessions E)	Dundarave (Sessions F)
Thursday Breakfast and Lunch in Pinnacle Ballroom II. Thursday Breaks in Ballroom Lobby.		Registration in Ballroom Lobby. Friday and Saturday Book / Software Display, Breakfasts, and Breaks in Pinnacle Ballroom I – Pinnacle Lobby (except Saturday afternoon Break).	
			CAAA Board Training Meeting (by invitation)
			CAAA Liaisons Breakfast (by invitation)
Financial / Empirical	Taxation	Auditing / Social Policy	Education: Challenges Open Forum
Organization Control	Managerial Compensation / Performance Measurement	Auditing / Empirical	Financial / Empirical IPOs
Auditing: Empirical / Behavioural	Auditing / Analytical	Managerial Compensation	Research Panel: Diversity in Accounting Research
Empirical: Valuation & Disclosure	Social Policy	Empirical / Auditing	Issues in Publishing Research
Financial / Empirical	Taxation	Ownership & Control	Managerial Compensation / Performance Measurement

Horaire

	Pinnacle Ballroom II-III	Pinnacle Lobby* / Atrium – Terrasse**	Shaughnessy (Séances A)	Ambleside (Séances B)
JEUDI – SAMEDI	Inscription dans Ballroom Lobby. Vendredi et samedi, petits déjeuners, pauses et exposition de livres et de logiciels dans Pinnacle Ballroom I – Pinnacle Lobby (sauf la pause de samedi après-midi).			
JEUDI				
09:00 – 17:00 Simultanées	Atelier de l'ACPC (Pinnacle Ballroom I)		Atelier de CGA-Canada	
17:00 – 18:30				
19:00 – 22:00		Réception de bienvenue**		
FRIDAY				
07:15 – 08:15				
08:15 – 08:55	Mot d'ouverture			
08:55 – 10:25	Séance plénière I			
10:55 – 12:25 Simultanées 1			Échange entre les chefs de département d'université (sur invitation)	Comportementale / expérimentale
12:30 – 14:35	Déjeuner de la présidente			
14:40 – 16:10 Simultanées 2			La diversité culturelle	Empirique / comptabilité financière
16:40 – 17:55			AGA	
18:00 – 20:15		Réception des membres**		
SAMEDI				
08:15 – 09:45	Séance plénière II			
10:15 – 11:45 Simultanées 3			Commerce électronique	Empirique / comptabilité financière
11:50 – 13:55	Déjeuner des membres			
14:00 – 15:30 Simultanées 4		Échange de stratégies pédagogique*	Innovations dans l'enseignement	Empirique / comptabilité financière
16:00 – 17:30 Simultanées 5			Jugement professionnel / normes de principes	Analytique / vérification
DIMANCHE				
Atelier sur l'éthique				
07:30 – 08:00			Petit déjeuner	
08:00 – 11:00			Exposé et discussion	
08:30 – 12:00	Évaluation du congrès et réunion de planification (sur invitation), Lonsdale Room, Niveau 3 Est			

Horaire

Point Grey (Séances C)	Kitsilano (Séances D)	Coal Harbour (Séances E)	Dundarave (Séances F)
Jeudi, petit déjeuner et déjeuner dans Pinnacle Ballroom II. Jeudi, pauses dans Pinnacle Lobby.		Inscription dans Ballroom Lobby. Vendredi et samedi, petits déjeuners, pauses et exposition de livres et de logiciels dans Pinnacle Ballroom I – Pinnacle Lobby (sauf la pause de samedi après-midi).	
			Réunion d'orientation du Conseil de l'ACPC (sur invitation)
			Petit déjeuner de liaison de l'ACPC (sur invitation)
Empirique / comptabilité financière	Fiscalité	Vérification / politiques sociales	Formation : Les défis — Débat ouvert
Contrôle organisationnel	Rémunération des cadres / la mesure du rendement	Empirique / vérification	Empirique / comptabilité financière sur les PI
Vérification: Comportementale / expérimentale	Analytique / vérification	Rémunération des cadres	Diversité en recherche comptable
L'évaluation / présentation de renseignements	Politiques sociales	Empirique / vérification	Publication de résultats de recherche
Empirique / comptabilité financière	Fiscalité	Participation / contrôle	Rémunération des cadres / la mesure du rendement

Thursday, May 27 / Jeudi 27 mai

Registration / Inscription

08:00 – 10:00 Conference Program / Programme du congrès

Ballroom Lobby

Level 3 West /

Niveau 3 Ouest

Sponsor / Commanditaire

Pearson Education Canada



Conference Attaché / Porte-documents

Sponsor / Commanditaire

Faculty of Business Administration,
Simon Fraser University



Breakfast / Petit déjeuner

08:15 – 09:00

Pinnacle Ballroom II

Level 3 West /

Niveau 3 Ouest

Sponsor / Commanditaire

CGA-Canada

CAAA / ACPC



Certified General
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Comptables généraux
accrédités



Concurrent Workshops / Ateliers simultanés

CGA-Canada Workshop / Atelier de CGA-Canada

Members of the Executive Committee of the International Association of Accounting and Education Research (IAAER) will team up with CGA-Canada to provide the venue for today's professional development activity.

Des membres du comité de direction de l'International Association of Accounting and Education Research (IAAER) se joindront à des représentants de CGA-Canada pour offrir une activité de perfectionnement professionnel.

Sponsor / Commanditaire

CGA-Canada



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Comptables généraux
accrédités

CAAA Workshop / Atelier de l'ACPC

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

L'art de la recherche comptable : planifier, réaliser de la recherche en comptabilité et en vérification, et en publier les résultats

Sponsor / Commanditaire

CAAA / ACPC



Thursday, May 27 / Jeudi 27 mai

Concurrent Sessions 1 / Séances simultanées 1

09:00 – 10:30

CAAA Research Workshop / Atelier de l'ACPC sur la recherche

Pinnacle Ballroom I
Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire
CAAA / ACPC



Workshop Leader / animateur
Gordon D. Richardson
(University of Toronto)

CGA-Canada Workshop / Atelier de CGA-Canada

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Opening Remarks / Mot d'ouverture
Dan A. Simunic (University of British Columbia)

Speaker / Conférencier
Belverd Needles (DePaul University)

Introduction to the IAAER worldwide initiatives and an overview of the global structure of accounting education.

Présentation des initiatives entreprises par l'IAAER partout dans le monde et aperçu de la structure mondiale de la formation en comptabilité.

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Chair / animateur
Michel Guindon
(HEC-Montréal)

Coffee Break / Pause café

10:30 – 11:00
Ballroom Lobby
Level 3 West /
Niveau 3 Ouest

Sponsors / Commanditaires
CGA-Canada
CAAA / ACPC



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Comptables généraux
accrédités



Concurrent Sessions 2 / Séances simultanées 2

11:00 – 12:30

CAAA Research Workshop / Atelier de l'ACPC sur la recherche

Pinnacle Ballroom I
Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire
CAAA / ACPC



Workshop Leader / animateur
Steven E. Salterio
(Queen's University)

Thursday, May 27 / Jeudi 27 mai

CGA-Canada Workshop / Atelier de CGA-Canada

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Speaker / Conférencier

Donna Street (University of Dayton)

Donna Street will highlight an analysis of the G4's role in the evolution of international accounting standard setting, and the role that Canada played in the G4 and currently plays in international standard setting.

Donna Street dévoilera les faits saillants d'une analyse du rôle du G4 dans l'évolution de l'établissement des normes de comptabilité internationale ainsi que du rôle que le Canada a joué dans le G4 et celui qu'il joue actuellement dans l'établissement des normes de comptabilité internationale.

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CGA-Canada



Certified General
Accountants
Comptables généraux
accrédités

Chair / Animateur

Michel Guindon
(HEC-Montréal)

Lunch / Déjeuner

12:30 – 13:30

Pinnacle Ballroom II

Level 3 West /
Niveau 3 Ouest

Sponsors / Commanditaires

CGA-Canada

CAAA / ACPC



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Accountants
Comptables généraux
accrédités



Concurrent Sessions 3 / Séances simultanées 3

13:30 – 15:00

CAAA Research Workshop / Atelier de l'ACPC sur la recherche

Pinnacle Ballroom I
Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire

CAAA / ACPC



Workshop Leader / Animateur

Michel L. Magnan
(Concordia University)

CGA-Canada Workshop / Atelier de CGA-Canada

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Speaker / Conférencier

Gary Sundem (University of Washington)

Gary Sundem, a member of the Accounting Education Change Commission, will present on developments in accounting education and the implications for the future.

Gary Sundem, membre de la Accounting Education Change Commission, fera le point sur la formation comptable et les répercussions des développements récents sur l'avenir.

Sponsor / Commanditaire

CGA-Canada



Certified General
Accountants
Comptables généraux
accrédités

Chair / Animateur

Michel Guindon
(HEC-Montréal)

Thursday, May 27 / Jeudi 27 mai

Coffee Break / Pause café

15:00 – 15:30
Ballroom Lobby
Level 3 West /
Niveau 3 Ouest

Sponsors / Commanditaires

CGA-Canada
CAAA / ACPC



Certified General
Accountants
Comptables généraux
accrédités



Concurrent Sessions 4 / Séances simultanées 4

15:30 – 17:00

CAAA Research Workshop / Atelier de l'ACPC sur la recherche

Pinnacle Ballroom I
Level 3 West /
Niveau 3 Ouest

Chairs / Animateurs

Gordon D. Richardson (University of Toronto)
Steven E. Salterio (Queen's University)
Michel L. Magnan (Concordia University)

Sponsor / Commanditaire

CAAA / ACPC



CGA-Canada Workshop / Atelier de CGA-Canada

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Speaker / Conférencier

Ayesha Laher (CGA-Canada)

Ayesha Laher will wrap up the day reporting on a major project to internationalize a syllabus and add value for a global market.

Ayesha Laher conclura la journée en faisant un compte rendu sur un projet de grande envergure visant à internationaliser un programme d'études et, ainsi, à ajouter de la valeur à la formation sur le marché mondial.

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CGA-Canada



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Comptables généraux
accrédités

Chair / Animateur

Michel Guindon
(HEC-Montréal)

Conference Registration / Inscription

16:00 – 19:00
Ballroom Lobby
Level 3 West /
Niveau 3 Ouest

Conference Program / Programme du congrès

Sponsor / Commanditaire

Pearson Education Canada



Conference Attaché / Porte-documents

Sponsor / Commanditaire

Faculty of Business Administration,
Simon Fraser University



Thursday, May 27 / Jeudi 27 mai

CAAA Board Orientation Meeting / Réunion d'orientation du Conseil de l'ACPC

17:00 – 18:30

Dundarave Room

Level 3 East /

Niveau 3 Est

Chair / Animateur

Glenn Feltham

(University of Saskatchewan)

Welcome Reception / Réception de bienvenue

19:00 – 22:00

Sponsor / Commanditaire

Atrium Foyer –

CICA / ICCA

Patio /

Foyer de l'atrium –

Terrasse

Level 3 West /

Niveau 3 Ouest



Chair / Animatrice

Linda Thorne

(York University)

Friday, May 28 / Vendredi 28 mai

Registration / Inscription

07:15 – 16:30

Ballroom Lobby

Level 3 West /

Niveau 3 Ouest

Conference Program / Programme du congrès

Sponsor / Commanditaire

Pearson Education Canada



Conference Attaché / Porte-documents

Sponsor / Commanditaire

Faculty of Business Administration,
Simon Fraser University



Book and Software Display / Exposition de livres et de logiciels

07:15 – 16:40

Pinnacle Ballroom I

– Pinnacle Lobby

Level 3 West /

Niveau 3 Ouest

Breakfast / Petit déjeuner

07:15 – 08:15

Pinnacle Ballroom I

– Pinnacle Lobby

Level 3 West /

Niveau 3 Ouest

Sponsor / Commanditaire

Kwantlen University College



CAAA Liaisons Breakfast /

Petit déjeuner à l'intention des agents de liaison de l'ACPC

07:15 – 08:15

(by invitation only / sur invitation seulement)

Dundarave Room

Level 3 East /

Niveau 3 Est

Chair / Animatrice

Linda Thorne

(York University)

Opening Remarks / Mot d'ouverture

08:15 – 08:55

Pinnacle

Ballroom II-III

Level 3 West /

Niveau 3 Ouest

Speakers / Conférenciers

Dan A. Simunic (University of British Columbia)

Linda Thorne (York University)

William L. Felix, Jr., AAA President (University of Arizona)

Friday, May 28 / Vendredi 28 mai

Plenary Session I / Séance plénière I

08:55 – 10:25

Pinnacle
Ballroom II-III

Level 3 West /
Niveau 3 Ouest

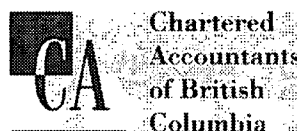
**Corporate Governance and Fraud /
Gouvernance d'entreprise et fraude**

Panelists / Experts

Mark S. Beasley (North Carolina State University)
Daniel B. Thornton (Queen's University)
Judy S. L. Tsui (Hong Kong Polytechnic University)

Sponsor / Commanditaire

Institute of Chartered Accountants of
British Columbia



Chair / Animateur

William L. Felix, Jr.
(University of Arizona)

Coffee Break / Pause café

10:25 – 10:55

Pinnacle Ballroom I
– Pinnacle Lobby

Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire

Institute of Chartered Accountants of
Ontario



Concurrent Sessions 1 / Séances simultanées 1

10:55 – 12:25

Session / Séance 1A

Shaughnessy
Salon

Level 3 West /
Niveau 3 Ouest

University Department Heads' Information Exchange

Échange entre les chefs de département d'université

(by invitation only / sur invitation seulement)

Sponsor / Commanditaire

CAAA / ACPC



Chair / Animateur

Michael Gibbins
(University of Alberta)

Session / Séance 1B

Ambleside
Room

Level 4 East /
Niveau 4 Est

Behavioural / Experimental Research

Recherche comportementale et expérimentale

*"Using Counter-explanation to Limit Unintentional Optimism in
Analysts' Forecasts of Annual Earnings for Loss Firms"*

Kathryn Kadous (Emory University)
Susan D. Krische* (University of Illinois)
Lisa M. Sedor (University of Notre Dame)

*"The Impact of Client Strategy Content and Strategy Process on
Risk Assessment and Audit Planning"*

Natalia V. Kotchetova (University of Waterloo)

Chair / Animatrice

Lori S. Kopp
(University of Lethbridge)

Discussant / Commentateur

Craig Emby
(Simon Fraser University)

* Presenter.

Friday, May 28 / Vendredi 28 mai

Session / Séance 1C

Point Grey
Room
Level 3 East /
Niveau 3 Est

Financial / Empirical Research

Recherche empirique en comptabilité financière

"Stock-based Compensation, Insider Trading, and Earnings Management"

Qiang Cheng* (University of British Columbia)

Terry D. Warfield (University of Wisconsin)

"Conference Calls and Information Asymmetry"

Stephen Brown (Emory University)

Stephen A. Hillegeist (Northwestern University)

Kin Lo* (University of British Columbia)

Chair / Animatrice

Heather A. Wier
(University of Alberta)

Discussant / Commentateur

Mark Huson
(University of Alberta)

Session / Séance 1D

Kitsilano
Room
Level 3 East /
Niveau 3 Est

Taxation Research

Recherche en fiscalité

"e-Commerce and International Tax Planning"

Carla Carnaghan* (University of Waterloo)

Kenneth J. Klassen (University of Waterloo)

"The Basic Analytics of the Taxation of Non-Resident Athletes"

Alan Macnaughton (University of Waterloo)

Chair / Animateur

Brock Dykeman
(University College of the
Cariboo)

Discussant / Commentateur

Glenn Feltham
(University of Saskatchewan)

Session / Séance 1E

Coal Harbour
Room
Level 2 West /
Niveau 2 Ouest

Auditing / Social Policy Research

Recherche en vérification et en politiques sociales

"Auditor Independence and Family-Owned Audit Firms: The Clarkson and Ross Brothers as Directors of Audit Clients"

Laura D. MacDonald* (Wilfrid Laurier University)

Dean Neu (University of Calgary)

Alan J. Richardson (York University)

"Accountancy Before the Fall: The AICPA Vision Project and Related Professional Enterprises"

Timothy J. Fogarty (Case Western Reserve University)

Vaughan S. Radcliffe* (University of Western Ontario)

David R. Campbell (Ernst & Young Germany)

Chair / Animatrice

Irene M. Gordon
(Simon Fraser University)

Discussant / Commentateur

Jesse F. Dillard
(Portland State University)

* Presenter.

