



Message from the CAAA President

Welcome to St. John's and the 31st annual conference of the Canadian Academic Accounting Association. We are pleased that you have been able to join us here. There is an engaging set of speakers, workshops, education sessions, and research papers awaiting you in the conference program. In addition, our program includes many opportunities and venues for meeting new colleagues and catching up with others you may have known for years.

Try not to miss conference highlights such as Thursday's Accounting Perspectives special event addressing various aspects of the merger of Canada's accounting professions into the CPA designation, Education workshops, the Craft of Accounting Research Workshop for doctoral students and junior faculty, and the 20th annual workshop of Centre for Accounting Ethics. Friday's highlights include a full slate of education sessions, a diverse range of research presentations complete with discussants, the conference plenary session, the Awards Lunch, our Annual General Meeting, and a traditional Newfoundland Kitchen Party, hosted by CPA Canada. On Saturday the conference continues with additional educational sessions and research presentations.

And if that is not enough, St. John's itself is waiting to be explored just outside the Delta St. John's Hotel & Conference Centre. Vibrant colours, lively music, fabulous food, interesting drink, inspiring views, and perhaps even icebergs are all nearby, and I hope you will have an opportunity to experience the warmth of Newfoundland hospitality while you are here.

Finally, when you see some of the many CAAA conference sponsors, volunteers, and staff who have worked very hard this year to make the conference happen, please take a moment to express your appreciation. I know they have themselves 'Journeyed to the Edge' to make your conference experience an enjoyable one.

Enjoy.
Merridee Bujaki

In this conference we will explore the challenges and opportunities of importance to our association and its members, with one significant addition: we endeavour to support broad efforts of reconciliation with Indigenous Peoples per the Truth and Reconciliation Commission report and recommendations. In the spirit of reconciliation, where we acknowledge past relationships and history, the CAAA acknowledges that our conference is taking place in the traditional territory of the Beothuk.

	Merridee Bujaki PRESIDENT		Cheryl McWatters PRESIDENT ELECT		Alan Richardson PAST PRESIDENT
	Sarah Gumpinger VICE PRESIDENT at large		Jamison Aldcorn VICE PRESIDENT Colleges		Penny L. Parker EDUCATION COMMITTEE CHAIR
	Natalia Kochetova-Kozloski RESEARCH COMMITTEE CHAIR		Jo-Anne Ryan 2016 CONFERENCE CHAIR		Richard Fontaine 2017 CONFERENCE CHAIR
	Patricia O'Brien EDITOR-IN-CHIEF CAR		Claude Laurin EDITOR-IN-CHIEF AP		Jacqueline Di Vito MEMBERSHIP COMMITTEE CHAIR
John McKinnon TREASURER		Gina Letourneau SECRETARY		 2015-2016 BOARD OF DIRECTORS	

The CAAA exists to promote excellence in accounting research and education. We are an organization of educators, professionals, and others who are involved in or concerned about research and education in accounting and related areas.


1800-80 Bloor St. W.,
Toronto, Ontario, Canada. M5S 2V1
(+1) 416.486.5361 admin@caaa.ca

Executive Director
Mary Henricksen
mary.henricksen@caaa.ca

Member Services
Louise Laroche
louise.laroche@caaa.ca

Finance & Administration
Vittoria Fortunato
vittoria.fortunato@caaa.ca

Publications & Grants
Carina Hackett
carina.hackett@caaa.ca

Managing Editor, CAR and AP
Colin Braithwaite
colin.braithwaite@caaa.ca

Editorial & Communications
Amber Goldie
amber.goldie@caaa.ca

CONTENTS

Welcome.....1–5

General Conference Information.....6–7

2016 CAAA Award Recipients.....8–13

Exhibitors.....14

Schedule at a Glance.....15

Volunteers.....16

Conference Floor Plan.....17

Social Events.....18

THURSDAY

Professional Development Day

Overview.....20

Education Session 1.....21

20th Annual Ethics Workshop.....22

Craft of Accounting Research Workshop.....23

PD Day Lunch, Education Committee, Conference Welcome Reception.....24

Education Workshop 2.....25

Accounting Perspectives Special Event.....26

FRIDAY

Overview.....27

Concurrent Sessions 1.....28–34

Awards Lunch.....35

Concurrent Sessions 2.....36–42

The Big Panel.....46

SATURDAY

Overview.....47

Concurrent Sessions 3.....48–55

President’s Lunch.....56

Concurrent Sessions 4.....56–66

Concurrent Sessions 5.....66–73

Conclusion.....75



Message from the Conference Chair

Welcome to the 2016 CAAA Annual Conference. Our theme, *Journey to the Edge: Sustainability in Turbulent Times*, is a fitting premise for both our location and the collection of papers received.

We've selected almost 90 papers for presentation that represent the conference theme. Do explore this extensive variety of papers, from many different disciplines using a range of methodologies. We also have accounting education sessions exploring very interesting and timely topics. Please also take the time to visit our exhibitors.



I hope you will use your time here to connect with old friends and colleagues and meet some new ones. The province of Newfoundland and Labrador is on the very eastern edge of Canada, and St. John's has some of the most breathtaking views anywhere. Just step outside the hotel to see the colours of Newfoundland!

I would like to thank our generous conference sponsors, and our reviewers who took the time to review the submissions and provide excellent feedback on many of the papers. I am extremely grateful for the support provided by our CAAA Executive Director Mary Henricksen, CAAA staff members Louise Laroche and Amber Goldie, and Addie Jackson at SSRN. None of this would have been possible without their tireless support and experience. I also thank Education Chair Penny Parker for her valuable recommendations and experience.

Thank you for joining us in St. John's. Newfoundland and Labrador Tourism's slogan is "Inspiring Boxes of Crayons since 1497". May you be inspired by your visit here.

Jo-Anne Ryan

have your say
ask questions make us work!
participate elect our officers
get to know us set our bylaws
vote

The CAAA 2016
**ANNUAL
GENERAL
MEETING**

Friday, June 3 5:45 pm
Salon C
Delta St. John's Hotel

Message from the Executive Director

Welcome to the edge.

It is incredibly exciting to be holding the 2016 CAAA Annual Conference in St. John's, Newfoundland and Labrador, on the eastern edge of the continent. This is a place where the Viking encampments can be seen from space, where the harbour may be host to icebergs, and where you can enjoy the many pleasures of George Street. I hope you can take the time from a packed conference schedule to enjoy this extraordinary place.



Your CAAA team on the ground - Louise Laroche, Amber Goldie, and me - are here to ensure an outstanding conference experience for all. Sessions will be held in the Delta St. John's as well as in the new St. John's Conference Centre, attached to the hotel via the skywalk at the northeast corner of the hotel lobby.

A big thank you from me to the 2016 Conference Chair Jo-Anne Ryan; to Penny Parker, our Education Chair; and to Patricia O'Brien, Editor-in-Chief for Contemporary Accounting Research, for their extraordinary work in putting together this year's program. Thanks also to Carina Hackett and Vittoria Fortuna to at the CAAA Head Office in Toronto for their hard work. And thanks to all of our sponsors and exhibitors for their support at our Conference and year round.

Fair weather to you.
Mary Henricksen

Message from the Education Chair

On behalf of the Education Committee, I wish to extend a sincere welcome to all participants of this year's conference in St. John's.

We have put together what we believe is one of the best Education Programs to date! From dynamic pre-senters at the half day workshops on Thursday, to a full schedule of 90 minute sessions on Friday and Saturday, dealing with everything from what's new from the CPA to round table discussions on the latest technology being used in the classroom. Consult the online schedule so you don't miss any of these great sessions!

Best regards for a great conference.
Penny Parker



GENERAL CONFERENCE INFORMATION

Addenda
Addenda to the print program will be published on the caaa.ca website. A notification of any addenda will be posted on the @caaa_acpc Twitter account. Please check these sources.

Badges & Registration
Register and pick up your badge at the Registration Desk in the Crush Lobby.
Thursday & Friday 7:00 a.m. to 5:00 p.m.
Saturday 8:00 a.m. to 12 noon
Your badge is required for all Conference events, including social events. Special badges will identify our speakers, award recipients, board members, and volunteers. First-time attendees will also have special identifying badges, so if you are a seasoned delegate, be sure to offer them a warm welcome!
Sponsor: CPA Canada

Business Centre
The 24 -hour Business Centre is in the Delta St. John's Hotel lobby and may be accessed with your room key. It offers complimentary black-and-white printing.

Exhibitor Booths
Please take the time to visit our exhibitors in the Crush Lobby of the Delta St. John's Hotel, to learn about new products, services, and technologies to enhance your teaching and research.

Ask Us Anything
CAAA staff will be waiting for your questions on: caaaconference2016@gmail.com
If you need assistance or have questions during conference hours, send us an email and we will respond right away. The Registration Desk will also be staffed at all times during conference hours.

Accessibility
The Delta St. John's Hotel and Conference Centre are fully accessible.

Delegates' Meeting Room
Need space for a conversation?
The Trinity Bay Room (on the Delta St. John's Hotel Convention Level) is available for meetings during the CAAA Conference. A time sheet will be posted where you can book time for a meeting during conference hours.

Evaluations
A Conference Evaluation Survey will be circulated via email after the Conference. We will use your responses to inform our planning for the 2017 CAAA Conference and to improve your Conference experience. Completed surveys will be entered into a draw to win a complimentary 2017 Conference registration.

Lost and Found
Contact the Delta St. John's Hotel Reception Desk for assistance with lost items.

GENERAL CONFERENCE INFORMATION

Meals
Meals will be taken in Salon A.
Sponsors: Willey, CPA Ontario, CPA Canada
Appetizers will be served at the Friday night Kitchen Party.

Session Materials
Session materials and video will be available via the CAAA website in the weeks following the Conference.

Social Event Transportation
Buses to the Johnson GEO Centre for the Friday night Kitchen Party will depart from the Delta St. John's Hotel from the lower level on New Gower Street. From the Lobby, take the stairs down to the lower level; the door to this location is at the bottom of the stairs. Elevators are available. Departures will begin at 6:30 pm. Return bus departures to the hotel from the GEO Centre will begin at 9:00 pm.
Sponsor: Carleton University

Ride Sharing
If you would like to find other delegates with whom to share a taxi to return to the airport after the conference, please notify the CAAA staff of your intended departure time, and a contact mobile telephone number, by 3:00 pm on Friday, June 3. We will endeavour to match delegates for ride sharing. Please note we cannot guarantee we will find a suitable ride share for your departure time.

First Aid
Trained First Aid staff are in the Conference Centre building at all times. Please report illness or medical emergency to CAAA staff at the Registration Desk, or to Conference Centre staff.

Mobile devices
Please ensure your device is set to silent mode during Conference sessions.

Refreshments
Coffee, tea and refreshments are available in two areas of the Crush Lobby. Please recharge over refreshments and conversation with our Exhibitors. Lighten your coffee footprint by bringing your own cup!
Sponsors: CPA Canada, Wolters Kluwer, Sobey School of Business, Laurentian University, CPA Atlantic School of Business.

Sustainability
Don't forget to leave your lanyard and plastic badge pocket in the bin provided as you check out. You can also leave your program for recycling. Ask at the hotel about the GreenStay program, and exchange housekeeping for tree-planting!

Twitter
@caaa_acpc
#caaaconf16

WiFi
WiFi access is free throughout the Centre. Find "SJCC" in your network settings to connect.

SYLVIE DESLAURIERS • L. S. ROSEN OUTSTANDING EDUCATOR AWARD



The L. S. Rosen Outstanding Educator award recognizes an educator's contributions to the field of Accounting education, in areas such as excellence in teaching, publications, educational innovation, research guidance for graduate students, and involvement in professional and academic societies and activities. The Award Committee is very pleased to announce Dr. Sylvie Deslauriers as this year's choice for the award.

The Committee recognized Dr. Deslauriers' many accomplishments throughout her distinguished career, in numerous key aspects of her field. She worked at length with the professional exam process for all three

Accounting designation bodies. This extensive experience has enabled her to pass Accounting designation acquisition knowledge to students, the better to facilitate their successful attainment of an Accounting designation. Through innovative and excellent teaching, she has consistently provided undergraduate and graduate students with the necessary tools and skills to successfully achieve their academic and professional goals.

A significant part of Dr. Deslauriers' academic career has focused on Accounting pedagogy; she has authored books and created materials to guide Accounting students and enhance their skills for learning from cases. She has also made her case utilization expertise readily available to other Accounting educators. As an essay supervisor for senior students, she has provided research guidance instrumental to their success. She provided strong mentorship to nine student teams that were able to win awards at the Commerce Games case competition. Dr. Deslauriers' contributions to the profession have been recognized with her receiving titles as both a Fellow Chartered Accountant (FCA) and a Fellow of the Society of Management Accountants (FCMA).

Substantial work and valuable contributions dedicated to many facets of Accounting education make Dr. Sylvie Deslauriers a most deserving recipient of the L. S. Rosen Outstanding Educator award.

"Sylvie Deslauriers has consistently demonstrated commitment to her students, her fellow educators, and her Accounting profession's designating bodies."

2015-2016 L. S. Rosen Award Committee
Stephanie Ibach • Sophie Audousset-Coulier • Maureen Gowing

JEFFREY PITTMAN • HAIM FALK AWARD FOR DISTINGUISHED CONTRIBUTION TO ACCOUNTING THOUGHT



Professor Pittman has compiled an outstanding research record since graduating from the PhD program at the University of Waterloo in 2001. Professor Pittman has more than twenty papers published or forthcoming in journals such as *The Accounting Review*, *Journal of Accounting and Economics*, *Journal of Accounting Research*, *Contemporary Accounting Research (CAR)*, and *Journal of Financial Economics*.

The impact of Professor Pittman's research is shown by the breadth of his contribution to accounting thought. A CAR editor comments: "Jeff's body of scholarly work is impressive for the breadth of the research questions,

their relevance to contemporary society and the depth of his data gathering and analysis. These are marks of a dedicated and talented researcher." Another CAR editor comments: "Dr. Pittman's performance may be viewed as exceptional for his field. In fact, the evidence suggests that very few accounting scholars worldwide, probably less than 2-3%, have attained Dr. Pittman's level of publication output."

"My own personal experience working with Dr. Pittman has been nothing short of outstanding. Aside from being a world-class researcher, he is very eager to make others succeed in their careers." - co-author

The Haim Falk Award Committee was impressed by the breadth of support for Professor Pittman's nomination. The contribution of his work to auditing, taxation, and governance knowledge was discussed by multiple nominators. His nomination included letters of support from junior and senior colleagues at a variety of Canadian and international universities. Junior colleagues frequently praised his contribution as a mentor.

The Award Committee unanimously determined Professor Pittman's body of work meets the criteria of original and innovative content, relevance to theory and practice, contribution to accounting knowledge, and consistency of contribution over time. On behalf of the Board of the CAAA, the Committee is pleased to recognize Professor Pittman with the 2016 Haim Falk Award.

2015-2016 Haim Falk Award Committee
Duane Kennedy • Yves Gendron • Karel Hrazdil

ANNE FORTIN • GEORGE BAXTER AWARD FOR OUTSTANDING CONTRIBUTIONS TO THE CAAA



Anne clearly subscribes to the CAAA’s long-standing dual mandates of promoting accounting education and research in Canada. Anne’s involvement with the CAAA began in 1984 when she agreed to serve on the Education Committee, assuming the chair in 1986. Anne’s service has included membership on ten CAAA committees and task forces, and service as Chair on four. Anne served as a Board member for the periods 1986-1987 and 1997-2002, and was the CAAA President in 2000-2001. As the President-elect in 1999-2000, Anne chaired the committee that undertook a feasibility study that culminated in the approval of *Accounting Perspectives* (formerly *Canadian Accounting Perspectives*) in 2000.

Anne’s dedication to accounting research includes involvement in both of the CAAA’s journals through her work on the 2003-2004 Task Force on CAAA Journals and service on the editorial boards of *Contemporary Accounting Research (CAR)* (2010-2014) and *Accounting Perspectives (AP)* (2001-2016). Anne has been actively involved in the CAAA’s conferences both as a long-time member of the scientific review committees, a conference presenter/discussant/session chair, and as a member of the 1995 Annual Conference Organizing Committee. She has published her research in both *CAR* and *AP*.

“a dedicated volunteer whose service, dedication and contributions to the CAAA make her exceptionally worthy of recognition”

Anne has mentored other Canadian accounting academics through her teaching in PhD, masters, and undergraduate programs. Anne’s co-authored research with students has resulted in both CAAA conference presentations and new CAAA members. She has also “mentored” colleagues by unselfishly nominating others for awards and honours. As one letter of support notes, Anne, “like George Baxter”, is “a quiet and understated, solid professional who has been a leader and who has accomplished much without a lot of fanfare.”

As the recipient of the George Baxter Award, Anne Fortin is being recognized for her outstanding contributions, exemplary record of service, and long-time dedication to the CAAA. We thank Anne and look forward to her continued contributions to the CAAA.

2015-2016 George Baxter Award Committee
Irene Gordon • Réal Labelle • Morley Lemon

HOWARD TEALL AWARD FOR INNOVATION IN ACCOUNTING EDUCATION

SYLVIE DESLAURIERS • 1ST PLACE



“Turn the Tables” was developed for use in a case-based course designed to integrate the technical competencies acquired throughout the accounting program. The activity requires students to review and prepare responses to several short cases that reflect real-life business situations and develop effectively structured responses within the prescribed time limits. The cases then become the focus of an in-class lesson. The goal of this activity is to help students better understand what is required to successfully solve a case.

STEPHEN BERGSTROM • 2ND PLACE

The single largest topic in most Advanced Financial Accounting courses is the preparation of consolidated financial statements. Although simple in concept, consolidations are one accounting topic that many students dread learning. Typically, consolidations are taught and examined in an old-fashioned “paper and pencil” approach. However, in the corporate environment, very few (if any) accountants actually do a consolidation manually. Most companies either have sophisticated accounting software to perform the majority of the consolidation activities automatically or use some other type of spreadsheet application.



“Consolidations and Excel” introduces an approach for alternating lectures with hands-on use of Microsoft Excel, coupled with a computer-based quiz to reinforce student learning and provide the students with feedback prior to a paper-based midterm exam.

LEANNE VIG • 3RD PLACE



“Intro to Accounting: Smarties Activity” incorporates hands-on learning and increases student engagement, in a first year mandatory accounting course that includes both accounting and non-accounting majors, using Smarties to demonstrate merchandising inventory concepts. Students will have completed a chapter on Inventory Systems and covered perpetual and periodic systems and related journal entries and cost of goods sold concepts. The activity gets the students involved and interacting with one another and sets the stage

for a safe, open environment to introduce what is typically a challenging topic for first year students.

2015-2016 Howard Teall Award Committee
Angela Davis • Jamison Alcorn • Ralph Tassone • Caren Kuczewski

2016 AWARD RECIPIENTS

CAAA CASE COMPETITION

We received a record number of submissions for this year’s competition. The cases were all very well done, making it very difficult for the judges to determine the winners.

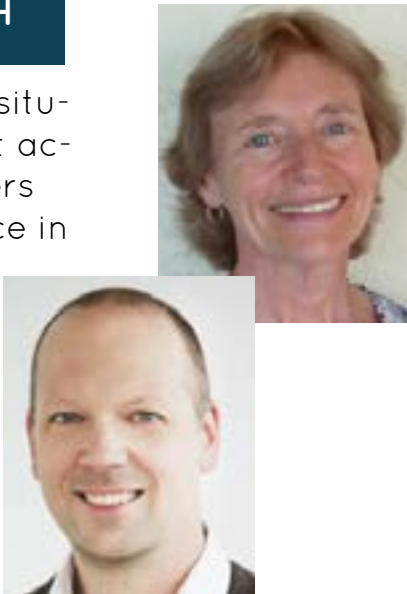
BRANDY MACKINTOSH • ENGLISH



The instructional case "Cathy's School of Dance", based on an existing business, requires students to provide advice to a client about the company’s financial statements. Students need to gain an understanding of the business practices from the notes provided in the case, as well as grasp the accounting policies and procedures from the financial statements and the note disclosures. Students need to not only determine how the accounting choices and judgments contained in these interim financial statements will be reflected differently in the year-end financial statements, but also address any issues with the accounting policies not adhering to the applicable accounting standards.
Brandy Mackintosh is an Associate Professor at the Edwards Business School, University of Saskatchewan.

NICOLAS BLAIS & SYLVIE DESLAURIERS • FRENCH

"Arts Entertainment Inc." was constructed from a real life situation. It focuses on three areas of expertise: management accounting, finance, and strategy/governance. The case offers students the opportunity to demonstrate their competence in practical analysis of financial and non-financial risks related to the project. In addition, due to the precarious nature of the current financial structure of the business, the student is provided with an opportunity to assess the impact, qualitatively and quantitatively, on the financing of the project. The case can certainly be used in the preparatory courses to the Common Final Examination of CPA Canada.
Nicolas Blais and Sylvie Deslauriers are professors at the Université du Québec à Trois-Rivières.



2015-2016 Case Competition Award Committee
Megan Costiuk • Beth Honeychurch • Carmen Kuczewski
Norman Sheehan • Nicola Young • Fred Pries • Sylvie Héroux

Salon A 12:30 pm

The CAAA’s Award Committees are pleased to invite you to join them in honouring the 2016 Award recipients

CAAA Awards Lunch

Welcome and Introduction: Merridee Bujaki, CAAA President

L. S Rosen Award
Sylvie Deslauriers
Introduced by
Sophie Audousset-Coulier

Haim Falk Award
Jeffrey Pittman
Introduced by
Devan Mescall

George Baxter Award
Anne Fortin
Introduced by
Richard Fontaine

Howard Teall Award
Sylvie Deslauriers
Introduced by
Penny Parker

CAAA Case Competition

Brandy Mackintosh, *University of Saskatchewan*
Nicolas Blais, Sylvie Deslauriers, *Université du Québec à Trois-Rivières*
Introduced by Megan Costiuk, *University of Regina*

The Awards Lunch is sponsored by



RESOURCES FOR ACCOUNTING CASE COURSES

WE OFFER:

- ❖ CASES FOR CLASSROOM USE
- ❖ INDIVIDUAL OR CUSTOM CASE PACKAGES
- ❖ EXAMINATION CASES
- ❖ COMPETENCY MAP STUDY NOTES TEXTBOOK



VISIT US AT BOOTH 2



TOLL FREE: 1-844-434-3812 www.dcscpa.com
PHONE: 902-434-3812 info@dcscpa.com



MASTER OF
PROFESSIONAL ACCOUNTING



AUDIT ANALYTICS®

Our Exhibitors

Make sure to visit our Exhibitor booths, where you'll have the opportunity to learn about new products, services, and technologies to enhance your teaching and research.