Friday, May 28 / Vendredi 28 mai

Session / Séance 1F

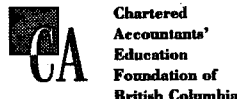
Dundarave
Room
Level 3 East /
Niveau 3 Est

Challenges in Accounting Education: Open Forum

**Les défis propres à l'enseignement de la comptabilité —
Débat ouvert**

Sponsor / Commanditaire

Chartered Accountants' Education
Foundation of British Columbia



Chair / Animateur

David Drake
(Centennial College)

President's Lunch / Déjeuner de la présidente

12:30 – 14:35

Speaker / Conférencier

Pinnacle
Ballroom II-III

Daniel Muzyka, Dean, Sauder School of Business,
University of British Columbia — "Strategic Leadership"

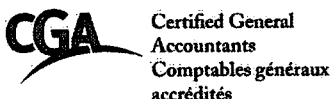
Chairs / Animatrices

Linda Thorne
(York University)

Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire

CGA-Canada



Lynda Carson
(CGA-Canada)

Presentation of L. S. Rosen Award / Remise du Prix L. S. Rosen

Winner

W. Morley Lemon (University of Waterloo)

Chair / Animateur

Grant W. Russell
(University of Waterloo)

Concurrent Sessions 2 / Séances simultanées 2

Session / Séance 2A

14:40 – 16:10

Cultural Diversity (panel discussion)

Shaughnessy
Salon

La diversité culturelle (discussion entre experts)

Chair / Animatrice

Lynda Carson
(CGA-Canada)

Level 3 West /
Niveau 3 Ouest

Panelists / Experts

Zhenyi Li (University of British Columbia)

Judy S. L. Tsui (Hong Kong Polytechnic University)

Rosalie Tung (Simon Fraser University)

Session / Séance 2B

Ambleside
Room

Financial / Empirical Research

Level 4 East /
Niveau 4 Est

Recherche empirique en comptabilité financière

**"The Valuation of Domestic and Foreign Earnings and the Impact
of Investor Sophistication"**

Jeffrey L. Callen (University of Toronto)

Ole-Kristian Hope (University of Toronto)

Dan Segal* (University of Toronto)

(Session continues / Séance suite)

Chair / Animateur

Duane B. Kennedy
(University of Waterloo)

Discussant / Commentateur

Joy Begley
(University of
British Columbia)

* Presenter.

Friday, May 28 / Vendredi 28 mai

Session / Séance 2B (continued / suite)

Ambleside
Room

Level 4 East /
Niveau 4 Est

"Can Performance Differentiate Intra-Industry Information Transfer?"

Bixia Xu (Wilfrid Laurier University)

"Heterogeneous Valuation of Accruals and Trading Volume"

Oliver Z. Li (University of Notre Dame)

Hong Xie* (University of Illinois)

Weihong Xu (Vanderbilt University)

Chair / Animateur

Duane B. Kennedy
(University of Waterloo)

Discussant / Commentateur

Joy Begley
(University of
British Columbia)

Session / Séance 2C

Point Grey
Room

Level 3 East /
Niveau 3 Est

Research in Organization Control

Recherche en contrôle organisationnel

"Transnational Corporations and Expert Management Control Systems: A Levinasian Ethics Critique"

Norman B. Macintosh* (Queen's University)

Teri L. Shearer (Queen's University)

A. Riccaboni (University of Siena)

"Forces Leading to the Adoption of Accrual Accounting by the Canadian Federal Government: An Institutional Perspective"

Ron Baker (University of Regina)

Morina D. Rennie* (University of Regina)

Chair / Animateur

Vaughan S. Radcliffe
(University of Western
Ontario)

Discussant / Commentateur

Nola Buhr
(University of Saskatchewan)

Session / Séance 2D

Kitsilano
Room

Level 3 East /
Niveau 3 Est

Managerial Compensation / Performance Measurement Research

Recherche sur la rémunération des cadres et la mesure du rendement

"Management Stock Ownership and the Under-Investment Problem"

Kiridaran Kanagaretnam* (McMaster University)

Robert Mathieu (Wilfrid Laurier University)

Sudipto Sarkar (McMaster University)

"Real-Option Valuation of Research and Development Investments: Implications for Performance Measurement"

Hemantha S. B. Herath* (Brock University)

Wayne G. Bremser (Villanova University)

Chair / Animateur

Suresh S. Kalagnanam
(University of Saskatchewan)

Discussant / Commentateur

Gerald A. Feltham
(University of
British Columbia)

* Presenter.

Friday, May 28 / Vendredi 28 mai

Session / Séance 2E

Coal Harbour
Room
Level 2 West /
Niveau 2 Ouest

Auditing / Empirical Research

Recherche empirique en vérification

"Discretionary Accruals, Managerial Incentives, and Audit and Non-audit Services"

S. Mitchell Williams* (Singapore Management University)

Gregory D. Tower (Curtin University of Technology)

"Has the Audit Quality of Big Auditors Declined Over Years?"

B. Brian Lee* (Indiana University, Kokomo & Concordia University)

Steven R. Cox (Indiana University, Kokomo)

Dianne M. Roden (Indiana University, Kokomo)

Chair / Animatrice

Kathryn Bewley
(York University)

Discussant / Commentateur

Michael T. Stein
(University of Oregon)

Session / Séance 2F

Dundarave
Room
Level 3 East /
Niveau 3 Est

Financial / Empirical Research on IPOs

Recherche empirique en comptabilité financière sur les placements initiaux

"Valuing IPOs Using Price-Earnings Multiples Disclosed by IPO Firms in an Emerging Capital Market"

Michael A. Firth (Hong Kong Polytechnic University)

Yue Li* (University of Toronto)

Steven Shuye Wang (Hong Kong Polytechnic University)

"Audit Quality and the Pricing of Initial Public Debt Issues"

Steve Fortin* (McGill University)

Jeffrey A. Pittman (Memorial University of Newfoundland)

"Analysts' Coverage and Long-term Performance of Initial Public Offerings"

Vijay Jog (Carleton University)

Bruce J. McConomy* (Wilfrid Laurier University)

Chair / Animatrice

Cheryl S. McWatters
(University of Alberta)

Discussant / Commentateur

John S. Hughes
(University of California,
Los Angeles)

Coffee Break / Pause café

16:10 – 16:40
Pinnacle Ballroom I
– Pinnacle Lobby
Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire

CMA Canada — British Columbia



* Presenter.

Friday, May 28 / Vendredi 28 mai

CAAA Annual General Meeting / Assemblée générale annuelle de l'ACPC

16:40 – 17:55

Shaughnessy
Salon

Level 3 West /
Niveau 3 Ouest

Chair / Animateur

Linda Thome
(York University)

Members' Reception / Réception à l'intention des membres

18:00 – 20:15

Atrium Foyer –
Patio /
Foyer de l'atrium –
Terrasse

Level 3 West /
Niveau 3 Ouest

Sponsors / Commanditaires

John Wiley & Sons Canada
Limited

CGA British Columbia



Chair / Animateur

Glenn Feltham
(University of Saskatchewan)

Saturday, May 29 / Samedi 29 mai

Fun Run / Course du congrès

06:15 – 07:15

Hotel Lobby

We'll have two groups: walkers and runners. Meet in the lobby of the Marriott Vancouver Pinnacle at 6:00 a.m for a 6:15 a.m. start.

Les participants seront divisés en deux groupes, celui des marcheurs et celui des coureurs. Les personnes intéressées doivent se présenter dans le hall d'entrée de l'hôtel Marriott Vancouver Pinnacle à 6 h. Le départ de la course aura lieu à 6 h 15.

Chair / Animateur

David McPeak
(CGA-Canada)

Registration / Inscription

07:15 – 09:45

Ballroom Lobby

Level 3 West /

Niveau 3 Ouest

Conference Program / Programme du congrès

Sponsor / Commanditaire

Pearson Education Canada



Conference Attaché / Porte-documents

Sponsor / Commanditaire

Faculty of Business Administration,
Simon Fraser University



Book and Software Display / Exposition de livres et de logiciels

07:15 – 12:00

Pinnacle Ballroom I

– Pinnacle Lobby

Level 3 West /

Niveau 3 Ouest

Breakfast / Petit déjeuner

07:15 – 08:15

Pinnacle Ballroom I

– Pinnacle Lobby

Level 3 West /

Niveau 3 Ouest

Plenary Session II / Séance plénière II

Current Standards-Setting Issues in Accounting, Auditing and the Public Sector

Les questions actuelles liées à l'établissement de normes en comptabilité, en vérification et dans le secteur public

08:15 – 09:45

Pinnacle
Ballroom II-III
Level 3 West /
Niveau 3 Ouest

Panelists / Experts

David Rattray (Assistant Auditor General of Canada)
Katherine Schipper (Financial Accounting Standards Board)
Jim Sylph (Technical Director, International Auditing and Assurance Standard Board)

Chair / Animateur

Dan A. Simunic
(University of
British Columbia)

Sponsor / Commanditaire

KPMG Bureau for Research in Financial Reporting at the
University of British Columbia

Coffee Break / Pause café

09:45 – 10:15

Pinnacle Ballroom I
– Pinnacle Lobby
Level 3 West /
Niveau 3 Ouest

Sponsor / Commanditaire

Thomson Nelson



Concurrent Sessions 3 / Séances simultanées 3

10:15 – 11:45

Session / Séance 3A

Shaughnessy
Salon

Level 3 West /
Niveau 3 Ouest

Decline of the Age of Pacioli — Impact of e-Business on Accounting and Accounting Education

Le déclin de l'ère de Pacioli — L'incidence du commerce électronique sur la formation en comptabilité

Panelists / Experts

J. Efrim Boritz (University of Waterloo)
Suzanne Hubbard (PricewaterhouseCoopers LLP,
Lead for XBRL Canada)
Gerald Trites (St. Francis Xavier University)

Chair / Animatrice

Robin Hemmingsen
(Centennial College)

Sponsor / Commanditaire

SAP Canada



Saturday, May 29 / Samedi 29 mai

Session / Séance 3B

Ambleside
Room
Level 4 East /
Niveau 4 Est

Financial / Empirical Research

Recherche empirique en comptabilité financière

"To Swear Early or Not to Swear Early? An Empirical Investigation of Factors Affecting CEOs' Decisions"

Gerald J. Lobo (Syracuse University)

Jian Zhou* (SUNY at Binghamton)

"The Association between Analysts' Earnings Forecast Dispersion and the Magnitude of Earnings Response Coefficient: 'Noise' or 'Uncertainty'?"

Jong-Hag Choi (Hong Kong University of Science & Technology)

Tony Kang* (McGill University & Singapore Management University)

"The Statement of Corporate Governance Practices' (SCGP), Transparency and Ownership Structure"

Réal Labelle (HEC-Montréal)

Chair / Animateur

Thomas H. Beechy
(York University)

Discussant / Commentateur

Qiang Cheng
(University of
British Columbia)

Session / Séance 3C

Point Grey
Room
Level 3 East /
Niveau 3 Est

Auditing: Empirical / Behavioural Research

Recherche empirique et comportementale en vérification

"The Chief Financial Officer's Perspective on Negotiations with the Auditor about Financial Reporting"

Michael Gibbins (University of Alberta)

Susan A. McCracken* (University of Toronto)

Steven E. Salterio (Queen's University)

"Stock Returns, Cognitive Bias, and Going Concern Uncertainties Disclosures"

Eli Bartov (New York University)

Ferdinand A. Gul (City University of Hong Kong)

Judy S. L. Tsui* (Hong Kong Polytechnic University)

Chair / Animateur

Greg Berberich
(Wilfrid Laurier University)

Discussant / Commentateur

Philip R. Beaulieu
(University of Calgary)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 3D

Kitsilano
Room

Level 3 East /
Niveau 3 Est

Auditing / Analytical Research

Recherche analytique en vérification

"The Forensic-Type Phase: Fraud Detection in Auditing"

Yasuhiro Ohta, York University

"The Audit Expectation Gap and Its Impact on Audit Quality and Auditing Standard Compliance"

Ping Zhang (University of Toronto)

Chair / Animatrice

Theresa Libby
(Wilfrid Laurier University)

Discussant / Commentateur

Derek Chan
(University of Hong Kong)

Session / Séance 3E

Coal Harbour
Room

Level 2 West /
Niveau 2 Ouest

Managerial Compensation Research

Recherche sur la rémunération des cadres

"Dividend Payout and Executive Compensation: Theory and Evidence"

Nalinaksha Bhattacharyya, University of Manitoba

Amin Mawani (York University)

Cameron K. J. Morrill* (University of Manitoba)

"The Use of Individual Performance Evaluation (IPE) in CEO Incentive Contracts: Optimal Contracting or Managerialism?"

Eduardo Schiehl* (HEC-Montréal)

Paul E. André (University of Edinburgh)

Chair / Animateur

Carla Carnaghan
(University of Waterloo)

Discussant / Commentateur

Heather A. Wier
(University of Alberta)

Discussant / Commentateur

Xiaohong Liu
(Hong Kong University of
Science & Technology)

Session / Séance 3F

Dundarave
Room

Level 3 East /
Niveau 3 Est

Diversity in Accounting Research: Whither and Whence

Diversité et recherche comptable : du début à la fin

Panelists / Experts

*(Panel to present and then join in attendees' discussion /
Les experts donneront un exposé et les participants se
joindront ensuite à eux pour discuter)*

Jesse F. Dillard (Portland State University)

Vaughan S. Radcliffe (University of Western Ontario)

Steven E. Salterio (Queen's University)

Thomas W. Scott (University of Alberta)

Michael T. Stein (University of Oregon)

Chair / Animatrice

Linda Thome
(York University)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Members' Lunch / Déjeuner à l'intention des membres

11:50 – 13:55

Pinnacle
Ballroom II-III
Level 3 West /
Niveau 3 Ouest

Speaker / Conférencier

Dr. Michael Stevenson, President and Vice-Chancellor, Simon Fraser University — "CMA Centre for Strategic Change and Performance Measurement"

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Chair / Animateur

Glenn Feltham
(University of Saskatchewan)

Presentation of Estey Award / Remise du prix Estey

Sally P. Gunz
(University of Waterloo)

Presentation of CAAA Education Awards / Remise des prix de l'ACPC axés sur la formation

Ronald Francis
(Seneca College)

Innovation in Accounting Education Awards

Les gagnants du concours de l'ACPC sur l'innovation dans l'enseignement

First Prize / Première place

Ian Feltmate & Ian Hutchinson (Acadia University)

Second Prize / Deuxième place

Mary Oxner (St. Francis Xavier University)

Case Competition Awards

English / Anglais

Fred Phillips & Doug Kalesnikoff (University of Saskatchewan)

French / Français

François Brouard (Carleton University)

Presentation of Retiring Board Members' Plaques / Remise des plaques aux membres sortant du Conseil

Glenn Feltham
(University of Saskatchewan)

Concurrent Sessions 4 / Séances simultanées 4

14:00 – 15:30

Session / Séance 4A

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Accounting Education Innovations: Winners Present

Innovations dans l'enseignement de la comptabilité : exposés des lauréats

"World Baseball League" / « La ligue mondiale de baseball »

Ian Feltmate (Acadia University)

Ian Hutchinson (Acadia University)

(Session continues / Séance suite)

Chair / Animatrice

Pascale Lapointe
(Concordia University)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 4A (continued / suite)

Pinnacle Ballroom
Lobby
Level 3 West /
Niveau 3 Ouest

*"Service Learning in Management Accounting Curriculum" /
« L'apprentissage philanthropique dans le programme d'études
en comptabilité de management »*

Mary Oxner (St. Francis Xavier University)

Chair / Animatrice

Nicola Young
(Saint Mary's University)

Learning Strategies Exchange: Poster Session Échange de stratégies pédagogiques : Séance de communications affichées

(in the Ballroom Lobby / dans la salle Ballroom Lobby)

Ian Feltmate* & Ian Hutchinson* (Acadia University)
"World Baseball League"

Mary Oxner (St. Francis Xavier University)

*"Implementation of a Service Learning Pedagogy in a
Management Accounting Curriculum"*

Brad Long & Mary Oxner* (St. Francis Xavier University)

*"Using the Balanced Scorecard as a Framework for a
Management Accounting Curriculum"*

Angela Downey* & Deborah Jarvie* (University of Lethbridge)

"Introductory Management Accounting Project"

Margaret Shackell-Dowell (University of Notre Dame)

*"Revised Structure, Learning Outcomes, and
Assessments for the Decision Making and Control
(Cost Accounting) Course"*

Morina D. Rennie (University of Regina)

*"Helping Students Integrate Intermediate Financial
Accounting Subject Matter"*

Howard M. Armitage & Grant W. Russell*

(University of Waterloo)

*"Teaching Activity-Based Management — A Team-Based
Simulation Using Storyboards"*

Grant Russell* & Tracy Penny Light (University of Waterloo)

"ePortfolios"

Session / Séance 4B

Ambleside
Room
Level 4 East /
Niveau 4 Est

Financial / Empirical Research

Recherche empirique en comptabilité financière

*"Using the Jones and Modified Jones Models to Estimate
Quarterly Discretionary Accruals: Problems and Possible
Remedies"*

Zhi-Xing Lin (National University of Singapore)

Michael S. H. Shih* (National University of Singapore)

(Session continues / Séance suite)

Chair / Animateur

Bruce J. McConomy
(Wilfrid Laurier University)

Discussant / Commentateur

Sandra L. Chamberlain
(University of
British Columbia)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 4B (*continued / suite*)

Ambleside
Room
Level 4 East /
Niveau 4 Est

"Loan Loss Provisions by Banks in Hong Kong, Malaysia and Singapore"

Li Li Eng* (Oklahoma State University)
Sandeep Nabar (Oklahoma State University)

"An International Comparison of Pro Forma Earnings Disclosure: Use and Regulatory Implications"

Gary M. Entwistle (University of Saskatchewan)
Glenn Feltham (University of Saskatchewan)
Chima Mbagwu* (University of Saskatchewan)

Chair / Animateur

Bruce J. McConomy
(Wilfrid Laurier University)

Discussant / Commentateur

Sandra L. Chamberlain
(University of
British Columbia)

Session / Séance 4C

Point Grey
Room
Level 3 East /
Niveau 3 Est

Empirical Research in Valuation & Disclosure

Recherche empirique sur l'évaluation d'entreprise et la présentation de renseignements

"Inco Ltd.: Subjectivity in Fair Valuation"

Andrew S. Hilton* (University of Alberta)
Patricia C. O'Brien (University of Waterloo)

"Labor Cost Voluntary Disclosures and Firm Equity Values: Is Human Capital Information Value-Relevant?"

Kaouthar Lajili* (University of Ottawa)
Daniel Zeghal (University of Ottawa)

"The Effects of Regulation Fair Disclosure on Management Forecasts"

Carla Carnaghan* (University of Waterloo)
Ranjini Sivakumar (University of Waterloo)

Chair / Animateur

Samir Trabelsi
(Brock University)

Discussant / Commentateur

Daniel Coulombe
(Université Laval)

Session / Séance 4D

Kitsilano
Room
Level 3 East /
Niveau 3 Est

Research on Social Policy Issues

Recherche sur les questions liées aux politiques sociales

"Making a Difference: The Construction of Audit Committee Effectiveness within Public Corporations"

Yves Gendron* (University of Alberta)
Jean Bédard (Université Laval)

"Slave-Trade Investments and Investment Returns: Evidence from Eighteenth-Century France"

Cheryl S. McWatters (University of Alberta)

Chair / Animateur

John D. Russell
(University of Saskatchewan)

Discussant / Commentateur

Laura D. MacDonald
(Wilfrid Laurier University)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 4E

Coal Harbour
Room
Level 2 West /
Niveau 2 Ouest

Empirical Research in Auditing

Recherche empirique en vérification

"The Impairment of Auditor Credibility: Stock Market Evidence from the Enron-Andersen Saga"

Rajib K. Doogar (University of Illinois)

Theodore Sougiannis (University of Illinois)

Hong Xie* (University of Illinois)

"Audit Committees and Misappropriation of Assets in Publicly Held Companies"

Heidi H. Meier (Cleveland State University)

Sameer T. Mustafa* (Concordia University)

Chair / Animatrice

Natalia V. Kotchetova
(University of Waterloo)

Discussant / Commentateur

Sati P. Bandyopadhyay
(University of Waterloo)

Session / Séance 4F

Dundarave
Room
Level 3 East /
Niveau 3 Est

Issues in Publishing Research

Difficultés liées à la publication de résultats de recherche

"Concentration of Publishing in the Business Majors: Theory and Evidence for Accounting, Finance, Management and Marketing"

Edward P. Swanson* (Texas A&M University)

Asghar Zardkoobi (Texas A&M University)

Chair / Animateur

Dan A. Simunic
(University of
British Columbia)

Discussants / Commentateurs

Terry Shevlin
(University of Washington,
Senior Editor,
The Accounting Review)

Gordon D. Richardson
(University of Toronto, Editor,
*Contemporary Accounting
Research*)

Coffee Break / Pause café

15:30 – 16:00

Ballroom Lobby
Level 3 West /
Niveau 3 Ouest

* Presenter.

Saturday, May 29 / Samedi 29 mai

Concurrent Sessions 5 / Séances simultanées 5

16:00 – 17:30

Session / Séance 5A

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

Professional Judgement and Principles-Based Standards

Le jugement professionnel et les normes de principes

Panelists / Experts

Katherine Schipper (Financial Accounting Standards Board)
Daniel B. Thornton (Queen's University)

Sponsor / Commanditaire

Sauder School of Business,
University of British Columbia



SAUDER SCHOOL OF BUSINESS
THE UNIVERSITY OF BRITISH COLUMBIA

Chair / Animateur

Michael Gibbins
(University of Alberta)

Session / Séance 5B

Ambleside
Room
Level 4 East /
Niveau 4 Est

Auditing / Analytical Research

Recherche analytique en vérification

"The Economic Consequences of Limiting the Joint Provision of Audit and Nonaudit Services"

Derek K. Chan (University of Hong Kong)

"Learning about Client Risk through Audit and Non-Audit Services"

Paul J. Beck (University of Illinois)

Martin G. H. Wu* (University of Illinois)

"Gaming, Trust and Reciprocity: Some Experimental Evidence"

Kiridaran Kanagaretnam* (McMaster University)

S. M. Khalid Nainar (McMaster University)

Mohamed Shehata (McMaster University)

Chair / Animatrice

Patricia C. O'Brien
(University of Waterloo)

Discussant / Commentateur

Ping Zhang
(University of Toronto)

Session / Séance 5C

Point Grey
Room
Level 3 East /
Niveau 3 Est

Financial / Empirical Research

Recherche empirique en comptabilité financière

"Predicting Business Failures in Canada"

J. Efrim Boritz (University of Waterloo)

Duane B. Kennedy* (University of Waterloo)

Jerry Y. Sun (University of Waterloo)

(Session continues / Séance suite)

Chair / Animateur

Tony Kang
(McGill University)

Discussant / Commentateur

Kin Lo
(University of
British Columbia)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 5C (continued / suite)

Point Grey
Room

Level 3 East /
Niveau 3 Est

*"Applying Financial Statement Analysis to Forecast Earnings
Growth and Evaluate P/E Ratios"*

Siyi Li (University of Illinois)

*"The Impact of Financial Reporting Regulation on Corporate
Environmental Disclosure: Evidence from Publicly-traded U.S.
Chemical Companies"*

Kathryn Bewley (York University)

Vanessa Magness* (Ryerson University)

Chair / Animateur

Tony Kang
(McGill University)

Discussant / Commentateur

Kin Lo
(University of
British Columbia)

Session / Séance 5D

Kitsilano
Room

Level 3 East /
Niveau 3 Est

Research in Taxation

Recherche en fiscalité

*"The Determinants of Aggressiveness of Tax Avoidance during
Tax Holidays: Evidence from Foreign Invested Enterprises in
China"*

Yasheng Chen* (University of Western Ontario)

Fernando Rajulton (University of Western Ontario)

David J. Sharp (University of Western Ontario)

*"Impact of Capital Gains Taxes on Firm Valuation: Evidence from
the February 28, 2000 Canadian Capital Gains Inclusion Rate
Reduction"*

Akinloye Akindayomi* (University of Calgary)

Hussein A. Warsame (University of Calgary)

Chair / Animatrice

Suzanne Paquette
(Université Laval)

Discussant / Commentateur

Thomas Matthews
(University of Alberta)

Session / Séance 5E

Coal Harbour
Room

Level 2 West /
Niveau 2 Ouest

Research Issues in Ownership and Control

**Recherche sur les questions liées à la participation et au
contrôle**

*"Foreign Equity Ownership and Corporate Transparency in
Emerging Markets: Evidence from Korea"*

Jeong-Bon Kim* (Hong Kong Polytechnic University)

Cheong H. Yi (Hong Kong Polytechnic University)

*"Multinational versus Local: The Evolution of Market Competition
in China"*

Quanlin Gu (McMaster University)

Celine Yi Shen* (Peking University)

Chair / Animateur

Yue Li
(University of Toronto)

Discussant / Commentateur

Bixia Xu
(Wilfrid Laurier University)

* Presenter.

Saturday, May 29 / Samedi 29 mai

Session / Séance 5F

Dundarave
Room
Level 3 East /
Niveau 3 Est

Managerial Compensation / Performance Measurement Research

Recherche sur la rémunération des cadres et la mesure du rendement

"Incentives, Performance Measurement, and Delegation: An Empirical Analysis of Interdependencies in Organizational Architecture"

Elizabeth Demers (University of Rochester)

Margaret Shackell-Dowell* (University of Notre Dame)

Sally K. Widener (Rice University)

"The Impact of Equity-Based Executive Compensation on Corporate Performance and Capital Investment"

H. Young Baek (Nova Southeastern University)

Joung W. Kim* (Concordia University)

Michel L. Magnan (Concordia University)

Chair / Animateur

Cameron J. Morrill
(University of Manitoba)

Discussant / Commentateur

Terry Shevlin
(University of Washington)

18:40
Hotel Lobby

First bus leaves for the Vancouver Aquarium / Le premier autobus part à destination de l'Aquarium de Vancouver

Social event: Dinner at the Vancouver Aquarium

Activité sociale : Dîner à l'Aquarium de Vancouver

19:00 – 23:00
Vancouver
Aquarium

Beluga whale show; dinner; interpretive tours. Door prizes will be awarded. Dan Simunic and Daniel Coulombe will give the closing remarks.

Activité sociale : Dîner à l'Aquarium de Vancouver comprenant spectacle de bélugas, dîner, et visites guidées. Des prix de présence seront tirés. Dan Simunic et Daniel Coulombe prononceront le mot de la fin.

Sponsors / Commanditaires

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Sunday, May 30 / Dimanche 30 mai

Ethics Workshop / Atelier sur l'éthique

Shaughnessy
Salon
Level 3 West /
Niveau 3 Ouest

***Ethical Lessons and Other Implications of the Financial
Reporting Scandals***

***Leçons d'ordre éthique et autres conséquences
découlant des scandales relatifs à l'information financière***

Sponsor / Commanditaire

University of Waterloo,
Centre for Accounting Ethics



Chair / Animatrice

Sally P. Gunz
(University of Waterloo)

Buffet Breakfast / Petit déjeuner style buffet

07:30 – 08:00

(N.B.: There will be no lunch /

Shaughnessy
Salon

Nota : il n'y aura pas de déjeuner)

Level 3 West /
Niveau 3 Ouest

Introduction and Opening Remarks / Présentation et mot d'ouverture

08:00 – 08:10

Sally P. Gunz, Director, Centre for Accounting Ethics

08:10 – 08:30

Estey Award Winner Address /

Exposé du lauréat du Prix Estey

Presentation and Discussion / Exposé et discussion

08:30 – 09:00

**New Case for Management Fraud, Corporate Governance,
and Professional Responsibilities Collection**

J. Efrim Boritz (University of Waterloo)

Linda Robinson* (University of Waterloo)

Sally P. Gunz
(University of Waterloo)

09:00 – 11:00

**"Ethical Lessons and Other Implications of the Financial
Reporting Scandals"**

Presentation and Discussion / Exposé et discussion

Gary L. Sundem (University of Washington)

Sally P. Gunz
(University of Waterloo)

Conference Assessment and Planning Meeting

Évaluation du congrès et réunion de planification

08:30 – 12:00

(By invitation only / Sur invitation seulement)

Lonsdale Room
Level 3 East /
Niveau 3 Est

Continental Breakfast served in the room.

Petit déjeuner continental servi dans la salle.

Dan A. Simunic
(University of
British Columbia)

* Presenter.

End of Conference / Fin du congrès

**Join us next year,
June 2 – 5, 2005,
in Quebec City, Quebec
for the CAAA's
29th Annual Conference**

**Soyez des nôtres
l'an prochain à l'occasion du
29^e congrès annuel de l'ACPC,
qui aura lieu à Québec (Québec)
du 2 juin au 5 juin**

Education Session Synopses

Aperçu des séances sur la formation

CGA-Canada / CAAA Workshop

Accounting without Borders

(Full day workshop)
Sponsor: CGA-Canada

Moderator: Michel Guindon (HEC-Montréal)

In keeping with the international and interdisciplinary conference theme, distinguished members of the Executive Committee of the International Association of Accounting and Education Research (IAAER) will team up with CGA-Canada to provide the venue for today's professional development activity.

Morning Presentations:

Speaker: Belverd Needles, Ernst & Young Distinguished Professor
of Accounting (DePaul University)

Professor Needles will kick off the session with an introduction to the IAAER worldwide initiatives and an overview of the global structure of accounting education.

Speaker: Donna Street, Mahrt Chair in Accounting (University of Dayton)

Professor Street, will highlight an analysis of the G4's role in the evolution of international accounting standard setting and the role that Canada played in the G4 and currently plays in international standard setting.

Afternoon Presentations:

Speaker: Gary Sundem, Julius A. Roller Professor in Accounting (University of Washington)
and a member of the Accounting Education Change Commission

Professor Sundem will present on developments in accounting education and the implications for the future.

Speaker: Ayesha Laher, Manager of Special Projects, CGA-Canada

Ms Laher will wrap up the day reporting on a major project to internationalize a syllabus and add value for a global market.

Atelier CGA-Canada / ACPC

Comptabilité sans frontières

(Atelier d'une journée) **Commanditaire : CGA-Canada**

Animateur : Michel Guindon (HEC-Montréal)

Fidèles au caractère international et interdisciplinaire du congrès, des membres distingués du comité de direction de l'International Association of Accounting and Education Research (IAAER) se joindront à des représentants de CGA-Canada pour offrir une activité de perfectionnement professionnel.

Exposés donnés en avant-midi :

Conférencier : Belverd Needles, Professeur distingué de comptabilité Ernst & Young (DePaul University)

Professeur Needles donnera le coup d'envoi à la séance en présentant les initiatives entreprises par l'IAAER partout dans le monde ainsi qu'un aperçu de la structure mondiale de la formation en comptabilité.

Conférencier : Donna Street, Professeure titulaire de la chaire Mahrt en comptabilité (University of Dayton)

Professeure Donna Street, dévoilera les faits saillants d'une analyse du rôle du G4 dans l'évolution de l'établissement des normes de comptabilité internationale ainsi que du rôle que le Canada a joué dans le G4 et celui qu'il joue actuellement dans l'établissement des normes de comptabilité internationale.

Exposés donnés en après-midi :

Conférencier : Gary Sundem, Professeur de comptabilité Julius A. Roller (University of Washington) et membre de la Accounting Education Change Commission

Gary Sundem fera le point sur la formation comptable et les répercussions des développements récents sur l'avenir.

Conférencier : Ayesha Laher, Gestionnaire des projets spéciaux à CGA-Canada

Ayesha Laher conclura la journée en faisant un compte rendu sur un projet de grande envergure visant à internationaliser un programme d'études et, ainsi, à ajouter de la valeur à la formation sur le marché mondial.

Jeudi 27 mai 09:00 – 17:00 Shaughnessy, Niveau 3 Ouest
CGA-Canada / ACPC

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

**(Full day workshop / atelier d'une journée)
Sponsor / Commanditaire : CAAA / ACPC**

Gordon D. Richardson (University of Toronto)
Steven E. Salterio (Queen's University)
Michel L. Magnan (Concordia University)

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.

Specific activities will include:

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

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. Ils se pencheront 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. Le nombre de places est strictement limité et l'inscription se fera selon le principe du premier arrivé, premier servi. La priorité sera accordée aux étudiants canadiens au doctorat.

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.