S&P GLOBAL
MARKET
INTELLIGENCE

SCHEDULE AT A GLANCE

THURSDAY, JUNE 2

7:00 AM – 5:00 PM
Conference Registration is Open
7:30 AM – 8:30 AM
PD Day Breakfast
8:30 AM – 12 NOON
Education Workshop 1
20th Annual Ethics Workshop
12 NOON – 1:00 PM
PD Day Lunch
8:30 AM – 5:00 PM
Craft of Accounting Research Workshop
1:00 PM – 4:30 PM
Education Workshop 2
AP Special Event: Unification of the accounting bodies in Canada
7:00 PM – 8:30 PM
Conference Welcome Reception (casual)

FRIDAY, JUNE 3

7:00 AM – 5:00 PM
Conference Registration is Open
8:00 AM – 5:00 PM
Exhibitor Booths are Open
8:00 AM – 9:00 AM
Breakfast
9:00 AM – 10:30 AM
Opening Plenary Session
10:45 AM – 12:15 PM
Concurrent Sessions I
12:30 PM – 2:00 PM
Awards Lunch
2:15 PM – 3:45 PM
Concurrent Sessions II
4:00 PM – 5:30 PM
The Big Panel
5:45 PM – 6:45 PM
AGM and Board Meeting
7:30 PM – 9:30 PM
CPA Canada Kitchen Party

SATURDAY, JUNE 4

8:00 AM – 12 NOON
Conference Registration is Open
Exhibitor Booths are Open
9:00 AM – 10:30 AM
Networking Breakfast
10:45 AM – 12:15 PM
Concurrent Sessions III
12:30 PM – 2:00 PM
President's Lunch
2:15 PM – 3:45 PM
Concurrent Sessions IV
4:00 PM – 5:30 PM
Concurrent Sessions V
5:30 PM
Close of Conference

SCIENTIFIC REVIEW COMMITTEE

Stephen Bergstrom • SAIT
Mohamed Drira • University of New Brunswick Fredericton
Richard Fontaine • UQAM
Sylvie Héroux • UQAM
Hanan Khemakhem • UQAM
Pascale Lapointe-Antune • Brock University
Camillo Lento • Lakehead University
Na Li • Singapore Management University
Stephani Mason • Depaul University
Bruce McConomy • Wilfrid Laurier University
Devan Mescall • University of Saskatchewan
Fred Pries • University of Guelph
Jo-Anne Ryan • Laurentian University
Samir Trabelsi • Brock University
Nader Wans • Memorial University

MEMBERSHIP COMMITTEE

Jacqueline di Vito • HEC Montréal
Hong Fan • St Mary's University
Sylvie Héroux • UQAM
Kim Trottier • Simon Fraser University

SPECIAL NOMINATIONS COMMITTEE

AP EDITOR-IN-CHIEF

Bruce McConomy • Wilfrid Laurier University
Efrim Boritz • University of Waterloo
Sandy Hilton • CPA Canada
Natalia Kochetova-Kozloski • St Mary's University

NOMINATIONS COMMITTEE

Alan J. Richardson • University of Windsor
Gary Entwistle • University of Saskatchewan
Caroline Lambert • HEC Montreal
Krista Fiolleau • University of Waterloo
Cheryl McWatters • University of Ottawa

SPECIAL NOMINATIONS COMMITTEE

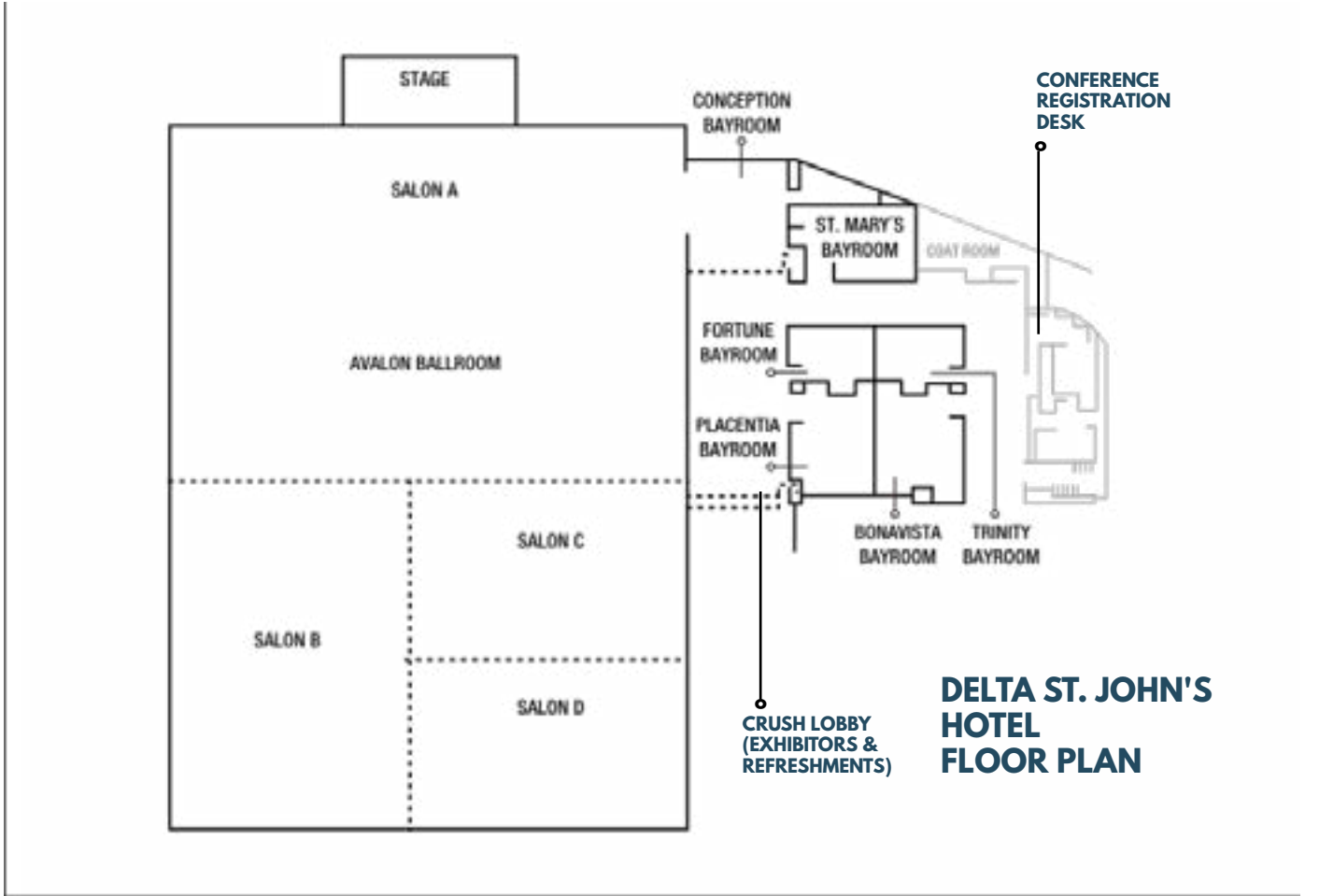
CAR EDITOR-IN-CHIEF

Michel Magnan • Concordia University
Jeffrey Callan • University of Toronto
Karim Jamal • University of Alberta
Sandra Chamberlain • University of British Columbia
Yves Gendron • Université Laval
Natalia Kochetova-Kozloski • St Mary's University

2016 CAAA ANNUAL CONFERENCE
DISCUSSANTS

James Thewissen • Bruce McConomy • Fred Pries • Bharat Sarath • Min Jeong Hong • Zhihong Wang • Stephani Mason • Harun Rashid • Georgios Voulgaris • Heather Wier • Seokyoung Hwang • Ashiq Ali • Seda Oz • Carolyn MacTavish • Natalia Kochetova-Kozloski • KC Lin • Adam Presslee • Susie Qi Wang • Dongning Yu • Vasiliki E. Athanasakou • Kevin Veenstra • Michael Tang • Sylvie Héroux • Stephen Bergstrom • Sandra Chamberlain • Richard Fontaine • Dongyoung Lee • Thomas Kaspereit • Richard Lord • Lev Timoshenko • Krista Fiolleau • Jimmy Yu • Christine Naaman • Khalid Nainar • Mitchell Stein Anup Srivastava • Duane Kennedy • William Mitchell • Kun Huo • Ping Zhang • Emilio Boulianne • Matthäus Tekathen • Morley Lemon • Brent White • Camillo Lento • Diego Ravenda • Kai Chen • Rachel Papirakis • Jeff Payne • Andrew Bauer • Johnny Jermais • Michael Opara • Jay Junghun Lee • Andrea Stapleton

SPECIAL THANKS TO
David Bateman



CAAA 2015-2016
Volunteers

Hundreds of hours of volunteer time go into making the CAAA Annual Conference a success, and into the day-to-day operations of the Association. For their dedication and commitment, we offer our grateful thanks to all of our many volunteers. We especially thank the Scientific Review Committee, whose members reviewed the bulk of this year's papers and provided the authors with valuable feedback.

SOCIAL EVENTS

THURSDAY Salons C&D
7:00-8:30 PM

WELCOME
RECEPTION
Casual attire

FRIDAY Salon A
12:30-2:00 PM

AWARDS
LUNCH
sponsored by
CPA Ontario

FRIDAY & SATURDAY Hotel Lobby
6:20 AM

MORNING RUN GROUPS
Exercise your body before exercising your mind.

Multiple routes and groups to fit all speeds.
No need to preregister,
just show up with your shoelaces tied.

SATURDAY Salon A
9:00-10:30 AM

NETWORKING BREAKFAST
An opportunity to connect with colleagues

THURSDAY Crush Lobby
10:00-10:30 AM / 2:15-2:45 PM

REFRESHMENTS

FRIDAY SATURDAY
10:30-10:45 AM 3:30-3:45 PM
3:30-3:45 PM

CPA CANADA
KITCHEN PARTY FRIDAY
7:30-9:30 PM
Johnson
GEO CENTRE

Buses depart from
hotel starting at
6:30 pm



SATURDAY Salon A
12:30-2:00 PM

PRESIDENT'S
LUNCH
speaker
Blair Feltmate
sponsored by
CPA Canada



A strong accounting and finance team is vital to the success of your business.

Developed in consultation with employers, the **CPA Canada Advanced Certificate in Accounting and Finance (ACAF)** delivers the applied technical and soft skills required for mid-tier accounting and finance positions.

Available online, the ACAF offers your employees a flexible, accessible learning experience relevant to their roles.

Choose the ACAF to give your team the edge it needs to deliver top performance.

LEARN MORE AT:
CPACanada.ca/ACAF

PROFESSIONAL DEVELOPMENT DAY OVERVIEW

FEATURED SPONSORS

The Craft of Accounting
Research Workshop

20th Annual
Ethics Workshop

PD Day Lunch



Brock University



Morning and Afternoon Breaks

Accounting Perspectives
Special Event



SCHEDULE

7:00 AM – 5:00 PM	Conference Registration is Open
7:30 AM – 8:30 AM	PD Day Breakfast
8:30 AM – 12 NOON	Education 1 and Ethics Workshops
8:30 AM – 5:00 PM	Craft of Accounting Research Workshop
10:00 AM – 10:30 AM	Morning Break
12 NOON	PD Day Lunch
1:00 PM – 5:00 PM	Education 2 Workshop and AP Special Event
2:15 PM – 2:45 PM	Afternoon Break
7:00 PM – 8:30 PM	Conference Welcome Reception

ROOM-FINDER

Developing Accounting Students’ Communication Skills Workshop (Education 1)	Salon G
20th Annual Ethics Workshop	Salon F
Craft of Accounting Research Workshop	Salon E
Optimize Your Classroom & Online Courses with Effective Teaching & Course Management Strategies Workshop (Education 2)	Salon G
Accounting Perspectives Special Event	Salon F

EDUCATION WORKSHOP 1 8:30 - 12:00

Salon G DEVELOPING ACCOUNTING STUDENTS’
COMMUNICATION SKILLS

Strong communication skills are essential for professional success in accounting. Yet many of our students struggle to communicate effectively. This interactive workshop includes techniques and materials used in CPA Canada’s Professional Education Program to help students develop stronger communication skills. The workshop will focus primarily on writing skills, but will also touch briefly on oral communication skills. Participants will:

- identify desired communication competencies
- design assignments to encourage communication skill development
- practice evaluating communication performance
- and consider ways to help students develop communication competencies across the accounting program.

Susan Wolcott PhD, CPA (US), CMA (US)

Aalto University (formerly Helsinki School of Economics), WolcottLynch



Dr. Wolcott is Thought Leader for professional education at CPA Canada and an educational consultant with WolcottLynch Associates. She works with faculty and programs to support critical thinking development, competency assessment, and curriculum innovation. Her publications include *Best Practices Each Step of the Way* (AACSB International and Association for Institutional Research), materials for the AICPA Educational Competency Assessment web site, and the American Accounting Association handbook *Developing Critical Thinking Skills: The Key to Professional Competencies*.

Dr. Wolcott consults with CPA Canada on developing its precertification education program, is a member of the AICPA Precertification Education Executive Committee, and chaired both the Pathways Commission Common Body of Knowledge in Accounting Task Force; and the AICPA Core Competency Framework Curriculum Evaluation Task Force. She has received teaching awards at IE Business School in Madrid and the Daniels College of Business at University of Denver. Susan holds PhD and MS degrees in Accounting and Information Systems from Northwestern University and a BBA in Accounting from the University of Portland.

PROFESSIONAL DEVELOPMENT DAY 8:30 - 12:00

Salon F

20TH ANNUAL ETHICS WORKSHOP

8:30: Welcome & Introduction *Krista Fiolleau, Centre for Accounting Ethics*

8:45: Ethical considerations associated with Big Data (90 minutes)
Professor Daniel O'Leary, Leventhal School of Accounting, University of Southern California

10:15-10:45: Refreshment Break

10:45-11:00 Presentation of the 2016 Estey Award

11:00: How CPA Canada Addresses ethics issues in teaching cases (60 minutes)
Sarah Gumpinger, Anna Marie Christian, CPA Canada



Daniel E. O'Leary CPA (Ohio), CISA

Leventhal School of Accounting/ Data Sciences and Operations (joint appointment), University of Southern California

Daniel O'Leary specializes in teaching on the use and impact of technology in accounting and auditing in a range of international settings, for both professional and university organizations. He is the author of *Enterprise Resource Planning Systems: Systems, Life Cycle, Electronic Commerce and Risk* (Cambridge University Press, 2000) and of over 100 journal papers on various technologies and issues. He is the current editor of John Wiley's *Intelligent Systems in Accounting, Finance and Management*, and the former editor of *IEEE Intelligent Systems* and the *Journal of Emerging Technologies in Accounting*. He has also worked in consulting for Peat, Marwick, Mitchell and Co. His research on Big Data has tackled subjects such as the potentially fundamentally contrary goals of big data and privacy; how artificial intelligence and crowdsourcing have been employed to facilitate use of big data; and the challenges of generating reliable data from mobile devices. He has also delivered continuing education lectures at American Accounting Association National Meetings on emerging issues in big data.

Sarah Gumpinger, CPA, CA

CPA Canada

Prior to joining CPA Canada, she worked at Deloitte's national office developing national and global accounting learning curricula. Sarah also taught and contributed to the CA School of Business curriculum. She is currently a Principal with CPA Canada, responsible for the development of Professional Education Program (PEP) modules. She is also an accounting instructor at the University of British Columbia's Okanagan campus.



Anna Marie Christian, FCPA, FCMA

CPA Canada

Anna-Marie Christian is an Education Principal at Chartered Professional Accountants of Canada, where she is responsible for content development and continual improvement of several key modules of the CPA Professional Education Program – or CPA PEP. Anna-Marie was a member of the team that developed CPA PEP, and served on other key committees spearheading the unification of the Canadian accounting profession. She has a rich and varied background in both industry and in accounting education. She has held management positions in property management, construction, manufacturing, consumer packaged goods and not-for-profit organizations, and was involved for over 15 years in delivering the Certified Management Accountant (CMA) Strategic Leadership Program for Certified Management Accountants of Ontario. She is a member of Chartered Professional Accountants of Ontario (CPA Ontario).

PROFESSIONAL DEVELOPMENT DAY 8:30 - 5:00

Salon E

THE CRAFT OF ACCOUNTING RESEARCH

This workshop is for doctoral students and junior faculty members interested in performing research and writing research-based articles for scholarly journals in accounting. It will concentrate on issues and problems involved in planning and performing research, as well as writing up and publishing results. Selected participants will present and receive feedback on their research ideas. The workshop will be most valuable to PhD students who have begun developing their research, and junior faculty seeking feedback on early-stage projects.



Theresa Libby, PhD, CPA, CA

Professor & Robert Harding Research Leadership Fellow, University of Waterloo
Theresa Libby received her PhD in 1996 from the University of Waterloo. Her research interests include the manager's use of accounting information for decision-making, the effects of budgeting processes on performance, accounting ethics, and innovation in management accounting systems. She has published articles in leading accounting journals including *The Accounting Review*, *Accounting, Organizations and Society*, *Contemporary Accounting Research*, and the *Journal of Business Ethics*. Professor Libby sits on the editorial boards of *Contemporary Accounting Research*, *Journal of Management Accounting Research* and the *Journal of Accounting and Organizational Change*, has served as Senior Editor at *Behavioral Research in Accounting* and is currently an Associate Editor at *Management Accounting Research*. She was the recipient of the CAAA's L. S. Rosen Award in 2014.

Patricia C. O'Brien, PhD

Ernst & Young Professor, School of Accounting & Finance, University of Waterloo
Editor-in-Chief, Contemporary Accounting Research

Professor O'Brien was the 2009 recipient of the Canadian Academic Accounting Association's Haim Falk Award, for her research on financial analysts. She has served on the editorial boards of the *Journal of Accounting Research*, *The Accounting Review*, and the *Journal of Accounting and Public Policy*, and is currently on the Academic Advisory Committee of the Canadian Accounting Standards Board. Professor O'Brien has held full-time faculty appointments at the University of Rochester, Massachusetts Institute of Technology, the University of Michigan, London Business School, York University, and the University of Waterloo, and visiting appointments at the Helsinki School of Economics, the University of Chicago, Stanford University, and the University of Amsterdam. She holds an A.B. degree, *cum laude* in mathematics, from Cornell University, and earned her MBA and PhD degrees at the University of Chicago.



Dan Simunic, PhD, CPA (Illinois), FCGA (British Columbia)

Certified General Accountants' Professor, Sauder School of Business, University of British Columbia

Professor Siminuc's research interests are in the economics of auditing and in international auditing. He has published research papers in numerous journals, including the *Journal of Accounting Research*, *Journal of Accounting & Economics*, *The Accounting Review*, *Contemporary Accounting Research (CAR)*, and *Auditing: A Journal of Practice & Theory*. Dan obtained a PhD in accounting and economics from the Graduate School of Business, University of Chicago. He worked in the Chicago office of Ernst & Ernst (now Ernst & Young) and served for 10 years as technical advisor from Canada to the International Auditing Practices Committee (now the International Auditing & Assurance Standards Board) of the International Federation of Accountants. He is a (former) FCGA (British Columbia). Dan served as Co-Editor of *CAR* from 1997 to 2000, and as the Editor of *Auditing: A Journal of Practice and Theory* from 2005-2008 and is currently a Co-Editor of the *Journal of Contemporary Accounting & Economics* and a Consulting Editor of *CAR*. He has taught as a Visiting Professor at universities around the world.

Salon A Professional Development Day Lunch 12 NOON

Welcome and Introduction

Merridee Bujaki

CAAA President

Greeting and Opening Remarks

Samir Trabelsi

Director, CPA Ontario's Research Excellence Centre, Brock University

Presentation: Update on Unification

Sandy Hilton

Director of Professional Education Programs, CPA Canada

The Professional Development Day Lunch is sponsored by

WILEY

CAAA 2015-2016 Education Committee

Penny Parker • Fanshawe College

Jamison Aldcorn • Seneca College

Megan Costiuk • University of Regina

Anna Czegledi • Conestoga College

Angela Davis • Booth University College

Sylvie Deslauriers • Université du Québec à Trois-Rivières

Joanne Jones • York University

Susan Graydon Kelsall • Humber College

Sylvie Héroux • Université du Québec à Montréal

Joanne Jones • York University

Dragan Stojanovic • University of Toronto

Ralph Tassone • University of Toronto

Susan Wolcott • CA School of Business

Salons C&D Conference Welcome Reception 7:00pm

Please join us for our Annual Welcome Reception

It's a perfect opportunity for you to meet and greet colleagues, CAAA staff and new friends, compare conference schedules and enjoy a glass of wine and delicious snacks.

Don't forget to bring your business card: we're holding a draw for one night's accommodation at the exquisite Fogo Island Inn... and you've got to be there to win!

EDUCATION WORKSHOP 2

1:00 - 5:00

Salon G OPTIMIZE YOUR CLASSROOM & ONLINE COURSES WITH EFFECTIVE TEACHING & COURSE MANAGEMENT STRATEGIES

This highly interactive workshop builds on our 2015 CAAA Conference workshop. We will enhance your classroom — face-to-face — and your online course.

Participants will discuss learning theory, and effective teaching strategies and best practices for classroom use, and receive summaries of advice provided by experienced accounting educators solicited during past accounting association meetings. Next, we discuss how to manage the online classroom. This includes such topics as: Instructor workload; Class size (how to keep students engaged in the LARGE online classroom); the role of the instructor, personalized learning, and data-driven instruction in the online course for both introductory and advanced courses); and how to manage reports and dashboards to help keep students progressing.

The workshop concludes with a discussion of how universal design of online instruction can help with interaction in the online classroom. We will focus on: fostering interaction in small and large classes; getting the most out of group projects and case studies; leveraging personalized learning tools; understanding data driven instruction; working with external resources; and exploring new technologies and mobile applications in the online classroom.