**Thursday, May 27 / Jeudi 27 mai 09:00 – 17:00 Pinnacle Ballroom I, Level 3 West / Niveau 3 Ouest
CAAA Research Workshop / Atelier de recherche de L'ACPC**

Issues in Corporate Governance and Fraud

Sponsor: Institute of Chartered Accountants of British Columbia

Moderator / Animateur : William L. Felix, Jr. (University of Arizona)

Panel / Groupe de discussion : Mark Beasley, Associate Professor (North Carolina State University)

Daniel B. Thornton, Professor (Queen's University)

Judy S. L. Tsui, Dean of the Faculty of Business and Chair
Professor of Accounting (Hong Kong Polytechnic University)

This plenary session on governance and fraud will highlight key institutional developments in corporate governance occurring in three key global markets: Canada, Hong Kong/China, and the United States. This analysis will serve as the basis for exploration of research opportunities related to corporate governance and fraud on an international level.

U.S.A.: Recent corporate scandals in North America and abroad involving fraudulent financial reporting have led to increased expectations for better governance over financial reporting processes. Calls for change have been widespread leading to numerous reform efforts around the world designed to strengthen corporate governance, with particular emphasis on audit committee independence and effectiveness. While many of the core themes in the reforms bear overlapping similarities, there are numerous differences in governance regulations and expectations across various country settings.

Canada: Misleading financial reporting is the product of weakness in one or more of four links in a "Financial Reporting Quality Chain": management incentives and attitudes, audit quality (independence), audit committee expertise, and accounting standards. Regulatory oversight is also a vital mediating factor. Lacking a national regulator, Canada's oversight is a joke internationally; however, if market participants' understanding of the value of financial reporting is poor, or if markets do not function efficiently, the chain will fail no matter how strong oversight is. The financial reporting quality chain is used as a basis for discussing the recent Nortel financial reporting failure.

East Asia: Historical factors and the economic, social and cultural fabric of emerging countries have given rise to a system of corporate governance described generally as "relationship-based systems". Relationship-based regimes are characterized by majority shareholders who are also managers, family/bank ownership and, in some cases political patronage.

Inadequate financial disclosures and lack of effective corporate governance mechanisms in these regimes may be the major catalyst for the Asian financial crisis. However, the solutions to improve disclosures and accountability must take into account the unique institutional features that exist in relationship-based corporate governance regimes.

Friday, May 28 / Vendredi 28 mai 09:10 – 10:25 Pinnacle Ballroom II-III, Level 3 West / Niveau 3 Ouest
Plenary Session I / Séance plénière I

Canadian University Department Heads' Information Exchange

(By invitation only)

Sponsor: CAAA

Session Chair: Michael Gibbins (University of Alberta)

This is the fourth planned session for Canadian university accounting department or area heads, after sessions in Calgary 2001, Montréal 2002, and Ottawa 2003. Mike Gibbins, University of Alberta, will again convene it. Please send comments or ideas to Mike at michael.gibbins@ualberta.ca.

The suggestions behind the planned 2004 session:

- Faculty recruitment, management and retention
- Research issues (support, performance, recognition)
- Teaching issues (support, performance, recognition)
- Service issues (support, performance, recognition)
- Students and programs
- Financial issues
- Should there be some greater focus to such interchanges?
- Should the interchanges be aimed at getting some collective action on any issues?

Summaries of the 2001, 2002 and 2003 discussions are available on our web site at http://www.caaa.ca/conferences_calls/caaa_conference/dhm.html, from the CAAA, or Mike.

Échange d'information entre les chefs de département d'universités canadiennes

(sur invitation seulement)

Commanditaire : ACPC

Animateur de séance : Michael Gibbins (Université de l'Alberta)

Ce sera la quatrième séance organisée à l'intention des chefs de département de comptabilité ou de secteur. Elle suit dans la foulée de celle de Calgary, en 2001, de Montréal, en 2002, et d'Ottawa, en 2003. Elle sera de nouveau animée par Mike Gibbins de l'Université de l'Alberta. Veuillez donc faire parvenir vos commentaires et vos idées à Mike à michael.gibbins@ualberta.ca.

- La séance de 2004 portera sur les sujets suivants :
- Le recrutement, la gestion et le maintien en poste des professeurs
- Les questions liées à la recherche (soutien, rendement et reconnaissance)
- Les questions liées à l'enseignement (soutien, rendement et reconnaissance)
- Les questions liées au service (soutien, rendement et reconnaissance)
- Les étudiants et les programmes
- Les questions d'ordre financier
- Devrait-on accorder une plus grande importance aux échanges de la sorte?
- Les échanges devraient-ils avoir pour but la prise de mesures concertées à l'égard de certaines questions?

Vous pouvez vous procurer les sommaires des discussions de 2001, de 2002 et de 2003 sur notre site Web à http://www.caaa.ca/conferences_calls/caaa_conference/dhm.html ou auprès de Mike ou du bureau de l'ACPC.

Challenges in Accounting Education — An Open Forum Discussion / Les défis propres à l'enseignement de la comptabilité — Débat ouvert

**Sponsor / Commanditaire : Chartered Accountants' Education
Foundation of British Columbia**

Moderator / Animateur : David Drake (Centennial College)

The interactive nature of this workshop makes it an ideal opportunity for new attendees to get acquainted through stimulating discussion, and for the people who attended last year, an opportunity to pursue several tantalizing threads.

This interactive workshop is an opportunity for conference participants to exchange ideas with their colleagues from across Canada about a wide variety of matters involving our accounting programs and students. What innovations have you introduced into your programs and how successful have they been? How does today's student compare with the student of yesteryear? Should we be teaching our courses differently in order to better connect with changing student expectations and levels of commitment? How can we keep students focused in a generation raised on the internet and who expect to be able to "learn how to swim without getting in the pool"? What new course areas, such as forensic accounting or corporate governance, have been introduced and with what level of success? What challenges are you facing and would like to have feedback on from folks from other institutions?

The direction of this workshop will be determined entirely by the participants and anything related to accounting education is fair game for discussion.

Grâce à son caractère interactif, cet atelier s'avère, pour les nouveaux congressistes, l'occasion idéale de faire de nouvelles connaissances ainsi que de participer à une discussion stimulante et, pour les personnes qui étaient de la partie l'année dernière, une occasion de poursuivre plusieurs avenues terriblement tentantes.

Cet atelier donne aux congressistes la chance d'échanger des idées avec des collègues de partout au pays sur toutes sortes de sujets portant sur les programmes de comptabilité et les étudiants. Quelles innovations avez-vous incluses dans vos programmes et dans quelle mesure ont-elles donné les résultats voulus? Comment l'étudiant d'aujourd'hui se compare-t-il à celui d'autrefois? Devrions-nous enseigner nos cours différemment afin de mieux nous aligner avec les attentes changeantes des étudiants et le degré d'engagement de ces derniers? Que pouvons-nous faire pour garder l'attention d'étudiants qui appartiennent à une génération élevée dans Internet et qui s'attendent à « apprendre à nager sans se mouiller »? Quels nouveaux champs ont été introduits, par exemple la juricomptabilité ou la gouvernance d'entreprise, et dans quelle mesure obtient-on les résultats escomptés? Quels sont les défis que vous devez relever et à l'égard desquels vous aimeriez recevoir les commentaires des profs d'autres établissements?

L'orientation que prendra cet atelier sera entièrement déterminée par les participants à la discussion et tous les sujets liés à l'enseignement de la comptabilité seront permis.

Friday, May 28 / Vendredi 28 mai 10:55 – 12:25 Dundarave, Level 3 East / Niveau 3 Est
Session 1F / Séance 1F

Cultural Diversity / La diversité culturelle

(Panel discussion / Discussion entre experts)

Moderator / Animatrice : Lynda Carson (CGA-Canada)

Speakers / Conférenciers : Zhenyi Li (University of British Columbia)
Judy S. L. Tsui (Hong Kong Polytechnic University)
Rosalie Tung (Simon Fraser University)

Speakers will present research and new ways of addressing cultural diversity or intercultural issues in the classroom — an issue more and more prevalent in our global environment. Professor Tsui has developed some creative ways of encouraging classroom participation, particularly with the Asian culture. Drawing on her own and other research, Professor Tung will compare cross-national to intra-national diversity and discuss its implications for education. She will also discuss the benefits and costs associated with diversity and identify ways and mechanisms for valuing diversity. The final speaker will focus in the area of bridging cultural differences and skills in intercultural communication.

Les conférenciers présenteront les résultats de recherche ainsi que des nouvelles façons d'aborder, en classe, la diversité culturelle et les questions d'ordre culturel — il s'agit d'une question qui prend de plus en plus d'importance dans le milieu mondial où nous évoluons. La professeure Tsui a mis au point quelques moyens originaux de susciter la participation en classe, surtout chez les étudiants de culture orientale. Quant à la professeure Tung, elle fera fond sur ses recherches et celles d'autres chercheurs, pour comparer la diversité internationale et intranationale et pour discuter de l'incidence de cette diversité sur l'enseignement. Elle parlera aussi des avantages et des coûts liés à la diversité et présentera des façons et des mécanismes permettant de valoriser celle-ci. Le dernier expert à prendre la parole se penchera sur l'élimination des écarts culturels et les compétences en matière de communication interculturelle.

Current Standards-Setting Issues in Accounting, Auditing, and the Public Sector

**Sponsor: KPMG Bureau for Research in Financial Reporting
at the University of British Columbia**

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

Panel : David Rattray (Assistant Auditor General of Canada and former member of IFAC's Public Sector Committee)
Katherine Schipper (Financial Accounting Standards Board)
Jim Sylph, Technical Director (International Auditing and Assurance Standards Board of the International Federation of Accountants) and formerly Director, Auditing Standards (CICA)

PUBLIC SECTOR: Governments raise, borrow (both domestically and on international markets), control, consume and distribute significant resources. By most financial, economic and social measures they are one of the, if not the, most significant entities within their domestic economies. The Standards Program of the Public Sector Committee of IFAC was established in response to concerns about the variability in the quality of financial reporting by many governments and their agencies. The PSC is of the view that a major impediment to the achievement of enhanced accountability and financial transparency of governments is the absence of generally accepted financial reporting standards. The Standards Program is entering its second stage. This presentation will review the work program and highlight the challenges ahead.

U.S.A.: This presentation will focus on international convergence and the FASB's current activities. The presentation will first summarize several process changes that are intended to enhance the clarity and effectiveness of communication between the FASB and its constituents. The remainder of the presentation will (1) describe the FASB's international convergence activities, with special emphasis on discussions at the April 2004 joint meeting between the IASB and the FASB, and (2) draw out some implications of those activities. The presentation will use the FASB's project on fair value measurement to illustrate those implications.

INTERNATIONAL: International Standards on Auditing are becoming more important as their adoption is being accepted around the world. The European Commission and Australia have already announced their intention to adopt ISAs and the UK APB announced its attention to adopt ISAs earlier this month. The session will look at steps being taken to increase the oversight and transparency over the setting of ISAs, the agenda for development of standards and improvement of the clarity of existing standards.

Decline of the Age of Pacioli — Impact of e-Business on Accounting and Accounting Education / Le déclin de l'ère de Pacioli — L'incidence du commerce électronique sur la comptabilité et la formation en comptabilité

Sponsor / Commanditaire : SAP Canada

Moderator / Animatrice : Robin Hemmingsen (Centennial College)

Speakers / Conférenciers : J. Efrim Boritz (University of Waterloo)

Suzanne Hubbard (PricewaterhouseCoopers LLP,
lead for XBRL Canada)

Gerald Trites (St. Francis Xavier University)

Three major aspects of e-Business form the central theme of this session: business strategy and structure, systems infrastructure, and assurance and privacy. These affect the modern business by changing the information flows included in internal systems and those integrated with suppliers and customers; by making information more extensive and more selective; by requiring changes in internal controls; and by exposing the entity to violations of privacy legislation and principles.

Accounting education needs to recognize these developments as the skills needed by accountants have shifted from one of assembling and classifying data for report preparation to one of assessing the information needs of stakeholders and managing the information flows to address those needs, as well as dealing with broader types of information and new technologies.

Trois aspects clés du commerce électronique constitueront l'axe central de cette séance, soit la stratégie et la structure de l'entreprise, l'infrastructure des systèmes ainsi que la certification et la protection de la vie privée. Ces aspects influent sur le milieu moderne des affaires étant donné qu'ils modifient le cheminement de l'information comprise dans les systèmes internes et les systèmes intégrés à ceux des fournisseurs et des clients, qu'ils rendent l'information plus abondante et plus sélective; qu'ils nécessitent la modification des contrôles internes et qu'ils exposent l'organisme à subir le contrecoup de violations des principes et des mesures législatives visant la vie privée.

Les professeurs de comptabilité doivent reconnaître ces faits nouveaux, car les compétences dont ont besoin les comptables ont changé. En effet, autrefois chargés d'assembler et de classer les données en vue de la préparation de rapport, ces derniers s'occupent maintenant d'évaluer les besoins des actionnaires en matière d'information et de gérer les flux d'information afin de satisfaire ces besoins ainsi que de traiter les nouvelles technologies et un éventail plus vaste de renseignements.

**Saturday, May 29 / Samedi 29 mai 10:15 – 11:45 Shaughnessy, Level 3 West / Niveau 3 Ouest
Session 3A / Séance 3A**

The CAAA Innovation in Accounting Education Award Winners: Presentation of Submissions / Le concours de l'ACPC sur l'innovation dans l'enseignement de la comptabilité

Moderator / Animatrice : Pascale Lapointe (Concordia University)

Educators were invited to submit descriptions of their innovations in the accounting curriculum. Winners were chosen by the CAAA Education Committee in a blind review process, and prizes will be awarded during the Saturday luncheon at the Conference. Winners will present their innovation in accounting education.

Nous invitons les professeurs à soumettre la description des innovations qu'ils ont apportées au programme d'études en comptabilité. Les gagnants, qui seront choisis par le Comité de formation de l'ACPC au moyen d'un processus d'examen anonyme, devront présenter et démontrer leur innovation dans l'enseignement de la comptabilité au cours d'une séance sur le sujet pendant le congrès, qui aura lieu à Vancouver, du 27 au 30 mai. Les prix seront décernés durant le congrès, à l'occasion du déjeuner, le samedi.

Presenters / Conférenciers : **First prize / Premier prix :**

Ian Feltmate (Acadia University)

Ian Hutchinson (Acadia University)

"World Baseball League" / « La ligue mondiale de baseball »

Second prize / Deuxième prix :

Mary Oxner (St. Francis Xavier University)

"Service Learning in Management Accounting Curriculum" /

« L'apprentissage philanthropique dans le programme d'études en comptabilité de management »

Learning Strategies Exchange: Poster Session

Presenters: Innovative CAAA instructors across the country (and elsewhere)

The Learning Strategies Exchange Poster Session will showcase curriculum, course, and classroom strategies used by accounting instructors to increase the effectiveness of student learning. The Exchange will feature ideas, research, strategies and education innovations that underlie effective student learning in accounting and accounting-related programs. The session will provide an opportunity for poster presenters to explain and discuss their particular innovation with other conference attendees in an informal and collegial atmosphere. Presentations will be reviewed and chosen from a call for submissions.

Moderator: Nicola Young (Saint Mary's University)

Presenters: Ian Feltmate* & Ian Hutchinson* (Acadia University)
"World Baseball League"

Mary Oxner (St. Francis Xavier University)
"Implementation of a Service Learning Pedagogy in a
Management Accounting Curriculum"

Brad Long & Mary Oxner* (St. Francis Xavier University)
"Using the Balanced Scorecard as a Framework for a
Management Accounting Curriculum"

Angela Downey* & Deborah Jarvie* (University of Lethbridge)
"Introductory Management Accounting Project"

Margaret Shackell-Dowell (University of Notre Dame)
"Revised Structure, Learning Outcomes, and Assessments for
the Decision Making and Control (Cost Accounting) Course"

Morina D. Rennie (University of Regina)
"Helping Students Integrate Intermediate Financial Accounting
Subject Matter"

Howard M. Armitage & Grant W. Russell* (University of Waterloo)
"Teaching Activity-Based Management — A Team-Based
Simulation Using Storyboards"

Grant Russell* & Tracy Penny Light (University of Waterloo)
"ePortfolios"

* Presenter.