Phylise Banner

Director, Online Teaching and Learning, Clarkson University Capital Region Campus

Phylise Banner has been working in the field of online teaching and learning since 1997, planning, designing, developing, and delivering online courses, programs, and faculty development initiatives. She works to expand online offerings through a mindful institution-wide approach to program, course, and faculty development in alignment with teaching and learning effective practices and the Community of Inquiry framework. An online learning evangelist, she actively seeks opportunities to experiment with emerging technologies to best serve faculty and students, and to create communities of lifelong learners. She is featured regularly at regional, national and international conferences, speaking on the topics of online teaching and learning, faculty development, instructional strategy, experience design, social media, information visualization and GIS technologies. She also teaches Digital Storytelling online for SUNY Institute of Technology, and in person for the Academy for Lifelong Learning at Empire State College.



John S. DeJoy, PhD, CPA (New York, Idaho)

Associate Professor of Accounting, Clarkson University

Professor DeJoy has been teaching accounting online and in the classroom for some 25 years. He also conducts professional development workshops for accounting professors and PhD students with the goal of enhancing their teaching skills. Professor DeJoy mentors accounting faculty as well. During his more than two decades in higher education, he has led the creation of full master's degrees, bachelor's degree completion programs, and numerous graduate and undergraduate courses for classroom, hybrid, and online delivery. John currently teaches online and classroom graduate accounting courses for Clarkson University. Prior to joining Clarkson, John served as a professor with Siena



College and as a dean and professor with Marist College where he also chaired the graduate council. John has Big Four auditing experience, and as an instructor in the Becker CPA Exam Review program. His PhD is in adult education from the University of Idaho and he completed a post-doctorate in accounting and finance from the University of Florida. He holds the MBA from Marist College and the BBA in accounting from Pace University.

PROFESSIONAL DEVELOPMENT DAY 1:00 - 5:00

Salon F ACCOUNTING PERSPECTIVES SPECIAL EVENT UNIFICATION OF THE ACCOUNTING BODIES IN CANADA: RISKS AND CHALLENGES FOR THE ACCOUNTING PROFESSION

Opening Remarks: Claude Laurin
Editor-in Chief, Accounting Perspectives/ Perspectives comptables

Each panel discussion will take the format of four 15-minute presentations followed by a 30-minute discussion with the audience.

Panel 1: Effect of the unification on the profession (90 minutes)

More than two years after Canada's three accounting bodies—CICA, CGA-Canada and CMA Canada— merged into a single unified professional body under the Chartered Professional Accountant (CPA) designation, CPA is now the dominant designation for Canadian professional accountants, which has had a profound effect on several aspects of the profession.

- Merging the Profession: A Social Network Analysis of the Consolidation of the Accounting Profession in Canada: **Alan Richardson**, *Professor and Odette Research Chair, Odette Business School, University of Windsor*
- Where do we fit in?: Liminality in the CPA: **Kathie Ross**, *PhD candidate and Instructor, Newcastle University Business School*
- Attracting Potential Professional Accountants before and After the CPA Merger in Canada: **Merridee Bujaki**, *Associate Professor at Carleton University, Director of the Centre for Research and Education on Women and Work (CREWW)*; **François Brouard**, *Associate Professor at the Sprott School of Business, Carleton University*; **Sylvain Durocher**, *Logan Katz Fellow and an Associate Professor at the Telfer School of Management, Ottawa University*
- Outcomes of Unification: CPA Canada's Perspectives: **Tashia Batstone**, *Senior Vice President, External Relations and Business Development, CPA Canada*

Panel 2: Effect of the unification on education / university programs (90 minutes)

Now we turn our attention to the impact of the merger on the initial and continuing education of professional CPAs. College and university programs have had to adapt to the new reality facing professional accountants; crucial aspects such as the competency map, knowledge coverage, and the delivery mode of professional programs have been re-assessed and deeply transformed, with differing impacts in different provinces.

- The Future CPA: How can we develop the next generation of professionals?: **Sandy Hilton**, *Director of Professional Education Programs, CPA Canada*
- CPA unification and academic programs – Part I: **Pascale Lapointe-Antunes**, *Associate Professor of Accounting, Goodman School of Business, Brock University*
- CPA unification and academic programs – Part II: **Michael Maier**, *Associate Dean, Master's Programs, University of Alberta*
- CPA unification and academic programs – Part III: **Antonello Callimaci**, *Vice-doyen aux études École des sciences de la gestion UQAM*

Concluding word: Claude Laurin

CONCURRENT 1 OVERVIEW

Concurrent Sessions I & II



Morning Break



Awards Lunch



Kitchen Party
Transportation



FEATURED SPONSORS

Kitchen Party



Afternoon Break



SCHEDULE

7:00 AM – 5:00 PM	Conference Registration is Open
8:00 AM – 5:00 PM	Exhibitor Booths are Open
9:00 AM – 10:30 AM	Opening Plenary Session & Breakfast
10:30 AM – 10:45 AM	Morning Break
10:45 AM – 12:15 PM	Concurrent Sessions I
12:30 PM – 2:00 PM	Awards Lunch
2:15 PM – 3:45 PM	Concurrent Sessions II
3:45 PM – 4:00 PM	Afternoon Break
4:00 PM – 5:30 PM	The Big Panel
5:45 PM – 6:45 PM	AGM and Board Meeting
7:30 PM – 9:30 PM	CPA Canada Kitchen Party

RESEARCH PAPER SESSIONS ROOM-FINDER BY TOPIC

	Concurrent Sessions I
AUDIT	Salon C
EARNINGS MANAGEMENT	Placentia Bay
IFRS	St. Mary's Bay
MANAGEMENT REPORTING & ACCOUNTING	Victoria 1 (CC)
MINIMIZING INCOME & TAX	Salon D
STOCK MARKETS & INVESTORS	Bonavista Bay

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

CONCURRENT 1: EDUCATION

10:45-12:15

Victoria 3 (CC)

Innovative Strategies for Teaching Financial Accounting in a College Setting

Leanne Vig, Randy Nicholls, Donald School of Business, Red Deer College

This session will demonstrate classroom activities that bring active learning to Introductory, Intermediate, and Advanced Financial Accounting classes in a college setting. By the end, attendees will have new ideas for engaging and interactive classroom activities to incorporate into their classes. There will be an opportunity for participants to share activities used in their classes, during a roundtable discussion.

Pippy (CC)

Teaching Sustainability Accounting: Now is the Time!

Carol A. Tuck-Riggs, Sheridan College
Pavlo Kalyta, Smith School of Business, Queen's University

Sustainability accounting is the fastest-growing area of accounting practice with governments worldwide embarking on legislation to bring companies into compliance with environmental objectives and to mitigate the environmental costs of business activities. Despite the growing demand for specialists in the field, business schools are not teaching the subject to undergraduate students. This session highlights the use of IFRS in sustainability practice in Canada and internationally, and proposes strategies on how to teach sustainability accounting in post-secondary institutions.

Churchill 1+2 (CC)

Using Top Hat to Assess Student Preparation and Participation in Case-Based Lectures

Pascale Lapointe-Antunes, Goodman School of Business, Brock University

The case study method provides a rich basis for developing and enhancing students' professional judgment, problem-solving, and decision-making skills. For it to be successful, though, students must be prepared, present in class, and actively participate in discussions. This session illustrates how Top Hat can be used to improve student engagement based on my experience with the platform in undergraduate and graduate capstone courses. Participants will be introduced to Top Hat before becoming "students" and working through two short cases using the platform.

A laptop or tablet is required for this session.

CONCURRENT 1: RESEARCH

10:45-12:15

Placentia Bay

I-A EARNINGS MANAGEMENT

Expenses Manipulation as an Indication of Mafia Money Laundering

Diego Ravenda*, Toulouse Business School, Toulouse University, Maika M. Valencia-Silva, ESADE Business School, Josep M. Argilès-Bosch, University of Barcelona

This study aims to determine if accounting information can contribute to understanding the mechanisms of criminal funding and money laundering. We examine expenses manipulation within 224 Italian firms defined as legally registered Mafia firms (LMFs), due to their owners being accused of Mafia-type association. We adopt expenses manipulation proxies whose patterns may provide empirical evidence of underlying illicit and/or opportunistic practices within LMFs. Our results reveal that before confiscation LMFs upward manipulate material expenses and downward manipulate personnel and service expenses with a cumulative negative effect on reported cash flow relative to sales. In contrast, following confiscation/intervention of legal administrators, personnel and service expenses manipulation becomes insignificant, whereas material expenses manipulation significantly decreases relative to before confiscation. Further analysis shows LMFs can be grouped in three clusters based on their characteristics and different involvement in money laundering. This study develops new expenses manipulation proxies that inform which expense by nature is manipulated. It can help practitioners and regulators to identify accounting signals that can be used in risk assessment models or in the detection of criminal infiltrations and related illicit practices.

Discussant: Camillo Lento, Lakehead University

News Management & Earnings Management Around Accelerated Share Repurchases

Kai Chen, University of Waterloo

There has been a growing trend in accelerated share repurchases (ASRs) in the last decade. ASRs are an alternative to commonly used open market repurchases (OMRs). In an ASR, a firm commits to repurchasing an announced amount of shares through an investment bank at the average stock price during a pre-agreed period, with a substantial portion immediately delivered at inception. I posit that firms have incentives to maximize the benefits of ASRs and offset the associated high opportunity costs by deflating stock prices prior to ASRs. I find that firms alter news flows around the ASR initiation date and reallocate negative news from the post-initiation period into the pre-initiation period. Firms also report abnormally low accruals prior to ASRs to deflate reported earnings. Furthermore, ex ante motivations for ASRs influence whether and how firms employ news management and earnings management. I find that firms choose to use these two tools in a manner that best aligns with and serves the particular ex ante goals of ASRs. Firms with the most aggressive news management and earnings management activities deflate pre-initiation stock prices to a greater extent, and they experience a reversal in stock returns during the post-initiation period. Collectively, the evidence suggests that firms strategically use their discretion in news releases and financial reporting around ASRs.

Discussant: Diego Ravenda, Toulouse Business School, Toulouse University

Benchmark Beating in Chinese Listed Firms: The Impact of Earnings Management

Camillo Lento, Wing Him Yeung, Lakehead University

This study investigates the impact of earnings management on benchmark beating in Chinese listed firms. In China, firms are subject to stock trading suspension and delisting if they report accounting losses for three consecutive years. Such a delisting regulation is expected to provide a motivation for firms to manage their earnings to avoid losses. The empirical results of this paper show that, for small profit firms, there is a positive relationship between earnings management and the reporting of positive earnings. Also, small profit firms with lower level of earnings management experience better future performance than those that have higher level of earnings management. Big profit firms, on the other hand, tend not to engage in earnings management to report positive earnings; rather, there is a positive relationship between earnings management and positive earnings growth of these firms. The above empirical results are consistent with the interpretation that firms have a priority of purposes in earnings management; in particular, firms employ earnings management strategies to first report positive earnings and next to report earnings increases.

Discussant: Kai Chen, University of Waterloo

FRIDAY

FRIDAY

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

St. Mary's Bay

I-B IFRS

Auditor's Role in IFRS Implementation: Evidence from Canada

Christine Naaman*, Matthäus Tekathen, Luo He, Concordia University

The conversion from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) in 2011 marked a major change in Canadian financial accounting practices. Drawing on the perspective that auditors play a crucial role in translating standards into practice, this study examines the role of auditors in IFRS implementation projects. A comparative case study with four Canadian public companies was conducted. It finds different degrees of involvement of a company's auditors in IFRS implementation and characterizes the role of auditors in these IFRS implementation cases as approver, advisor, customer, and co-worker. Thereby, the study delineates and problematizes how companies potentially instrumentalize their auditors in the conversion to IFRS, contributing to the discussion on auditor's independence.

How are Fair Value Impairments Audited? A Study of Auditors and Valuation Specialists

Lev M. Timoshenko, University of Waterloo

The adoption of IFRS significantly increased users' exposure to fair values. Using the audit of goodwill/CGU impairment under IFRS as a specific example, this paper provides experimental evidence about the fair value auditing process which can help to better understand and improve the auditing of complex fair values. The methodology is based on analysis of verbal protocols. The study finds that for all participants who developed an auditor's range, the width of the range is many times the audit materiality; intervals for the experienced auditors are narrower on average than those for junior auditors. There are signs of possible issues with both interpretation and application of fair value auditing and accounting standards across all participant groups. At least some of the issues with application of the standards appear to be related to judgmental shortcuts (heuristics) which have not been researched in a valuation task context in prior auditing literature.

Discussant: Jeff Payne, University of Kentucky

Bonavista Bay

I-C STOCK MARKETS & INVESTORS

Attention Effects in a High-Frequency World

Bidisha Chakrabarty, Saint Louis University, Pamela C. Moulton, Cornell University, Xu Wang*, Saint Louis University

How does limited attention affect stock prices in today's computer-driven financial markets? We re-examine the effects of limited attention using a dataset that separately identifies trades made by high-frequency traders (HFTs, or computers) versus those made by non-high-frequency traders (human decision-makers). Using a set of six attention proxies, we identify earnings announcements with low investor attention: announcements made on Fridays and on days with multiple earnings announcements, and announcements with slow analyst forecast adjustments, high news distraction, low EDGAR download volume, and low Google search volume. Across multiple attention proxies, we find that HFT trading improves the responsiveness of prices by increasing short-horizon price response and reducing long-term price drift following earnings surprises, diminishing the inefficiencies previously observed around low-attention announcements by 69% to 100%. We find the price efficiency improvements are more closely tied to HFT liquidity demand than supply, suggesting HFTs improve efficiency by processing and trading on the information in low-attention announcements.

Accounting for Human Rights Violations Risk: Conflict Minerals Mandatory Disclosures Under the Dodd-Frank Act

Kareen Brown*, Yijia Chen, Fayez A. Elayan, Brock University

This paper explores whether investors value mandatory human rights disclosures by examining the market response to firms' disclosures of conflict minerals usage as required by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act). Using a sample of 4,399 US registrants from January 1, 2008 to September 30, 2014, we document a significant negative stock market reaction to the passage of the Act and to conflict minerals disclosures. The market reaction is more negative and limited to companies that source their minerals from conflict zones, companies with human rights violations, and companies with ambiguous disclosures. Taken together, the results of this study provide an economic justification for companies with poor conflict minerals practices to improve in order to avoid the high costs that will arise if firms are forced to disclose human rights abuses. This paper also provides preliminary evidence that mandatory disclosure of conflict minerals information in Form SD is successful in reducing the governance gap that exposes investors to unnecessary sanction, litigation and reputation risk from firms' activities in conflict minerals usage.

Individual Investors and the Volume of Firm Disclosure

Stefan Anchev, Jörgen Hellström*, Rickard Olsson, Umeå University

Using detailed data on individual investors' stock positions, we find that, when the volume of disclosure by a certain firm is greater, the weights individuals allocate to that firm's stock in their portfolios are lower. This result is less pronounced for more financially competent individuals and for positions in firms with a poor information environment. When they do allocate greater weights to the stock of a firm that discloses more, however, individuals, regardless of their financial competence, earn lower returns. Overall, this evidence supports the hypothesis that a greater volume of firm disclosure places less sophisticated investors at an information disadvantage.

Discussant: Seda Oz, McGill University

Salon C

I-D AUDIT

Third-Party Consequences of Short-Selling Threats:
The Case of Auditor Behavior

Ole-Kristian Hope*, Danqi Hu, Wuyang Zhao, *Rotman School of Management, University of Toronto*

Most prior research on short selling focuses on its impact on targeted firms. In contrast, this study examines how short-selling threats affect other market participants, in particular auditors. During 2005-2007, the SEC ordered a pilot program in which one-third of the Russell 3000 index firms were arbitrarily chosen as pilot stocks to be exempted from short-sale price tests. As a result, these pilot stocks faced significantly higher short-selling threats. We use this controlled experiment as our identification strategy and implement a difference-in-differences test to show that auditors react to the threats and charge higher audit fees to the pilot firms. Further, we find that the impact only exists when auditors are concerned with the bankruptcy risk or when managers are less disciplined by short sellers. The results are robust to numerous controls, alternative partition methods, firm fixed-effects estimation, and alternative model specifications. This paper is among the first to document a third-party consequence of short-selling threats and to explore a specific cost of short-selling threats on shareholders (i.e., increased audit fees). In addition, we establish a causal impact of short-selling threats as a determinant of auditor behavior.

The Impact of PCAOB Type of Regulations on Auditors
Under Different Legal Systems

Minlei Ye, *Rotman School of Management, University of Toronto*,
Dan A. Simunic*, *Sauder School of Business, University of British Columbia*

This paper analyzes the impact of PCAOB type of regulatory oversight on audit effort and the audit market under different legal systems. Our analyses suggest that regulatory oversight can improve audit effort, but the improvement of audit effort may impair social surplus if auditing standards are too tough. Moreover, regulatory oversight causes some inefficient or lower ability auditors to exit the market, and allows more medium cost and ability auditors to provide higher audit effort and participate in the market. Additionally, regulatory oversight has differential impact on audit market structure than does a legal system. Our results enhance understanding of the complex relation between regulatory oversight, auditing standards, and audit markets, and provide policy implications for regulators.

Discussant: Andrew Bauer, *University of Illinois at Urbana-Champaign*

An Analysis of Auditor's Learning Costs and Non-Audit Services
on Audit Quality

Ling Chu, *Wilfrid Laurier University*, Ping Zhang*, *Rotman School of Management, University of Toronto*

This study uses a very simple but intuitive model to examine how audit quality is determined. It concludes that audit quality is higher if two forces have opposite effects on an auditor's conservatism are balanced and significant. A force that makes an auditor less conservative is the benefit from future engagements with a client, while the force that makes the auditor more conservative is the expected liabilities from overstated accounting values. Given that the expected auditor's liabilities from overstated accounting values are usually significant, we find that significant rents from future engagements with a client improve audit quality through inducing greater audit efforts and less biased reports. Our analysis suggests that learning costs and non-audit services would be sources for these future rents, and auditors should be allowed to provide non-audit services to their clients and these revenues should be higher as auditor tenure lengthens. Furthermore, our analysis shows that mandatory auditor rotation is detrimental to audit quality since it reduces the future rents to auditors which lead to lower audit effort and more biased report. Finally, well-developed auditing standards need to be properly enforced by the regulator/profession for auditors to render appropriate audit quality when the costs associated with over and under reporting are low and/or not balanced.

Salon D

I-E MINIMIZING INCOME AND TAX

How Do Capital Market Orientation and Corporate Family
Involvement Influence the Tax Avoidance Behavior of German Firms?

Alexander Brune*, Martin Thomsen, Christoph Watrin, *University of Münster*

Tax avoidance has been a topic of particular interest in empirical tax accounting research over the past decade, but several unresolved questions remain. Most important, research on the determinants of tax avoidance is insufficient. To improve our understanding of these determinants, we investigate different firm types. More precisely, we analyze tax avoidance in public non-family firms, public family firms, private non-family firms, and private family firms. Among the different characteristics of these different firm types, the most important is exposure to capital market pressure and corporate family involvement. In this context, we examine a dataset of German firm-years from all four firm types from 2009 to 2013. We report three main results. First, we find tax avoidance is greater in public firms than in private firms. Second, considering the findings of prior studies, we conjecture that tax avoidance is greater in non-family firms than in family firms (although the results of two different approaches to measure the impact of corporate family involvement on tax avoidance are ambiguous). Finally, we expect and find that tax avoidance in public non-family firms is greater than tax avoidance in the other three firm types. We are therefore able to show that special firm characteristics, such as capital market pressure and corporate family involvement, can be considered additional factors that determine a firm's degree of tax avoidance.

Corporate Responses to the Repatriation Incentive and Domestic
Production Activities Deduction of the American Jobs Creation Act of
2004

Michael Kinney, *Mays Business School, Texas A&M University*,
Harrison Liu*, *University of Texas at San Antonio*

The 2004 American Jobs Creation Act (AJCA or the Act) was intended to encourage U.S. companies to repatriate foreign earnings and invest them domestically to increase capital spending and employment. We investigate combined effects of two tax provisions, i.e., the repatriation tax holiday and the domestic production activities deduction (DPAD) on domestic investment and payout behaviors. In doing so, we sort repatriating firms based on tightness of capital constraints. We find that the two tax incentives fail to induce non-constrained, repatriating firms benefiting from DPAD to reinvest the capital domestically. Only capital-constrained, repatriating firms benefiting from DPAD increase domestic investment and reduce share repurchases; however, these firms increase cash dividends. Our findings should be useful to policy makers in their considerations to modify the corporate tax structure to increase domestic investment by encouraging U.S. firms to repatriate foreign earnings and reinvest them domestically.

CONCURRENT 1: RESEARCH

10:45 - 12:15

Victoria 1 (CC) I-F MANAGEMENT REPORTING AND ACCOUNTING Using Relative Performance Information in Complex Tasks

T. C. Miller, *Xavier University*, **Timothy Mitchell***, *University of Waterloo*,
Sean Pepper, *University of Kentucky*

Companies commonly use income as the basis for short-term incentives designed to motivate performance. Managing income is a complex task, particularly in multi-period settings. Strategy development is necessary to maximize income in a complex task, and requires trade-offs between current and future periods. In addition, Relative Performance Information (RPI) is often provided, or available as feedback, to motivate performance. While firms have the option of taking the additional step and contracting on RPI, many do not. We separately investigate how providing RPI and contracting on RPI affect strategy development in a multi-period experimental setting where income is the basis for short-term incentives. The results show that only providing RPI reduces strategy development and performance. However, contracting on RPI mitigates these effects. Our results suggest a potential cost to this "middle ground" between eliminating RPI and contracting on RPI. We conclude that employers incenting their managers to maximize income in a multi-period setting should avoid the dissemination of RPI as ex post information only.

Customer Satisfaction, Cost Behavior and Future Performance

Mark C. Anderson, **Jimmy Yu***, *University of Calgary*

Based on resource-based theory (RBT), we investigate how a customer-centered resource-based advantage affects behavior of SG&A costs in high and low demand periods. To develop and sustain a resource-based advantage, companies must make risky long-term resource commitments. Such commitments may lead to asymmetry in cost behavior with respect to increases versus decreases in sales or cost stickiness. We consider customer relations that lead to high levels of customer satisfaction as a resource-based advantage. We find that cost stickiness is greater for companies that have higher customer satisfaction. We interpret the degree of cost stickiness as a proxy for commitment to strategy, and investigate whether higher cost stickiness enhances the value of the customer relationship resource. We document that managerial resource allocation decisions represented by cost stickiness together with higher customer satisfaction enhance expected future performance measured using Tobin's q.