Échange de stratégies pédagogiques

Conférenciers : Professeurs novateurs membres de l'ACPC au Canada (et ailleurs)

La séance de communications affichées visant l'échange de stratégies pédagogiques servira à présenter les stratégies pédagogiques (programmes, cours, groupes, etc.) que certains professeurs de comptabilité utilisent pour rehausser l'apprentissage de leurs étudiants. L'échange mettra en vedette des idées, des sujets de recherche, des stratégies et des innovations en matière d'enseignement qui sont à la base de la formation efficace des étudiants en comptabilité et de ceux qui sont inscrits à des programmes connexes. Cette séance donnera l'occasion aux présentateurs de communications affichées d'expliquer leur innovation ainsi que d'entamer des discussions avec d'autres participants au congrès, collectivement et en toute simplicité. Les communications seront évaluées et choisies par suite d'une invitation générale.

- Animatrice : Nicola Young (Université Saint Mary)
- Conférencières :
- Ian Feltmate* & Ian Hutchinson* (Université Acadia)
 - « World Baseball League »
 - Mary Oxner (Université St. Francis Xavier)
 - « Implementation of a Service Learning Pedagogy in a Management Accounting Curriculum »
 - Brad Long & Mary Oxner* (Université St. Francis Xavier)
 - « Using the Balanced Scorecard as a Framework for a Management Accounting Curriculum »
 - Angela Downey* & Deborah Jarvie* (Université de Lethbridge)
 - « Introductory Management Accounting Project »
 - Margaret Shackell-Dowell (University of Notre Dame)
 - « Revised Structure, Learning Outcomes, and Assessments for the Decision Making and Control (Cost Accounting) Course »
 - Morina D. Rennie (Université de Regina)
 - « Helping Students Integrate Intermediate Financial Accounting Subject Matter »
 - Howard M. Armitage & Grant W. Russell* (Université de Waterloo)
 - « Teaching Activity-Based Management — A Team-Based Simulation Using Storyboards »
 - Grant W. Russell* & Tracy Penny Light (Université de Waterloo)
 - « ePortfolios »

* Conférencière.

Professional Judgment and Principles Based Standards / Le jugement professionnel et les normes de principes

**Sponsor / Commanditaire : Sauder School of Business,
University of British Columbia**

Moderator / Animateur : Michael Gibbins (University of Alberta)

Discussants / Intervenants : Katherine Schipper (Financial Accounting Standards Board)
Daniel B. Thornton (Queen's University)

Two of North America's outstanding scholars will discuss the timely topic of rules-based standards versus principles-based standards. This moderated session will attempt to develop a clear definition of the two approaches and air differing points of view of the panelists. This promises to be a lively session with opportunities for the audience to participate.

Deux imminents chercheurs d'Amérique du Nord discuteront de sujets d'actualité portant sur les normes fondées sur des règles et les normes fondées sur des principes. Cette séance dirigée aura pour but de définir clairement les deux méthodes et de faire entendre les différents points de vue des experts. Il s'agira certes d'une séance stimulante qui donnera aux membres de l'auditoire l'occasion de participer à la discussion.

This presentation will explore (1) difficulties in distinguishing empirically between "rules-based" standards and "principles-based" standards, (2) the implications for implementation decisions inherent in some commentators' distinctions between "rules-based" standards and "principles-based" standards, and (3) possible research and teaching implications of those distinctions.

Dan Thornton's presentation introduces the results of a study yielding preliminary confirmation of Skinner's (1995) hypothesis that principles-based GAAP (like Canada's) yield higher financial reporting quality than rules-based GAAP (like the US's). However, we find no overall difference between the accrual quality of Canadian firms reporting under Canadian GAAP and US firms, which are subject to stronger US oversight, reporting under US GAAP. The latter results are consistent with stronger US oversight compensating for the apparently inferior accrual quality associated with rules-based GAAP per se.

**Saturday, May 29 / Samedi 29 mai 16:00 – 17:30 Shaughnessy, Level 3 West / Niveau 3 Ouest
Session 5A / Séance 5A**

Ethical Lessons and Other Implications of the Financial Reporting Scandals

Sponsor: Centre for Accounting Ethics, University of Waterloo

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

Please join us for a buffet breakfast at 07:30. We will be finishing at 11:00 and forgo lunch as we understand many people will be rushing to catch planes.

The cost of this Workshop is included in your Conference Registration. The Centre mandate is to provide topical materials on ethics to Canadian accounting faculty. Our guest presenter is Professor Gary Sundem. Professor Sundem is the Julius A. Roller Professor in Accounting at the University of Washington. He is a former President of the American Accounting Association and has received numerous academic and teaching awards including the 1998 American Accounting Association (AAA) Outstanding Educator Award. In recent years Professor Sundem has moved his research focus to ethical issues in accounting and the future of the accounting profession.

07:30 – 08:00 Buffet Breakfast

08:00 – 08:10 Introduction and Opening Remarks — 08:00

08:10 – 08:30 Presentation of winner of 2004 Estey Award

08:30 – 09:00 Presentation of new case for Management Fraud, Corporate Governance and Professional Responsibilities collection, J. Efrim Boritz, Linda Robinson
(Linda Robinson to present).

09:00 – 11:00 Professor Gary Sundem, Julius A. Roller Professor in Accounting (University of Washington), “Ethical Lessons and Other Implications of the Financial Reporting Scandals”

Leçons sur le plan éthique et autres conséquences découlant des scandales relatifs à l'information financière

Commanditaire : Centre for Accounting Ethics, University of Waterloo

Animatrice : Sally P. Gunz, Director, Centre for Accounting Ethics
(University of Waterloo)

~~Soyez des nôtres, dès 7 h 30, à l'occasion d'un petit déjeuner style buffet. L'atelier se terminera à 11 h et ne sera pas suivi d'un déjeuner, car il semble que bon nombre de personnes s'empresseront de se rendre à l'aéroport.~~

~~Le coût de participation à cet atelier est inclus dans les frais d'inscription au congrès. Le Centre a pour mandat de fournir aux professeurs canadiens de comptabilité de la documentation à jour sur l'éthique. Gary Sundem, professeur de comptabilité Julius A. Roller à la University of Washington, sera le conférencier. Il a été président de l'American Accounting Association et a reçu de nombreux prix pour son enseignement et ses travaux de recherche, y compris l'American Accounting Association (AAA) Outstanding Educator Award, en 1998. Ces dernières années, le professeur Sundem oriente ses travaux de recherche sur les questions liés à l'éthique en comptabilité et l'avenir de la profession.~~

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|-----------------|--|
| 7 h 30 – 8 h | Petit déjeuner style buffet |
| 8 h – 8 h 10 | Présentation et mot d'ouverture — 8 h |
| 8 h 10 – 8 h 30 | Exposé donné par le lauréat 2004 du Prix Estey |
| 8 h 30 – 9 h | Présentation d'une nouvelle étude de cas destinée à la collection sur la fraude commise par la direction, la gouvernance d'entreprises et les responsabilités professionnelles — J. Efrim Boritz et Linda Robinson
(Linda Robinson fera l'exposé) |
| 9 h – 11 h | Gary Sundem, professeur de comptabilité Julius A. Roller (University of Washington), « Leçons sur le plan éthique et autres conséquences découlant des scandales relatifs à l'information financière » |

Dimanche 30 mai 7:30 – 11:00 Shaughnessy, Niveau 3 Ouest
Atelier sur l'éthique

Abstracts

Résumés

Using Counter-explanation to Limit Unintentional Optimism in Analysts' Forecasts of Annual Earnings for Loss Firms

Kathryn Kadous (Emory University)

Susan D. Krische* (University of Illinois)

Lisa M. Sedor (University of Notre Dame)

Prior research demonstrates that forecast optimism for firms reporting recent losses is, at least in part, an unintentional consequence of analysts' cognitive reactions to the scenario structure typically used to communicate managers' plans and strategic initiatives. We examine whether counter-explanation — explaining how managers' plans could be unsuccessful — limits unintentional optimism in analysts' annual earnings forecasts, and whether the ease or difficulty analysts experience while generating counter-explanations influences the effectiveness of this mechanism. In an experiment with MBA students, we find that participants asked to generate two counter-explanations (a relatively easy task) make significantly less optimistic earnings forecasts than do control participants not asked to generate counter-explanations. In contrast, participants asked to generate ten counter-explanations (a more difficult task) do not make earnings forecasts that differ from the forecasts of control participants, even though they record more reasons why managers' plans might fail. We also find that participants who read the counter-explanations generated by others make less optimistic forecasts than do control participants, but only for two-year-ahead forecasts.

* Presenter

The Impact of Client Strategy Content and Strategy Process on Risk Assessment and Audit Planning

Natalia V. Kotchetova (University of Waterloo)

Current risk-based audit approaches place strong emphasis on understanding the client's industry, regulatory, and market environments using a set of techniques generally known as strategic analysis (SA). I use a behavioral experiment to investigate whether auditors who perform SA make more accurate risk assessments (i.e., assessments of the risk of material misstatement, inherent risk, and control risk) and select more effective audit procedures than auditors who do not perform SA. The results show that analyses of strategy content and/or strategy process lead to higher accuracy in assessing the risk of material misstatement at both the entity and business process level. Analysis of strategy content results in smaller deviations from the expert panel for inherent risk assessments. When auditors focus on strategy process, their assessments of the strength of the control environment are more accurate. Finally, the proportion of correctly selected audit procedures is significantly lower for the group that performed SA.

Stock-based Compensation, Insider Trading, and Earnings Management

Qiang Cheng* (University of British Columbia)

Terry D. Warfield (University of Wisconsin)

In this paper, we develop the links between stock-based compensation, insider trading, and incentives for earnings management. We first examine the relation between stock-based compensation and future insider trading and then test whether this relation induces earnings management incentives for managers with high stock-based compensation. In this regard, we examine whether high stock-based compensation managers are more likely to report earnings that meet or just beat analysts' forecasts.

Based on all firm-year observations with available data over the 1993-2000 time period, we find that high stock-based compensation managers are more likely to sell shares in the two years after earnings managements. This finding suggests that managers could benefit from earnings management with the objective of keeping stock prices high, thereby increasing the value of the shares they are going to sell in the future. We then document a significantly higher incidence of meeting or just beating analysts' forecasts for companies with high stock-based compensation. We also find a significantly positive relation between stock-based compensation and abnormal accruals. Additional analyses document that managers with high stock-based compensation are also less likely to report large positive earnings surprises, consistent with reserving for the future in good years so that they can gain more from the sales in the second year after earnings announcements.

Collectively, these results indicate that stock-based compensation leads to incentives for earnings management.

* Presenter

Conference Calls and Information Asymmetry

Stephen Brown (Emory University)

Stephen A. Hillegeist (Northwestern University)

Kin Lo* (University of British Columbia)

Conference calls and webcasts provide a direct avenue of communication between companies and investors. We hypothesize that such voluntary disclosures lead to long-term reductions in information asymmetry among equity investors. Cross-sectional and time-series tests show that information asymmetry is negatively associated with conference call activity. Firms initiating a policy of regularly holding conference calls experience statistically and economically significant and sustained reductions in information asymmetry, in contrast to one-time callers, who experience no significant decline in asymmetry. Since prior work shows that the cost of equity capital is increasing in the level of information asymmetry, our results suggest that firms that more frequently hold conference calls have lower costs of capital. Data for more than 30,000 calls and webcasts show that companies providing an additional call per quarter on average experience a 1/30th decline in information asymmetry, translating to a reduction of 15 basis points in the cost of equity capital, or a 3% increase in equity value for a company with a price-earnings ratio of 20. When firms initiate a regular program of providing conference calls and webcasts, the information asymmetry declines by more than 1/20th, translating to a reduction of about 25 basis points in the cost of equity capital.

* Presenter

e-Commerce and International Tax Planning

Carla Carnaghan* (University of Waterloo)

Kenneth J. Klassen (University of Waterloo)

This paper is a first exploration of how electronic commerce has altered multinational tax planning. Much has been written in the popular press about the effect of electronic commerce on the taxes that governments around the world will collect in the future. Many of these commentaries suggest that the traditional tax systems, developed during the last century, are not well suited for the new economy because they attribute income to physical products or processes, and thereby to a geographic location. Since these rules cannot be easily applied to electronic products and processes, companies that employ e-commerce technologies or sell electronic goods are perceived to have greater flexibility in their tax planning. The particular mechanism we explore for income shifting is whether e-commerce affects the way in which sales are made by encouraging export sales in preference to sales through foreign subsidiaries. Taxes have been previously shown to affect exporting decisions (Kemsley, 1998), but during a period when e-commerce was not prevalent. Using proxies for e-commerce activity in both company-level and country-level tests, we find evidence consistent with greater sensitivity to tax incentives when e-commerce measures are high. This research is an important first step in understanding the larger impact of e-commerce on international tax planning behavior.

* Presenter

The Basic Analytics of the Taxation of Non-Resident Athletes

Alan Macnaughton (University of Waterloo)

Governments at various levels could decide to tax income earned within their jurisdiction by athletes who are resident in other jurisdictions. Although such source-based taxation of employment income could be applied to other short-term visitors, practical considerations make this difficult. The effects of source-based taxation of athletes on government revenues and athletes' tax burdens are studied in this paper using an analytical model. Although it has been predicted that the net revenue to a jurisdiction will be zero because the revenue raised will be cancelled out by the credits given to residents of that jurisdiction for source-based taxes paid to other jurisdictions, the model shows that this is only one of several possible outcomes.

The analytical model is also used to predict government behavior. The Nash equilibrium is that all governments will levy source-based taxes on athletes. Analysis of actual taxes levied by governments shows that this prediction fits American states taxing out-of-state athletes but it does not fit American states taxing foreign athletes. The interpretation of the behavior of the Canadian and US federal governments and Canadian provinces governments is ambiguous.

Auditor Independence and Family-Owned Audit Firms: The Clarkson and Ross Brothers as Directors of Audit Clients

Laura D. MacDonald* (Wilfrid Laurier University)

Dean Neu (University of Calgary)

Alan J. Richardson (York University)

In the 1930s the concern with the appearance of auditor independence in the US lead the SEC to ban auditors from serving on the Board of Directors of clients, despite professional auditor's claims that independence of mind could be achieved regardless of such roles. This study examines the relationship between the two largest Canadian audit firms (P.S. Ross and Clarkson) and their clients during the period 1928 to 1941. During this time in Canada, there were no legislative restrictions on auditor/client relationships. Any restrictions that are observed can thus be attributed to voluntary agreements between the auditor and client, and to market forces. Based on a sample of 168 client firms, coincident appointments of auditors and directors from the same audit firm were found to occur in only 4.7% of clients. However, this result is highly skewed with P.S. and Sons accounting for most of the observed occurrences (9.6% of their clients). In these cases, however, the auditor and director was never the same person (although they may be closely related). There is evidence that partners of Clarkson gave up director's positions when the firm was appointed as auditor. Across both firms the pattern of changes in auditor and director appointments suggests that these two decisions were not contingent. Overall, the study concludes that the appointment of partners of audit firms as corporate directors appears to have been driven by the individual abilities of the partner rather than any attempt to subvert the audit process.

Acknowledgements: The authors gratefully acknowledge the financial support of the Canadian Academic Accounting Association through research funds provided by CGA-Canada.

* Presenter

Accountancy Before the Fall: The AICPA Vision Project and Related Professional Enterprises

Timothy J. Fogarty (Case Western Reserve University)

Vaughan S. Radcliffe* (University of Western Ontario)

David R. Campbell (Ernst & Young Germany)

This paper examines the AICPA Vision project, understanding this both as a professional project aimed at repositioning the identity and practice of accountants, and as a window into the activities of professional bodies before recent financial scandals and regulatory reform. Archival and interview material is used to analyze the Vision project and explicate its meaning and significance. The project is understood in terms of work by Giddens and Abbot concerning the development and repositioning of professional claims. The Vision project may ultimately be seen as failing, with professional bodies now distancing themselves from the Vision project's goals. Nonetheless the project itself presents an opportunity to understand the mechanics by which professional bodies seek to expand their domain even while testing the limits of their technical competency.

* Presenter

The Valuation of Domestic and Foreign Earnings and the Impact of Investor Sophistication

Jeffrey L. Callen (University of Toronto)

Ole-Kristian Hope (University of Toronto)

Dan Segal* (University of Toronto)

Although several studies have examined how investors value domestic versus foreign earnings, the results are inconsistent. We re-examine this question employing a variance decomposition model which, in contrast to previous research, explicitly considers expectation models for domestic and foreign earnings and allows for time varying discount rates. We document that investors value domestic earnings significantly higher than foreign earnings. We further find that the relative valuation of foreign earnings is an increasing function of the degree of investor sophistication, measured as either the percentage of institutional holdings or the number of institutional owners. Finally, when we classify institutional investors as short-term and long-term following Bushee (1998), we find that the relative valuation of foreign earnings increases with the level of investment by long-term investors. In contrast, there is no significant relation between the degree of ownership by short-term (or “transient”) investors and the relative valuation of domestic and foreign earnings. Overall, our results are consistent with Thomas’ (1999) finding that investors on average underestimate the persistence of foreign earnings due to lack of understanding of firms’ foreign operations caused in part by poor disclosure.