The Effects of Performance Incentives and Training on Insight Problem-Solving

Kun Huo*, *Ivey School of Business, University of Western Ontario*

I investigate whether the effect of incentives on insight problem-solving is conditional on employee skill which can be gained through training. I also investigate whether non-monetary incentives can be just as effective as financial incentives in the insight problem task setting. Results from a laboratory experiment shows that the effect of performance incentives (both financial incentives, e.g., piece-rate pay and non-financial incentives, e.g., recognition) are more positive when training is present than when it is absent. In the absence of training, individuals receiving piece-rate pay solved fewer insight problems than those receiving fixed wage. There are no significant performance differences between those receiving fixed wage plus recognition and those receiving only fixed wage. In the presence of training, performance of those receiving performance incentives (both piece-rate pay and fixed wage plus recognition) are marginally higher than those receiving fixed wage. This study contributes to a better understanding of the conditions under which incentive schemes can have positive effects on employees' ability to develop insight. Since insight is often associated with innovation, my research can inform firms looking for ways to incorporate incentives into their innovation management practices. Also, I find that non-monetary incentive schemes such as recognition can be an effective alternative to financial schemes, thus help to explain why firms often reward innovative employee behavior with symbolic prizes in public forums rather than with money.

Discussant: **Johnny Jermais**

FRIDAY

Salon A

12:30 pm

The CAAA's Award Committees are pleased to invite you to join them in honouring the 2016 Award recipients

CAAA Awards Lunch

Welcome and Introduction: **Merridee Bujaki**, CAAA President

L. S. Rosen Award

Sylvie Deslauriers

Université du Québec à Trois-Rivières

Introduced by

Sophie Audousset-Coulier

Concordia University

George Baxter Award

Anne Fortin

UQAM

Introduced by

Richard Fontaine

UQAM

Haim Falk Award

Jeffrey Pittman

Memorial University

Introduced by

Devan Mescall

University of Saskatchewan

Howard Teall Award

Sylvie Deslauriers

Université du Québec à Trois-Rivières

Introduced by

Penny Parker

Fanshawe College

CAAA Case Competition

Brandy Mackintosh, *University of Saskatchewan*

Nicolas Blais, Sylvie Deslauriers, *Université du Québec à Trois-Rivières*

Introduced by **Megan Costiuk**, *University of Regina*

The Awards Lunch is sponsored by



Our campus liaisons are volunteers who help the CAAA to exchange information with post-secondary institutions.

They share information about the CAAA, events, and awards, and bring us news from institutions so we can keep members informed about developments in the Canadian academic accounting community.

We are looking for liaison volunteers within Canada and across the world.

Find our Membership Chair **Jacqueline De Vito** at the conference to learn more, visit our website, or email admin@caaa.ca.



www.caaa.ca/join-and-support/campus-liaisons/

FRIDAY

CONCURRENT II: EDUCATION/OVERVIEW2:15 - 3:45

Churchill 1+2 (CC)

Summary of Education Workshop 2
Optimize Your Classroom and Online Resources...

Phylise Banner, John DeJoy, Clarkson University

In this summary session of Thursday’s Education Workshop, we will discuss how to improve your classroom and online courses. We will cover effective teaching strategies that have stood the test of time, how to manage your online classroom. and how to implement the universal design for online instruction.

Victoria 3 (CC)

Case Competition Showcase

Megan Costiuk, University of Regina; Chair, CAAA Case Competition
Brandy Mackintosh, University of Saskatchewan,
Sylvie Deslauriers, Nicolas Blais, UQTR

Please join us as the winners of this year’s Case Competition present their cases, followed by a Q&A session.

Pippy 1+2 (CC)

Learning Strategies Exchange:
Howard Teall Award Winners

Penny Parker, Fanshawe College; Chair, CAAA Education Committee

Join the winners and other submitters of the Howard Teall Award Innovation in Accounting Education Award Competition as they provide a short presentation and discussion of their submissions followed by an opportunity for participants to mingle and have individual discussions with the authors. If you’re looking for ways to “spice up” your course content, this session is for you!

RESEARCH PAPER SESSIONS ROOM-FINDER BY TOPIC

Concurrent Sessions II	
AUDIT RESTATEMENTS AND THE AUDIT PROFESSION.....	Victoria 2 (CC)
CORPORATE SOCIAL RESPONSIBILITY	Salon C
DISCLOSURE.....	St. Mary’s Bay
LOANS AND CORPORATE DEBT STRUCTURE.....	Bonavista Bay
PRACTITIONERS AND ACADEMIC RESEARCH.....	Placentia Bay
XBRL AND INFORMATION TECHNOLOGY.....	Victoria 1 (CC)

CONCURRENT II: RESEARCH2:15 - 3:45

FRIDAY

Placentia Bay

II-A PRACTITIONERS AND ACADEMIC RESEARCH
Burnout Among Accounting Trainees: The Effect of Managerial
Coaching and the Mediating Roles of Leader-Member-Exchange
and Bonding Social Capital

Marann Byrne*, Barbara Flood, Dublin City University
Aamir Chughtai, Forman Christian College, Pakistan

This study investigates the link between managerial coaching and burnout in a professional accounting context and examines the extent to which this relationship is mediated by leader-member exchange (LMX) and bonding social capital. The results demonstrate that managerial coaching is positively associated with LMX and bonding social capital and these constructs are negatively related to burnout. Ultimately, the analysis revealed a sequential mediation model in which LMX and bonding social capital fully mediate the relationship between managerial coaching and burnout. The results indicate that managerial coaching can cultivate positive relationships between managers and their employees and between fellow employees, and these high quality connections help to alleviate burnout in the workplace. Given the occurrence of burnout in accounting firms, the findings of this study provide senior management with empirical evidence of factors that can have a positive impact on the experience of trainees. Further, as the study found an inverse relationship between age and burnout, firms need to be mindful that their newly recruited trainees are the ones most likely to suffer from burnout.

Mirror, Mirror on the Wall. Who is the Most Tenurable of Them All?

Yanju Liu, Hai Lu, Singapore Management University,
Kevin J. Veenstra*, McMaster University

Using human rater scores to proxy for the attractiveness of tenure-track accounting professors at the top business schools in America, we show that attractiveness plays a significant role in a professor’s success. Specifically, controlling for gender, ethnicity, publication history, work experience, and quality of alma mater, more attractive professors obtain better first school placements post-PhD and obtain tenure in a shorter period of time. The association between attractiveness and success is insignificant for individuals when they are promoted from associate to full professor. Our results show that attractiveness is a strong predictor of social competence which in turn has a meaningful impact on success in academia.

Discussant: Christine Naaman, Concordia University

Productivity in Top-Ten Academic Accounting Journals by Researchers at
Canadian Universities in the 21st Century

Merridee L. Bujaki, Carleton University, Bruce J. McConomy*, Wilfrid Laurier University

We assess the research publication productivity of Canadian based accounting researchers in highly ranked accounting journals for the 2001-2013 period. Our research provides important benchmarks for use by individual researchers and universities for matters such as promotion and tenure decisions. For example, only six universities average more than one (weighted) publication per year in a top-ten journal over the 13 years. On a per tenured/tenure track faculty member basis, each Canadian based faculty member had approximately 0.50 of a weighted article for the 13 year period, and 46% of all faculty members published at least once in a top-ten accounting journal. We also provide an overview by top-ten journal of the type of research being published by Canadian based researchers in each of the top-ten journals (financial accounting, managerial, audit, tax or other) and we assess how productivity at top-ten journals has changed in the 21st century relative to prior research covering the 1976-2000 period per Richardson and Williams (1994) and Mathieu and McConomy (2003).

Discussant: Richard Fontaine, UQAM

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

St. Mary's Bay

II-B DISCLOSURE
Tone Conservatism

Carlo D'Augusta, **Matthew D. DeAngelis***, *Georgia State University*

Extant research on accounting conservatism provides ample evidence that accounting earnings are more sensitive to bad news than good news. We extend this research to qualitative disclosure by providing evidence of conditional tone conservatism, or a higher sensitivity of tone to negative than to positive performance, in the Management's Discussion and Analysis (MD&A) section of the Annual Report. We also find evidence of a substitution effect between accounting conservatism and tone conservatism. We interpret these findings to suggest that conditional conservatism is not limited to earnings, but that managers use both tools to achieve an optimal level of overall conservatism in their financial reports. Since qualitative information is not required to be conservative by regulators and is not directly used for debt contracting or taxation, we also posit that tone conservatism reflects investor demand for conservatism in qualitative disclosure. Consistent with this interpretation, we find that tone conservatism is positively associated with information asymmetry and litigation risk, suggesting an informational need for tone conservatism and a mechanism for investors to enforce that need on managers. We also find evidence that accounting conservatism constrains upward tone management, suggesting that conservative reporting constrains managerial opportunism.

Discussant: Khalid Nainar, McMaster University

How Do Securities Analysts Respond to Different Types
of News Events?

Terry Wang*, *Loyola Marymount University*

Using a unique database hand-collected from approximately 5,000 news articles, I examine securities analysts' responsiveness to different types of news events. I find that analysts are most responsive to earnings announcements and less responsive to management guidance, operations updates, as well as news concerning investing activities, financing activities, credit ratings, and analyst activities. It is also interesting to note that analysts are more responsive to management guidance than they are to operations updates, as well as news concerning investing activities and financing activities. These results are robust even if only economically significant news events are considered and when different measures of analyst responsiveness are used. This paper contributes to the research on analysts' decision processes called for by Schipper (1991). Additionally, I add to the literature that investigates the effect of information complexity on the quality of analysts' outputs.

Discussant: Mitchell Stein, Ivey School of Business, University of Western Ontario

Strategic Information Disclosure and Bank Lending

Sumit Agarwal, *National University of Singapore*, Souphala Chomsisengphet,
Office of the Comptroller of the Currency, U.S. Department of the Treasury,
Susie Qi Wang*, *National University of Singapore*

We study private firms' strategic disclosure of financial statements in shaping bank lending decisions and structuring debt contracts in informationally opaque credit markets. Using a unique dataset of loan applications by small businesses to a large bank, we document that the availability of financial statement disclosures by small businesses increases their credit access. Results from debt contract design analyses based on details of booked loans document that such disclosures are significant in pricing loans and in determining collateral requirements, as well as influencing the banks' ex post monitoring of loan performance. For all these analyses, we also use a staggered regulatory change across states, in disclosure requirements for publicly held companies, as an exogenous shock, and demonstrate the impact on various aspects of small business lending due to private firms' disclosure choices in response to such disclosure externalities from the public sector.

Discussant: Duane Kennedy, University of Waterloo

Bonavista Bay

II-C LOANS AND CORPORATE DEBT STRUCTURE
Fundamental Analysis Conditioned on Prior Period Sales
and Firm Efficiency

Mark C. Anderson, **Dongning Yu***, *University of Calgary*

Fundamental analysis is a technique that attempts to determine the value of corporate securities by examining key value-drivers such as earnings, growth, and competitive position. It uses information in financial statements to gain insights about a company's future performance. However, a signal used in fundamental analysis may have different implications for future earnings under different circumstances (Lev & Thiagarajan [1993]). In this study, we distinguish between sales-increasing and sales-decreasing periods of a firm as two different situations for evaluating firm performance. We investigate how the implications of signals used in fundamental analysis differ between sales-increasing and sales-decreasing periods. We also consider, as a new signal for fundamental analysis, a relative measure of firm efficiency and investigate whether it has incremental explanatory power for estimating stock returns and future earnings. We find that some signals, based on SG&A costs, inventory, accounts receivable, capital expenditure, and gross margin, are either only informative or are more pronounced in one of the two situations - either sales-increasing or sales-decreasing periods. We find that an increase in firm efficiency is a favorable signal for one-year-ahead earnings change and annual excess stock return when sales increase, but an unfavorable signal for one-year-ahead earnings change when sales decrease.