* Presenter

Can Performance Differentiate Intra-Industry Information Transfer?

Bixia Xu (Wilfrid Laurier University)

This study investigates the ability of firm performance to explain market expectation revision for non-announcing firms in the context of earnings announcements. The association between firm performance and the magnitude of market expectation revision in the announcement period is rationalized on the basis that a non-announcing firm's performance determines its ability to capture (avoid) the favorable (unfavorable) industry effect signaled by the announced information. Firm performance is decomposed into four categories: earnings generation, solvency constraint, competitive strength and innovation. Results based on 3920 observations in the period 1998-2002 suggest that the performance measures examined in this study as a group are more significant than the conventional variables used in prior studies (e.g., return variance, book-to-market ratio, and return/earnings correlations). Together, they incrementally explain 36.1% of the deviation in the magnitude of market expectation revision over the conventional variables. Furthermore, there is an interaction between the conventional variables and these performance measures. Ex post earnings performance analysis confirms that high performance firms enjoy higher ex post earnings increases.

Heterogeneous Valuation of Accruals and Trading Volume

Oliver Zhen Li (University of Notre Dame)

Hong Xie * (University of Illinois)

Weihong Xu (Vanderbilt University)

This paper investigates the association between trading volume and the magnitudes (i.e., the absolute values) of accruals around quarterly earnings announcement dates. We hypothesize and find that trading volume is positively related to the magnitudes of accruals, even after controlling for many other variables that the prior literature demonstrates to also affect trading volume. Our findings are consistent with the notion that the magnitudes of accruals, being fundamentally unverifiable and susceptible to measurement errors and manipulation, are a fundamental source that contributes to investors' heterogeneous valuation of accruals and thus earnings announced, which, in turn, stimulates trading volume.

* Presenter

Transnational Corporations and Expert Management Control Systems: A Levinasian Philosophical Ethics Critique

Norman B. Macintosh* (Queen's University)

Teri L. Shearer (Queen's University)

A. Riccaboni (University of Siena)

In this paper, taking cues from Shearer (2002) and Baxter and Chua (2003), we investigate how large transnational corporations act as institutions that connect the local and the global by means of expert management control systems to disrupt and radically change the culture and management ethos of foreign firms which they acquire in ways that affect the lives of employees spread around the world. For this purpose, we appropriate Giddens's (1990, 1991) concepts of disembedding, expert systems, trust, time-space-distantiation, and reembedding and illustrate these by drawing on Bosco, Riccaboni and Scapens's (2002) study of the takeover of the Italian firm Nuovo Pignone by the USA based General Electric Corporation and the instantiation of its expert management control system into Nuovo Pignone.

More and more, however, such actions and globalization in general exert a greater and greater discipline over the individual and collective lives of employees in such organizations leaving them increasingly unable to control, direct, challenge or change the systems in which they are engulfed. We address this dilemma from the perspective of Emanuel Levinas's (1968, 1988, 1997) philosophical ethics-of-being-for-the-other to mount an invigorated critical account of such actions.

We find that such an approach provides a valuable vehicle for establishing a broader accountability on the part of transnational corporations than that incorporated in either the discourse of contemporary economic theory or the conventional management control literature. Under the gaze of a Levinasean ethics, the financial reports and expert systems of transnationals seem to fall far short of the demands for accountability required in the very act of providing an account to the world at large.

* Presenter

Forces Leading to the Adoption of Accrual Accounting by the Canadian Federal Government: An Institutional Perspective

Ron Baker (University of Regina)

Morina D. Rennie* (University of Regina)

In 1995, the federal government of Canada announced that it would adopt accrual accounting. This was fully implemented at the department level in 2001 and for government wide financial reporting in 2003. We examine the factors that led up to this significant change in philosophy. We find that although there was pressure to make this change from many sources over the past four decades, mimetic isomorphism with other countries adopting public sector reform appears to be the most influential factor.

* Presenter

Management Stock Ownership and the Under-Investment Problem

Kiridaran Kanagaretnam* (McMaster University)

Robert Mathieu (Wilfrid Laurier University)

Sudipto Sarkar (McMaster University)

This paper examines the interaction of management compensation structure with the *under-investment* agency problem (Myers, 1977). Aligning the manager's interests too closely with stockholders will result in sub-optimal investment policies and increase the agency cost of debt. We derive a simple expression for the optimal managerial ownership – that is, the level of ownership that will induce the manager to follow an optimal (*first-best*) investment policy. The optimal managerial ownership is (i) an increasing function of the earnings growth rate and the ratio of the manager's fixed salary to the firm's total coupon obligation; and (ii) a decreasing function of earnings volatility, tax rate and bankruptcy costs. Empirical tests with a sample of firms from the *ExecuComp* database provide strong support for the model's predictions.

*Presenter

Real-Option Valuation of Research and Development Investments: Implications for Performance Measurement

Hemantha S. B. Herath* (Brock University)

Wayne G. Bremser (Villanova University)

Firms making research and development (R&D) investments need performance measures for strategy implementation. The literature on R&D performance measurement identifies the need for an integrated performance measurement system. R&D investment opportunities exhibit real option characteristics, including lumpy initial investments with no immediate payoffs to justify the investments, highly uncertain project cash flows, existence of multiple sources of uncertainty at different project phases and long time horizons. Real options techniques can be used to value managers' options to shelter investments from adverse effects and exploit upside potential. A firm that uses real options thinking and models takes an active risk management view. We develop a theoretical framework for R&D performance measures, incorporating real options to define strategic net present value, which values the plan to make R&D investments. In deriving our framework, we utilize the residual income equivalence property (Reichelstein 1997) i.e., the net present value of a project is equal to the present value of its future residual incomes. We reason that the shift in valuation paradigms from a naïve net present value model to active risk management implicit in real options requires performance measures that reflect real option value. Based on our theoretical framework, we define strategic value created (SVC), which is based on residual income concepts. Since residual income is known to be superior to ROI in motivating goal congruence, we infer that SVC has similar advantages. We illustrate how SVC would be used as a performance measure for a new drug in the commercialization stage and consider several relevant questions. We also discuss how our forward-looking strategic performance measures for R&D investments could be used in a firm's balanced scorecard.

* Presenter

Discretionary Accruals, Managerial Incentives, and Audit and Non-audit Services

S. Mitchell Williams* (Singapore Management University)

Gregory D. Tower (Curtin University of Technology)

Our first principle objective is to re-test the empirical findings of Gul, Chen and Tsui (2003) (hereafter GCT) to investigate the sensitivity of their (GCT, 2003) results to research design choices. In difference to GCT (2003) we control for the potential compounding influences of audit committee effectiveness and non-audit service fees. In addition, we control for the joint determination between audit and non-audit service fees by using simultaneous-equation estimates to supplement single-equation estimations. Our OLS regression based on a sample of 351 Singapore firms support the original findings of GCT (2003) despite inclusion of controls for audit committee effectiveness and non-audit service fee. However, 2LS regression (used to control for fee-endogeneity) results challenge the findings of GCT (2003) showing no significant associations between discretionary accruals (*DACs*), managerial incentives and audit fees. Our second principle objective is to advance the work of GCT (2003) by examining linkages between discretionary accruals (*DACs*), managerial incentives and non-audit service fees. Both OLS and 2LS regression results show (a) negative association between *DACs* and non-audit service fees; (b) managerial ownership positively influences the *DACs* — non-audit service fee linkage; and (c) the positive influence of managerial ownership is weakened in firms with high accounting-based managerial remuneration. We also contribute to the literature by showing audit committee effective has a positive relationship with audit fees but no significant association with non-audit service fees. Finally, our empirical findings further challenge prior presumptions of “knowledge spillover” effects because audit and non-audit service fees being jointly determined.

* Presenter

Has the Audit Quality of Big Auditors Declined Over Years?

B. Brian Lee* (Indiana University, Kokomo & Concordia University)

Steven R. Cox (Indiana University, Kokomo)

Dianne M. Roden (Indiana University, Kokomo)

This study investigates whether the quality of financial statements, measured by the ability of investors to predict future earnings while estimating firm value, is higher when audits are performed by the big accounting firms. Using data from 1985-2001, we find that investors are better able to “see” future earnings and predict firm value when audits are performed by big accounting firms. However, the relationship between auditor size and the ability to predict future earnings is significant in earlier periods, but not in more recent periods. Thus, the audit quality advantage of the big accounting firms appears to be lost. These results remain consistent when variables are included to control for firm size, growth, and risk. This decline in quality is consistent with recent changes in the audit environment including both increased non-audit services and lowered litigation risk for big accounting firms.

* Presenter

Valuing IPOs Using Price-Earnings Multiples Disclosed by IPO Firms in an Emerging Capital Market

Michael A. Firth (Hong Kong Polytechnic University)

Yue Li* (University of Toronto)

Steven Shuye Wang (Hong Kong Polytechnic University)

Existing studies show that markets use comparable firm multiples to price IPOs. This study explores IPO valuations in an emerging market where reliable comparable price multiples may not be readily available, or cannot be reliably identified. In particular, we examine the value relevance of price-earnings multiples disclosed by managers in IPO prospectuses in China. Using a sample of IPOs from 1992 to 2002, we find that price-earnings multiples disclosed by IPO firms provide significant power in explaining price formation in this emerging market. We also find that price-earnings multiples disclosed by IPO firms after 1999, when the China Securities and Regulatory Commission relaxed its internal guideline for approving IPO applications, are more informative. The results are robust to a variety of empirical model specifications. This study contributes to the existing IPO literature by showing that the disclosure of price-earnings multiples provides a mechanism for IPO firms to convey information about IPO firm quality when reliable comparable firm multiples may not exist.

*Presenter

Audit Quality and the Pricing of Initial Public Debt Issues

Steve Fortin* (McGill University)

Jeffrey A. Pittman (Memorial University of Newfoundland)

We provide the first evidence on the importance of auditor choice to the pricing of debt initial public offerings. These securities raise information asymmetry by expanding firms' debt ownership structures to include public bondholders and by extending debt maturity. Prior research suggests that retaining a high-quality auditor can moderate debt-related monitoring costs by reducing uncertainty about firms' financial disclosures. After controlling for other determinants of bond pricing, we estimate that choosing a Big Six auditor, our primary measure of audit quality, lowers the at-issue yield spreads on firms' initial straight debt offers by about 29 basis points, on average. We also examine the predictions that comparatively young firms, which are lesser known in the capital markets, and firms refinancing their bank loans, which reduces cross-monitoring among lenders, have more incentive to choose a Big Six auditor. These results imply that auditor choice has a stronger impact on the initial bond pricing of both younger firms and firms intending to replace bank debt with public debt. The evidence supporting all predictions is robust to examining the influence of auditor quality on bond ratings, rather than yield spreads.

* Presenter

Analysts' Coverage and Long-term Performance of Initial Public Offerings

Vijay Jog (Carleton University)

Bruce J. McConomy* (Wilfrid Laurier University)

It is well known that, on average, initial public offerings (IPOs) significantly underperform the market over the long-run. Various explanations for this underperformance (including the heterogeneous expectations of investors) have been offered. In this paper, we focus on the evolution of financial analyst coverage and the effect of the initiation of analyst coverage on the long-term performance of Initial Public Offerings (IPOs). Using OLS we compare and contrast the performance of IPOs followed by I/B/E/S financial analysts versus those that do not receive any coverage.

We also use LOGIT analysis to examine factors associated with financial analysts initiating coverage subsequent to companies' initial public offerings. Our results indicate that the original analyst coverage decision is affected by: the extent of earnings history provided in the prospectus; underwriter prestige; firm size; whether management included an earnings forecast in the IPO prospectus and whether the post-IPO earnings indicate "good news".

Acknowledgements: We thank CMA Canada, which provided financial support through the Canadian Academic Accounting Association for this paper.

* Presenter

To Swear Early or Not to Swear Early? An Empirical Investigation of Factors Affecting CEOs' Decisions

Gerald J. Lobo (Syracuse University)

Jian Zhou* (SUNY at Binghamton)

On June 27, 2002, the SEC ordered the CEOs and CFOs of public companies with revenues during their last fiscal year of greater than \$1.2 billion to file written statements, under oath, regarding the accuracy of their companies' financial statements and their consultation with the companies' audit committees. The SEC's order required the certification statements to be filed with each company's next periodic disclosure report to the SEC due on or after August 14, depending on the company's fiscal year-end. Although the certification statements were due by August 14, 2002 for 691 companies, and by dates after August 14, 2002 for the remaining companies that met the minimum revenue criterion, many companies elected to file certification statements prior to the specific filing deadlines for their companies. We examine the characteristics and incentives of companies that certified their financial reports prior to the deadline set by the SEC. Using ordinary least squares regression and logit regression analysis, we find that larger firms, firms with higher earnings quality (measured as firms with lower discretionary current accruals or discretionary total accruals), and firms reporting profits filed sworn statements earlier. These results are consistent with our theoretical predictions and contribute to our understanding of factors affecting firms' responses to regulatory requirements.

* Presenter

The Association between Analysts' Earnings Forecast Dispersion and the Magnitude of Earnings Response Coefficient: "Noise" or "Uncertainty"?

Jong-Hag Choi (Hong Kong University of Science & Technology)

Tony Kang* (McGill University & Singapore Management University)

The nature of analysts' forecast dispersion and what drives an association between the dispersion and the magnitude of the earnings response coefficient have been subjects of debate among some accounting researchers. While some have argued that the association between the two is driven by noise in earnings, others attribute it to fundamental uncertainty about future firm performance (or a combination of the two reasons, for that matter). In an attempt to shed some light on this debate, we test a private information search hypothesis which posits that investors' private information search activity will reduce uncertainty about future firm performance, but that the search is less likely to influence the level of noise in earnings. Our evidence shows that a negative association between forecast dispersion and the magnitude of the earnings response coefficient is observed when the private information search level is high in the market (e.g., when forecast dispersion is more likely to represent noise) but not when the information search level is low (e.g., when the dispersion is more likely to reflect uncertainty), suggesting that the previously documented negative association between the two variables is likely to have been driven by earnings noise, rather than by fundamental uncertainty about future firm performance.

* Presenter

The Statement of Corporate Governance Practices' (SCGP), Transparency and Ownership Structure

Réal Labelle (HEC-Montréal)

Corporate governance and responsible corporate disclosure have recently given rise to concern and public debate. Reaction in Canada has focused on extending the regulation of corporate disclosure with regard to corporate governance. Following the recommendation of the Dey Report, companies are now required to provide a Statement of Corporate Governance Practices (SCGP). The need for regulation to influence corporate governance structure and disclosure is often challenged in the academic and professional literatures. This study contributes to the debate by providing empirical evidence on the incentives for some corporations to engage in more transparent SCGP than others.

The separation of corporate ownership and control is at the heart of the governance issue. Our research question is whether management's choice of SCGP disclosure quality varies with the firm's ownership structure. The study appeals to agency theory and controls for other assumed determinants of a firm's overall financial disclosure package to develop hypotheses. The CICA's published ratings of firms' SCGP serve as benchmarks for SCGP transparency, the dependant variable.

We indeed find a significant relationship between the level of transparency of the SCGP and the firm's ownership structure. Our results hold even after controlling for variables that may also affect the SCGP quality. Thus, widely held firms appear to be more transparent with regard to their corporate governance practices. This supports regulatory action in the area of corporate governance disclosure.

The Chief Financial Officer's Perspective on Negotiations with the Auditor about Financial Reporting

Michael Gibbins (University of Alberta)

Susan A. McCracken* (University of Toronto)

Steven E. Salterio (Queen's University)

The Chief Financial Officer (CFO) plays a central role in a company's financial reporting process. This role has not been fully explicated because research has on the whole focused on the publicly reported outcomes (i.e. the audited financial statements), stylized representations of management based on agency theory, or on the role of the auditor in the process. We define and investigate the CFO's role by further specifying the accounting negotiation process model based on earlier research with audit partners, the management literature and in-depth interviews with CFOs. We use the model as a guide for a comprehensive questionnaire completed by a sample of CFOs, which provides a foundation for understanding management's side of the negotiation. Among the key findings are that the CFO: focuses on a single issue at a time, views the negotiation process as being distributive (win-lose) in nature from start to conclusion, and views the outcomes as predominantly driven by form over substance. Further, the CFO views the process as being heavily impacted by accounting and disclosure standards, his/her relationship with the audit partner, his/her perception of the competence of the audit partner, and both the organization's and the auditor's accounting expertise. We report relatively low CFO consultation with Boards of Directors and Audit Committees (or their chairs) while negotiations are occurring, and limited after-the-fact reporting that these highly material and contentious matters were resolved through negotiation with the auditor. We found some evidence that more independent audit committees are associated with negotiation processes that result in new solutions, not contemplated at the start of the negotiations, being developed. The paper concludes with implications for further empirical research.

* Presenter

Stock Returns, Cognitive Bias, and Going Concern Uncertainties Disclosures

Eli Bartov (New York University)

Ferdinand A. Gul (City University of Hong Kong)

Judy S. L. Tsui* (Hong Kong Polytechnic University)

This study draws on the behavioral finance literature to examine stock price behavior around going concern uncertainties releases. Using a sample of 238 distinct firms receiving a going concern qualification for the first time in the period 1996 to 2000, we document two types of findings. First, there is a significant mean cumulative abnormal return (CAR) of -2.27 percent in a four-day window around the electronic filing date of Form 10-K containing the qualified audit opinion. This finding contributes to the auditing literature by demonstrating that going concern uncertainty disclosures do possess information content. Second, the negative stock returns in the period leading to and surrounding these disclosures are reversed in the following year, and this stock-price reversal is accompanied by a parallel reversal in earnings performance. This suggests that the market overreacts to series of bad news, which culminate with the going concern qualification disclosures, evidence consistent with cognitive bias theory.

* Presenter

The Forensic-Type Phase: Fraud Detection in Auditing

Yasuhiro Ohta (York University)

This paper examines how the introduction of the forensic-type phase in auditing affects audit risk using a stylized game-theoretic analysis. The forensic-type phase is modeled as the stage that the auditor tries to detect management fraud and it is added to the standard acceptance game analyzed by Newman and Noel (1989). The analysis shows that the auditor conducts fraud detection activity if the audit evidence is in the middle region between the acceptance region and the rejection region. The main result of this paper is that the introduction of the forensic-type phase does not always reduce audit risk. A Monte Carlo simulation indicates that the introduction of the forensic-type phase tends to increase audit risk when the manager has strong incentive to commit fraud or the auditor has strong incentive to avoid false rejection.

The Audit Expectation Gap and Its Impact on Audit Quality and Auditing Standard Compliance

Ping Zhang (University of Toronto)

This paper analyzes the impact of investors' expectations on audit quality. It concludes that reducing the audit expectation gap may not be a productive objective for the accounting profession. If the auditing standards and the investors' expectations equal each other through adjustments of the auditing standards and/or the investors' expectations, the auditor will not consistently comply with the standards. As a result, the investors' expectations are not met. Furthermore, if the auditing standards and the investors' expectations are the same, the maximum audit value is unlikely to be obtained. The paper also concludes that auditors' consistent compliance to standards requires a legal system that imposes liability on auditors who have complied with auditing standards. The results of this study imply that the existence of high investors' expectations and a tough legal system may benefit the accounting profession by enabling its members to render high audit quality consistently.

Dividend Payout and Executive Compensation: Theory and Evidence

Nalinaksha Bhattacharyya (University of Manitoba)

Amin Mawani (York University)

Cameron K. J. Morrill* (University of Manitoba)

Recent studies have documented an association between managerial compensation and firm dividend policy. We develop a model based on Bhattacharyya (2003) whereby managerial quality and effort are unobservable to shareholders, and therefore first-best contracts are not possible. In the second-best world, compensation contracts motivate high quality managers to retain and invest firm earnings, while low quality managers are motivated to distribute income to shareholders. These hypotheses arising from our model are tested on data for US firms' dividend payouts over the period 1992-2001 using tobit regression analyses. Our results show that, *ceteris paribus*, executive compensation is positively (negatively) associated with earnings retention (dividend payouts). These results hold when the definition of payout is modified to incorporate both common dividends and common share repurchases.

* Presenter

The Use of Individual Performance Evaluation (IPE) in CEO Incentive Contracts: Optimal Contracting or Managerialism

Eduardo Schiehl* (HEC-Montréal)

Paul E. André (University of Edinburgh)

Our study investigates the association between the use of individual performance evaluation (IPE) in incentive contracting and the level of CEO cash compensation that is not explained by traditional financial measures of firm performance and corporate governance mechanisms. In particular, we address the question of whether a board of director's *ex ante* choice of incorporating IPE in CEO bonus contract serves to reward managerial decisions not reflected in measures of the firm's current financial performance, the *optimal contracting hypothesis*, or whether it serves to award CEO with excess compensation, the *managerialism hypothesis*.

First, we provide evidence that the use of IPE in CEO bonus contracts is an increasing function of firms' investment opportunities, an increasing function of the noise in accounting data and an increasing function of good governance. Second, we provide evidence about the ability of IPE to explain the level of CEO cash compensation that is not explained by the firm's current performance and governance variables. Third, we find a significant association between the use of IPE and our measures of subsequent firm performance. Thus, our result supports the *optimal contracting hypothesis*. IPE appear to be used to increase informativeness about CEO actions and to determine the level of current CEO cash compensation. Further, the link between the use of IPE and subsequent firm performance suggests that IPE is not used to award excess compensation.

* Presenter

Diversity in Accounting Research: Whither and Whence

Moderator: Linda Thorne, York University

Panelists: Jesse F. Dillard (Portland State University)
Vaughan S. Radcliffe (University of Western Ontario)
Steven E. Salterio (Queen's University)
Thomas W. Scott (University of Alberta)
Michael T. Stein (University of Oregon)

Each panelist will give a 3–5 minute opinion statement on the issue. This will be followed by a lively discussion of key issues that emerge with audience members joining in; moderated by Linda Thorne.

Linda will then present a summary of the discussion and will outline possible future directions.

Using the Jones and Modified Jones Models to Estimate Quarterly Discretionary Accruals: Problems and Possible Remedies

Zhi-Xing Lin (National University of Singapore)

Michael S. H. Shih* (National University of Singapore)

The reliability of the Jones and Modified Jones models for estimating *quarterly* discretionary accruals has not been examined in prior research. In this paper, we show that mean quarterly discretionary accruals estimated from the two Jones models

- (1) increase with reported earnings;
- (2) are an inverted U-shaped function of sequential revenue growth, lower in quarters with excellent or poor revenue growth, and higher in quarters with moderate revenue growth;
- (3) are an inverted U-shaped function of real GDP growth, lower in quarters with very strong or very weak economic growth, and higher in quarters with moderate economic growth;
- (4) decrease with cash flow from operations.

We examine possible explanations for each result, and discuss the implication with regard to possible bias in the test results of studies that use the two Jones models to detect earnings management. We also present new models to correct for the biases, and propose other remedies.

* Presenter

Loan Loss Provisions by Banks in Hong Kong, Malaysia and Singapore

Li Li Eng* (Oklahoma State University)

Sandeep Nabar (Oklahoma State University)

This paper studies loan loss disclosures by banks in Hong Kong, Malaysia and Singapore for the period 1993 through 2000. We find that unexpected loan loss provisions are positively related to bank stock returns and future cash flows. This indicates that Asian bank managers and investors behave in a fashion similar to their counterparts in the U.S. Asian bank managers increase loan loss provisions to signal favorable cash flow prospects, and bank investors bid bank stock prices up when unexpected provisions are positive. We also examine the impact of the Asian financial crisis of 1997 on the behavior of the loan loss variables. We find a significant increase in unexpected loan loss provisions and in changes in non-performing loans in the fiscal year affected by the crisis. However, we find no evidence that the crisis affected the relationship between the loan loss variables and bank stock returns or future bank cash flows. This suggests that the increased provisions represent managerial response to credit quality deterioration, rather than any strategic management of loan loss accounting.

* Presenter

An International Comparison of Pro Forma Earnings Disclosure: Use and Regulatory Implications

Gary M. Entwistle (University of Saskatchewan)

Glenn Feltham (University of Saskatchewan)

Chima Mbagwu* (University of Saskatchewan)

This study compares the voluntary disclosure of pro forma earnings (an alternative measure to GAAP earnings) in the U.S. and Canada. This is relevant to the ongoing policy debate, both within and outside North America, regarding the appropriate amount of regulation of financial markets. For example, the recently enacted U.S. Sarbanes-Oxley (SOX) Act could significantly affect the disclosure of pro forma earnings in U.S. markets. Should other countries enact similar regulation, and should this legislation become the operating standard internationally? In broader terms, are management disclosure practices similar enough to support an emerging (global) system of financial regulation? This paper presents evidence relevant to these policy questions.

Using earnings press releases for firms in the U.S. S&P 500 index and the Canadian TSX S&P 300 index, we find that pro forma earnings are reported far more often in the U.S. (77% of firms) than in Canada (33% of non cross-listed firms). Further, when pro forma is used, it is given greater prominence in U.S. earnings press releases than in Canadian releases. The number and magnitude of adjustments made to GAAP earnings in deriving pro forma earnings is also found to be significantly greater in the U.S. That is, pro forma is used more often, with greater intensity, and with greater (income-increasing) deviations from GAAP in the U.S. than in Canada. The evidence is also consistent with U.S. managers using pro forma earnings to affect users' perceptions of the firm – there was little support for this motive in the Canadian sample. In conclusion, the results suggest caution in moving to a uniform (global) system of financial regulation.

Acknowledgements: We thank Deloitte & Touche, LLP, which provided financial support through the Canadian Academic Accounting Association for this paper.

* Presenter

Inco Ltd.: Subjectivity in Fair Valuation

Andrew S. Hilton* (University of Alberta)

Patricia C. O'Brien (University of Waterloo)

The purpose of this study is to examine subjectivity in timing and valuation of asset impairment charges under generally accepted accounting principles (GAAP). We examine a unique case of asset impairment where we can observe a separate market value for the impaired asset for the majority of the period from its purchase to its write-down. Inco, a large nickel mining company, wrote off a substantial portion of the value of its project at Voisey's Bay, Labrador, Canada (VB) in 2002. At acquisition in 1996, the company issued a tracking stock tied only to the value of VB, which it retired in 2000. We use the tracking stock value and cash flow estimates to construct a valuation model, which we then employ to value VB in the 2000-2002 period. We find that (1) relative to market value, the assets were substantially overvalued on the financial statements for most of the period 1996-2000, yet no revaluation occurred until 2002; (2) GAAP indicators clearly identified VB as impaired prior to 2002; and (3) the 2002 write-down amount is inconsistent with parameters the market was using to value VB. Our study raises questions regarding the subjectivity inherent in both the timing and valuation of assets subject to impairment charges.

*Presenter

Labor Cost Voluntary Disclosures and Firm Equity Values: Is Human Capital Information Value-Relevant?

Kaouthar Lajili* (University of Ottawa)

Daniel Zeghal (University of Ottawa)

This study examines the market value-relevance of labor cost voluntary disclosures using a valuation model relating firm market values to book values of equity and to disclosed human capital information such as labor costs, net pension liabilities, and calculated average and marginal labor productivity and efficiency indicators. Results indicate that labor cost disclosing companies command higher equity market values in general and that labor efficiency measures could be potentially valuable to market participants. More specifically, we find positive and sometimes significant associations between labor-related costs and efficiency indicators, and firm values, which might encourage further human capital disclosure to more adequately assess firms' human resource management decisions and performance in the future.

* Presenter

The Effects of Regulation Fair Disclosure on Management Forecasts

Carla Carnaghan* (University of Waterloo)

Ranjini Sivakumar (University of Waterloo)

We examine U.S. company management forecasts to determine whether the SEC's Regulation Fair Disclosure has improved the quality and quantity of public disclosures. Management forecasts are voluntary, provide earnings guidance and are highly sought by investors and analysts. We find that the information disclosed by managers has improved in terms of frequency, specificity and verifiable information provided. We also find that Regulation Fair Disclosure has reduced information asymmetry, and information leakage prior to the release of the MEF. We find no evidence of greater returns volatility. Our results suggest that generally Regulation Fair Disclosure has achieved one of its stated goals of providing "a more level playing field" to all investors.

* Presenter

Making A Difference: The Construction of Audit Committee Effectiveness within Public Corporations

Yves Gendron* (University of Alberta)

Jean Bédard (Université Laval)

Pressures to perform and be effective are significantly influential within contemporary society, including within the realm of corporate boards of directors and audit committees. This paper adopts a social constructivist approach to better understand the process by which individuals who attend meetings of audit committees may develop the consensual belief that their corporation's audit committee is effective. We conducted the investigation via a field study in three large Canadian public corporations listed on the Toronto Stock Exchange, whose respective audit committees are generally perceived as effective by attendees.

Our analysis shows that the audit committees that we studied are far removed from the rubber-stamping stereotype. The reputation of every attendee is significantly at stake in the audit committee setting. It is particularly through the flow of comments, questions and responses sustained in and around meetings that attendees may reflectively develop confidence in their own capacities, in the abilities and trustworthiness of other attendees, and in the overall effectiveness of the audit committee.

* Presenter

Slave-Trade Investments and Investment Returns: Evidence from Eighteenth-Century France

Cheryl S. McWatters (University of Alberta)

This paper examines *la traite des Noirs* in terms of rational investment behaviour and investment returns. The research focus is the trade in the city of Nantes in the context of the mercantilist system of eighteenth-century France and the investments of one *armateur*, François Deguer. The primary data sources are archived in the Archives départementales de la Loire-Atlantique in Nantes, France. The results provide additional evidence, in an accounting context, of the trade's profitability, either as a stand-alone business or in conjunction with other parts of maritime commerce. Specifically, the analysis indicates that slave-trade investments held the possibility of above-average returns compared with other available investment opportunities. This result re-inforces the arguments of Daudin (2002) who analysed slave-trade investments in terms of risk, return, liquidity and time-frame. While the results are provisional in nature, they are the basis for on-going research into *la traite des Noirs*, based upon informed use of archival sources. Lessons can be drawn from these initial results, as we deal with accounting's implication in contemporary events — events which frequently bear remarkable resemblance to prior practices.

The Impairment of Auditor Credibility: Stock Market Evidence from the Enron-Andersen Saga

Rajib K. Doogar (University of Illinois)

Theodore Sougiannis (University of Illinois)

Hong Xie* (University of Illinois)

We investigate potential auditor credibility impairment spillovers resulting from Arthur Andersen LLP's (hereafter Andersen) January 10, 2002 shredding admission as well as from other emerging news about the role of Andersen in Enron's financial collapse. Overall, the evidence suggests that the shredding admission resulted in a significant credibility impairment for Andersen and in credibility impairment spillovers to other auditors as well. Our results imply that investors view auditor credibility as having a large common component across audit firms, so that impairments in the credibility of one prominent auditor can generate significant spillovers to other auditors.

* Presenter

Audit Committees and Misappropriation of Assets in Publicly Held Companies

Heidi H. Meier (Cleveland State University)

Sameer T. Mustafa* (Concordia University)

Previous studies investigated different risk factors that predicted or were related to financial fraud. Most of the previous literature focused on investigating the misreporting category of financial fraud (Persons (1995); Green and Choi (1997); Bell et al. (1991); Bell and Carcello (2000); Abbott et al. (2000)). Few studies have examined financial fraud by combining cases of misreporting and misappropriation of assets (Beasley (1996)). Only a few studies have been conducted using a very limited descriptive analysis of the misappropriation of assets (Silvester (1978); Lobbecke et al. (1989); Strawser (1997)).

This study investigates the relationship between the occurrence of misappropriation of assets by employees including management and the effectiveness of the audit committee. A search of *LEXIS-NEXIS Research Software 7.1, Business/Finance News* was conducted to identify articles that report misappropriation news to identify publicly held companies suffering misappropriation of assets by employees including management during the period from 1987 to 2000. The study investigated 81 companies experiencing misappropriation and two control samples: 81 random-control companies and 81 match-control companies.

The results extend the previous literature related to financial fraud and corporate governance. The percentage of independent members in audit committees of companies experiencing misappropriation of assets was significantly lower than those companies not experiencing misappropriation of assets in both the random and matched models. However, there were differences in the results between the random and match models.

* Presenter

Concentration of Publishing in the Business Majors: Theory and Evidence for Accounting, Finance, Management, and Marketing

Edward P. Swanson* (Texas A&M University)

Asghar Zardkoohi (Texas A&M University)

In this study, we use theories from economics and cognitive psychology to predict that differences exist in university concentration among business disciplines, and those differences can be explained by two factors: major journal ownership (private or association) and the importance of business school resources. Over the thirteen years from 1990 to 2002, we find that the level of university concentration is highest in finance and accounting. Management and marketing have significantly less concentration.

Within each discipline, university concentration is significantly higher in the privately sponsored journals compared to association-sponsored journals. Moreover, private universities publish a significantly higher share of the papers published in the privately sponsored journals. Much of the higher concentration in finance and accounting compared to management and marketing is due to a greater portion of the articles published by private schools in privately sponsored journals.

Consistent with our resource-based theory, seven prestigious private schools plus the University of Michigan contribute over 20 percent of all the articles published in the twelve business majors. Primarily due to the higher salaries paid to research talent, high resource business schools employ a relatively large proportion of the top publishers in accounting and finance, while the most productive publishers in management and marketing are distributed more evenly among universities.

Previous research has shown that the major journals in accounting publish the fewest articles (Swanson 2004). The finding that articles published in accounting are highly concentrated in private universities places accounting faculty at public universities at a further disadvantage relative to faculty in the other business disciplines.

* Presenter

The Economic Consequences of Limiting the Joint Provision of Audit and Nonaudit Services

Derek K. Chan (University of Hong Kong)

The supply of nonaudit services by auditors to their audit clients has long remained a contentious issue to the accounting profession. The primary concern is whether such supplies lead to increased bonding between auditors and their clients, thereby adversely affecting actual or perceived auditors' independence. This paper provides a formal economic framework with which to analyze the effects of limiting the scope of nonaudit services that auditors can provide to their audit clients on capital investment and auditors' effort and report decisions. In the model, auditors are strategic in choosing both effort and audit report, and incur costs for both incorrectly rejecting a true unaudited report (i.e., making a type I error) and incorrectly accepting a false unaudited report (i.e., making a type II error). It is demonstrated that limiting the scope of nonaudit services that auditors provide to their audit clients results in auditors reporting more conservatively (i.e., being less likely to issue unmodified reports) instead of increasing their effort. Moreover, I show that the equilibrium audit fee is higher, on average fewer investments will be undertaken, and both the market price of the firm and social welfare are lower.

Learning about Client Risk through Audit and Non-Audit Services

Paul J. Beck (University of Illinois)

Martin G.H. Wu* (University of Illinois)

Previous studies have examined cost savings when auditors provide non-audit services (NAS) to their audit clients. In this paper, we focus on the learning and risk effects associated with auditors' provision of both audit and NAS to their clients. In particular, we allow auditor NAS involvement to alter their clients' risk level and to provide an opportunity for learning about clients' risk. Therefore, audit risk becomes endogenous in our model as auditors trade off between expected audit risk (e.g., litigation and/or negotiation costs) and incremental NAS fees. We show that, whether auditors choose to provide NAS, depends upon their own circumstances (i.e., current client-specific knowledge, learning capability, expected audit risk, direct benefit/cost associated with audit and NAS, etc.) and their audit clients' business characteristics (innovation/growth rate, business risk) as well. An implication of our analyses is that auditors' incentives to accept NAS engagements are heavily influenced by the incremental learning from their NAS engagements. When such learning opportunities are limited, auditors may turn down those NAS that are expected to elevate their risk exposure even in the absence of regulations such as Sarbanes-Oxley. On the other hand, when incremental learning opportunities are extensive, auditors may provide NAS without charging any additional fee. The latter helps to explain why some types of assurance services previously classified as NAS have become a part of strategic audits even before the enactment of the Sarbanes-Oxley Act of 2002. Further, the Public Company Accounting Oversight Board has recently issued the new auditing standard that requires auditors to attest to the quality of their client's internal controls (see PCAOB Release No. 2004-001, March 9, 2004).

* Presenter

Gaming Trust and Reciprocity: Some Experimental Evidence

Kiridaran Kanagaretnam* (McMaster University)

S. M. Khalid Nainar (McMaster University)

Mohamed Shehata (McMaster University)

This paper extends the extant literature on trust and reciprocity along three dimensions using a variant of the standard investment game, originally introduced by Berg, Dickhaut and McCabe (1995). *First*, we allow participants to send signals to their counterparts in a repeated interaction setting to build reputation, and hence achieve higher levels of trust and reciprocity. *Second*, we provide the investor with the power to veto the receiver's allocation decision as a self-enforcing mechanism to enhance the level of cooperation, thereby enabling pricing of the power of retaliation and salience of reciprocal behavior. *Third*, we explicitly examine and calibrate the influence of two important personal attributes (value orientation and risk attitude) on trust and reciprocity levels. In addition, we computerized the experiment in order to maintain the highest level of privacy for subjects in their decision making process.

Our findings suggest (as predicted) that signaling through repeated interactions improves the level of trust and reciprocity significantly above the base line of the one-shot game. Trust and reciprocity levels are highest under the veto setting indicating that participants are able to correctly price the power of retaliation. The policy implication of the salubrious nature of countervailing power in the marketplace is thus bolstered. We also find that that value orientation and risk preferences are important drivers of the base-line level of trust and reciprocity. Furthermore, the trusting behavior of males and females are substantially different in the one-shot setting and repeated interaction setting, but not under the veto setting. This indicates that aggregate inferences from behavior of subjects (without accounting for gender) could be misleading and lead to erroneous understanding of actual behavior.

* Presenter

Predicting Business Failures in Canada

J. Efrim Boritz (University of Waterloo)

Duane B. Kennedy* (University of Waterloo)

Jerry Y. Sun (University of Waterloo)

Empirical researchers and practitioners frequently use the bankruptcy prediction models developed by Altman (1968) and Ohlson (1980). This poses a potential problem for practitioners in Canada and researchers working with Canadian data as the Altman and Ohlson models were developed using US data. The Canadian business and legal environment differs from the US environment. Also, the business environment has changed in the more than twenty-five years since the Altman and Ohlson models were estimated. We identified three Canadian bankruptcy prediction models, Springate (1978), Altman and Levallee (1980), and Legault and Veronneau (1986). These models were tested against the Altman and Ohlson models using recent data to determine the robustness of all models over time and the applicability of the Altman and Ohlson models to the Canadian environment.

The performance of the Springate (1978), Altman and Levallee (1980), Altman (1968), and Ohlson (1980) models on the 1987-2002 sample was significantly below the performance reported by the authors in their original studies. The performance of the Legault and Veronneau (1986) model was consistent between the original estimation period and the 1987-2002 time period.

The overall classification accuracy of the Ohlson model is comparable to the Springate (1978) and Legault and Veronneau (1986) models and greater than the Altman and Levallee (1980) model. The Springate model has the lowest Type I error rate and the Legault and Veronneau model has the lowest Type II error rate. The performance of the Altman (1968) model is generally weaker than the other models.

* Presenter

Applying Financial Statement Analysis to Forecast Earnings Growth and Evaluate P/E Ratios

Siyi Li (University of Illinois)

This study develops forecasts of earnings growth using a structured financial statement analysis and compares those forecasts with analysts' growth forecasts and the implied growth expectation in market prices. It takes the perspective that investors buy future earnings, and thus long-term earnings growth expectation is a key determinant of valuation. Investors face significant uncertainty regarding long-term growth, and financial statement information proves useful in reducing such uncertainty. The proposed model combines financial statement-based signals into a composite indicator of the firm's growth prospects that explains traded P/E ratios. By comparing the derived earnings growth forecasts with market growth expectations, the study shows that, first, financial analysts have not entirely incorporated the relevant financial statement information into their long-term growth forecasts, and secondly, stock prices appear not to fully reflect such information. This leads to the predictability of stock returns, which could have been exploited by sophisticated financial statement users.

The Impact of Financial Reporting Regulation on Corporate Environmental Disclosure: Evidence from Publicly-traded U.S. Chemical Companies

Kathryn Bewley (York University)

Vanessa Magness* (Ryerson University)

This study investigates the relation between financial reporting regulation and corporate environmental disclosure, extending prior research on factors that are associated with corporate environmental disclosure quality. The study uses several different disclosure indexes to measure the environmental disclosures in the annual reports of US public companies in the chemical industry over the period 1991 to 1996. During this period the Securities and Exchange Commission issued a new financial reporting regulation relating to environmental liabilities. The study tests whether there are differences in the disclosure measures associated with this new regulation being in effect, after controlling for company size and financial performance. The study also investigates whether companies that voluntarily reported an environmental liability accrual prior to the new regulation disclose more environment-related information after the regulation is in force, to test a signalling theory.

The study finds preliminary evidence of a positive association between the SEC regulation and environmental disclosure measures. It also finds evidence that sample firms that voluntarily disclosed environmental liabilities prior to the new regulation disclose more future-oriented financial information (FOFI) after the regulation is in force. This suggests FOFI is used for signalling purposes. The study's findings are inconclusive as to whether financial performance is consistently associated with the level of environmental disclosure. The findings also suggest that different methods used to measure disclosure can affect regression results, which is relevant for future studies of corporate disclosure. While some of the study's limitations are assessed, various limitations that remain are identified for future research.

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* Presenter

The Determinants of Aggressiveness of Tax Avoidance during Tax Holidays: Evidence from Foreign Invested Enterprises in China

Yasheng Chen* (University of Western Ontario)

Fernando Rajulton (University of Western Ontario)

David J. Sharp (University of Western Ontario)

This study investigates the determinants of aggressiveness of tax avoidance behavior of foreign invested enterprises (FIEs) during the tax holiday provided by the Chinese government to new foreign-invested ventures. Unlike most previous studies of corporate tax avoidance, which focus on how companies shift taxable income (through discretionary accounting policy choices, for example), this study uses survival analysis to examine both environmental and firm-specific factors which affect the aggressiveness of tax avoidance, measured as the time between start-up and first payment of income taxes. Using longitudinal data from 2906 FIEs in China, we find the greatest aggressiveness among wholly foreign owned enterprises (WFOE) and among those FIEs with following characteristics: financed from outside China, located in areas of low FIE density, low export ratios, high ownership concentration, and higher financial leverage.

* Presenter

Impact of Capital Gains Taxes on Firm Valuation: Evidence from the February 28, 2000 Canadian Capital Gains Inclusion Rate Reduction

Akinloye Akindayomi* (University of Calgary)

Hussein A. Warsame (University of Calgary)

This study investigates the impact of the February 2000 budget announcement that reduced the capital gains inclusion rate from three-quarters to two-thirds on the Canadian stock market. Using the market model of Lang and Shackelford (2000), and Canadian sample firms within a 5-trading-day event window, the study tests the hypothesis that capital gains taxes are capitalized in stock prices. The results show that there is a discriminatory effect between dividend and non-dividend paying stocks with the latter outperforming the former during the week of the budget announcement. The study also finds the Lang and Shackelford model very stable and efficient since regression coefficients and *t*-statistics remain unchanged when firms' specifics are controlled for. The findings from this study are important in that previous studies on the 1985 Lifetime Capital Gains Exemption in Canada did not find much significant impact of that tax initiative on the country's stock market. This study thus opens up further debate on the hitherto inconclusive or mixed evidence in this important area of accounting research.

* Presenter

Foreign Equity Ownership and Corporate Transparency in Emerging Markets: Evidence from Korea

Jeong-Bon Kim* (Hong Kong Polytechnic University)

Cheong H. Yi (Hong Kong Polytechnic University)

Using a sample of Korean firms with foreign equity ownership, this paper investigates two-way simultaneous relations between foreign equity ownership and corporate transparency. In so doing, we measure corporate transparency at the firm level using the method developed by Barron, Kim, Lim and Stevens (1998) on the precision of public and private information available to analysts when forecasting a firm's future earnings. The results of two-stage least squares regressions reveal the following: First, the level of shareholdings by foreign investors is positively related to the level of corporate transparency, suggesting that foreign investors are attracted more to transparent firms than to opaque ones. Second, the level of corporate transparency increases significantly with the level of shareholdings by foreign investors, suggesting that the presence of foreign investors in Korea contributes to enhancing corporate transparency. Finally, we provide evidence that foreign investors differ significantly from domestic institutional and individual investors in their preference over corporate transparency and in their role in facilitating it.

*Presenter

Multinational versus Local: The Evolution of Market Competition in China

Quanlin Gu (McMaster University)

Celine Yi Shen* (Peking University)

China is at a critical point. WTO entry, industry consolidation and reconstructing, the growing strength of local competitors, are reshaping the competitive game in China as well as in the world. This paper develops a “battle of competence” approach to understand why certain groups of firms (multinational versus local Chinese firms) dominate different industries in China. We conducted a longitudinal, comparative case study of the evolution of four industries (i.e., white goods, TV, PC, Telecom) in China over the last 20 years. Our findings show that Chinese firms are likely to catch up in the industries where technology is mature or easy to purchase in the market, local environment is complex and important, and the demand on functional competences is low. Our research identifies three important drivers of competitive advantage: the dynamic fit between internal competences and external environments, the combinative capability to effectively and efficiently integrate various competences, and the dynamic capability to continuously create bundles of new resources and knowledge.

* Presenter

Incentives, Performance Measurement, and Delegation: An Empirical Analysis of Interdependencies in Organizational Architecture

Elizabeth A. Demers (University of Rochester)

Margaret Shackell-Dowell* (University of Notre Dame)

Sally K. Widener (Rice University)

The firm's organizational architecture consists of three primary components: (1) incentive compensation or rewards; (2) performance measurement; and (3) the delegation of decision rights. Although the theoretical accounting and economics literature emphasizes the interrelated nature of these three aspects of organizational design, with the exception of Nagar (2002) prior empirical studies do not explicitly recognize the joint determination of the firm's architecture. Nagar (2002) provides evidence on the joint determination of two aspects of the firm's design in the retail banking sector: incentives and delegation. We extend Nagar (2002) by examining the interdependencies between all three aspects of organizational design in a New Economy setting where the third component of architecture, the performance measurement system, is also expected to play an important role. We find evidence to support the hypothesis that all three components of organizational design are interdependent. Furthermore, we document that the coefficients derived from simple OLS models of the determinants of organizational architecture are attenuated, leading to biased economic inferences when the simultaneously determined nature of the three architectural choices is not explicitly considered in the econometric specification.

* Presenter

The Impact of Equity-Based Executive Compensation on Corporate Performance and Capital Investment

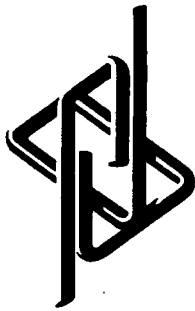
H. Young Baek (Nova Southeastern University)

Joung W. Kim* (Concordia University)

Michel L. Magnan (Concordia University)

The impact of equity-based executive compensation on subsequent firm performance is a critical yet unsettled issue. Based on a sample of S&P 1500 firms, the paper revisits the issue as to whether the use of equity-based compensation to executives is associated with a firm's long-term performance in excess of its equity cost and value of options granted to employees. Moreover, to better understand the managerial decision-making that underlies the association between compensation structure and long-term performance, we also consider stock returns volatility, capital investments, R&D expenditures and M&A activities. Findings reveal that equity-based executive compensation is not associated with either long-term market or accounting-based performance. However, in contrast, bonus compensation is associated with significant improvements in a firm's performance. Moreover, managerial share ownership has a positive influence on a firm's long term performance. Additional analyses suggest that compensation structure influences managers in the selection of their M&A deals.

* Presenter



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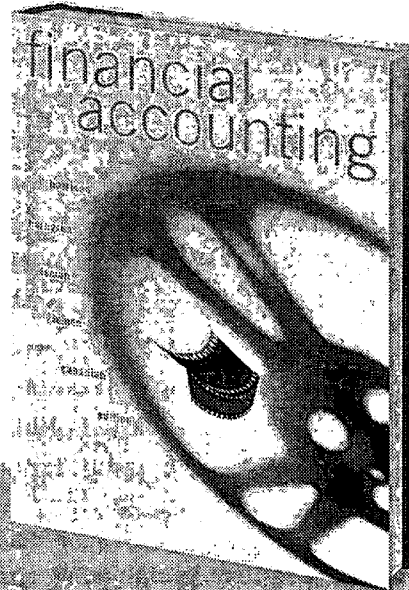
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