Discussant: Anup Srivastava, Tuck School of Business, Dartmouth College

The Impact of International Takeover Laws on Corporate Resource
Adjustments: Evidence from the Asymmetric Behavior of
Selling, General, & Administrative Costs

Bingbing Hu, *Hong Kong Baptist University*, **Jay Junghun Lee***,
University of Massachusetts Boston, Daoguang Yang, *Xiamen University*

This study exploits the enactments of international M&A laws to investigate whether and how the takeover threat disciplines managerial decisions over corporate resource allocations. We hypothesize that the enhanced pressure from the takeover market motivates managers to reduce unutilized SG&A resources in response to sale decrease (i.e., a lower level of SG&A cost asymmetry). Using a large sample of firms from 40 countries, we find that (1) SG&A cost asymmetry decreases significantly following the passage of takeover laws, (2) the decrease in cost asymmetry is concentrated in firms with a high probability of being targeted and those with high agency costs, and (3) the disciplinary effect of M&A law enactments is attributable to constraining managers' empire building incentives rather than their preferences on quiet life. Our evidence suggests that the takeover threat, as an external governance mechanism, induces entrenched managers to improve the operating efficiency in SG&A cost management.

Effects of the Institutional Environment on P3 Projects:
Evidence from Canada

Michael Opara*, *Texas A&M University, Commerce*, Oliver Okafor, *SAIT Calgary*

Public and private sector actors are increasingly deploying public private partnerships (P3s) to develop and deliver critical infrastructure and services in Canada, and accounting researchers have noted the importance. Using the Neo-Institutionalism perspective and a case study approach, we investigate the effects of the institutional environment on project outcomes to contribute to the accounting literature on P3s. Based on an empirical study of the Alberta institutional environment using the Edmonton's Anthony Henday Highway P3 projects, we provide a Canadian evidence that the institutional environment has significant effects on project performance, and program permanence and continuity. Our study suggests that P3 enabling environments present: 1) relevant P3 policy measures and committed political support by field actors; 2) a path-dependent response to project outcomes; and 3) institutional environment elements that are mutually re-enforcing and have synergistic effects. We document a strong political support for P3s, a favourable policy environment, and the organizational capacity to implement P3s in Canada, but we are unsure whether or not our findings are driven by "gaming" accounting treatment resulting from inconsistent accounting standards for P3s. Our study also provides evidence on P3 enabling attributes that would be beneficial to regulators, and to managers saddled with the tasks of developing and implementing P3 projects in various contextual settings.

Discussant: Jay Junghun Lee, University of Massachusetts, Boston

Salon C

II-D CORPORATE SOCIAL RESPONSIBILITY

The Implication of Window Dressing Corporate Social Responsibility for Long-Term Earnings Growth

KC Lin*, Oregon State University, Xiaobo Dong, University of Houston at Victoria, Ziyun Yang, University of Houston

In this study, we examine the relationship between a firm's general measurement of corporate social responsibility (CSR) and its long term earnings growth rate (LTG). We develop a novel approach to decompose CSR into window-dressing CSR, which is designed to distract negative social attention to unrelated social concerns and that passively responds to external coercion from institutional influence, and non-window-dressing CSR. We document a negative association between CSR and LTG. This negative association is only attributable to window-dressing CSR. In contrast, we find a positive association between non-window-dressing and LTG. We interpret this as indicating that CSR is counterproductive in the long term when a firm adopts the window-dressing approach to achieve superficially high CSR ratings. By contrast, CSR contributes to a firm's financial success when the firm embraces innovative CSR as part of their core business strategies.

Discussant: Kun Huo, Ivey School of Business, University of Western Ontario

Audit Pricing and Audit Quality: The Influence of Livability

Jeff L. Payne*, University of Kentucky, Chong Wang, City University of Hong Kong, Russell Williamson, University of Kentucky

As the issues of social and environmental sustainability have garnered more attention, the theories and concepts of livability, due to their more tangible and applicable nature, have begun to shape public policy and investment decisions. In the accounting literature, the body of research regarding audit fees focuses predominantly on the relationship between client characteristics and audit fees. This emphasis likely omits important market and production elements which may provide valuable insights into the determinants of audit fees and potential consequences on audit effort. Prior economics research investigates how variations in livability conditions across geographies affects wages, rents and property value; however, accounting research has not examined many of the factors that are associated with the audit client's local environment and how these factors influence audit pricing and auditor effort. Our study applies established economic and social theories to investigate how variation in livability affects audit pricing and audit quality. Our analysis finds that, controlling for audit client and audit firm characteristics, audit fees are significantly higher in lower livability regions. Additionally, we find that absolute and income increasing discretionary accruals, the likelihood of receiving an AAER, and the likelihood of receiving a modified audit opinion are positively associated with lower livability. These findings are consistent with economic and social theory regarding livability, happiness, and productivity and provide important new information to audit market participants by extending our understanding of the determinants of auditor effort, audit fees, and the related audit quality.

Discussant: Ping Zhang, Rotman School of Management, University of Toronto

Victoria 1 (CC)

II-E XBRL AND INFORMATION TECHNOLOGY

Tracking Analysts Along the Technological Links

Hongping Tan, Schulich School of Business, York University, Jin Wang, Wilfrid Laurier University, Li Yao*, Concordia University

Based on patent information among US firms, this paper examines the impact of technological links on analysts' coverage decisions and earnings forecast performance. We find that the number of analyst coverage and forecast accuracy are positively related to a firm's aggregate technological links with other firms in the stock market; and that the likelihood of an analyst's coverage and forecast accuracy increase with a firm's technological links with other firms the analyst has covered. Our results show the importance of analysts' technology expertise in their future coverage decisions and forecast performance, and suggest that information spillover along technological links allows analysts to explore informational complementarities across industries.

The Impact of Service Provider Switches on XBRL Quality

Jee-Hae Lim*, University of Waterloo, Tawei Wang, University of Hawai'i at Manoa

The purpose of this study is to examine the efficacy of XBRL-tagged information from the perspective of preparers/filers and address the following two questions. To present empirical evidence, this study primarily compares service provider selections and switches on information comparability among firms from different industries and across the pre- and post-XBRL periods. Moreover, this study further examines the impact of two XBRL classifications (standardized official vs. customized extensions elements) within-industry comparability to identify the service provider types underlying the comparability improvement. Our results demonstrate that when the service provider is a leading player in a specific industry, the client is less likely to switch to a new provider as the provider may have a better reputation or expertise in the industry. Second, we find that the switch results in fewer extension elements and fewer standard elements used in filings. This effect is more pronounced after switching to a public provider compared to a non-public provider for standard elements. Our overall results are robust to alternative sample specifications as well different dependent and control variable specifications.

The Influence of IT Governance, IT Competence and IT-Business Alignment on Innovation

Sylvie Héroux*, Anne Fortin, UQAM

According to prior studies, innovation is crucial to organizational performance, information technology (IT) enhances the ability to detect opportunities for innovation, IT governance impacts innovation, and IT competence is needed from Boards of directors and executive management to make quality strategic IT-related decisions. Moreover, a priori, IT-business alignment can enhance innovation. However, organizations may lock themselves in a particular way of doing business if they are not flexible in aligning their IT to business. This can negatively influence innovation. In this study, we expected that IT governance (structures, processes and relational mechanisms), and Boards of directors and executive management IT competence would be positively associated with innovation (products and processes), and that IT-business alignment would moderate this association. Results from a survey of senior executives/officers in charge of IT suggest that, at a higher level of IT-business alignment, having more developed IT governance mechanisms gives rise to more product innovation while having a senior executive or officer in charge of IT governance as a full member of executive management is associated with less product innovation. At a lower level of IT-business alignment, having more IT governance mechanisms is associated with less process innovation while executive management IT competence has no significant impact on process or product innovation. Regardless of the level of IT-business alignment, the Board's IT competence has no significant influence on innovation. IT intensity has a positive impact on both product and process innovation.

Discussant: Emilio Boulianne, John Molson School of Business, Concordia University

Victoria 2 (CC) II-F AUDIT RESTATEMENTS AND THE AUDIT PROFESSION
Classifying Restatements: A Machine Learning Approach

Louise Hayes*, *University of Guelph*, **J. Boritz**, *University of Waterloo*

Restatements are used for evaluating reporting quality, audit quality and for other evaluative purposes. It is crucial to differentiate between restatements due to unintentional errors and those due to intentional misstatements because these different causes have different implications for financial statement preparers, users, auditors and regulators. Manual content analysis of restatements is tedious, resource consuming and error prone. Using machine learning, we constructed and validated a model that classified restatements as either correcting unintentional error or intentional misstatement. Our method does not require a dictionary of words associated with management intent, is automated, easily replicated and scalable and may be used to classify restatements without Form 8-K Item 4.02 disclosure by management that reliance should not be placed on previously issued financial statements. This study should reassure investors and regulators that the language in restatement disclosures is a useful indicator of audit quality.

Discussant: Matthäus Tekathen, *Concordia University*

Constructing Independence

Brent White, *Mount Allison University*

Independence, in both fact and appearance, is a cornerstone of the auditing profession. This case study research, funded by the CAAA and CPA Canada, uses the accounting profession's articulation of five threats to independence as a framework to examine how independence appears to have been defined differently in two Canadian political jurisdictions, British Columbia and New Brunswick. In both, a government appointed its Comptroller, a key financial officer inside government, as Auditor General (the external, independent auditor of government) with no 'cooling off' period, raising questions of how such an appointee could maintain the appearance of independence. Yet while one jurisdiction (BC), saw significant public debates over the appointment, in the other (NB), two successive appointments were met essentially with an eloquent silence. Using over 20 interviews supported by document analysis, this research seeks to uncover reasons for this difference. It addresses the question: "How and why has auditor general independence been socially defined in two different ways in two different Canadian jurisdictions? And, further, what are the implications of these definitions for theory, legislation, ethics and professional practice?" The research concludes that New Brunswick's silence was a result of 'organizational illiteracy', and offers practical advice on structuring legislation and education to enhance the independence of auditors general in Canada.

Discussant: Morley Lemon, *University of Waterloo*

**Public Accounting Firms' Use of Tangible Rewards:
Expanding our Knowledge of Firms' Recognition**

Krista Fiolleau*, *University of Waterloo*, **Carolyn MacTavish**, *Wilfrid Laurier University*,
Giselle White, *University of Waterloo*

Professional judgment in the auditing profession requires both knowledge and professional values. Regulators and academics have expressed concerns over the commercialization of the auditing profession, and have examined firms' use of monetary reward programs to provide insight into the degree to which audit quality is being rewarded. As audit firms' reward systems include both monetary and non-monetary (tangible) rewards, this provides only a partial picture of compensation practices. We surveyed the largest eight accounting firms to examine audit firms' use of tangible rewards. We find the majority of the firms have a tangible reward program, and for most firms, its purpose differs from that of the monetary reward programs: It complements firms' monetary reward systems by providing immediate rewards for attainment of intermediary goals that will be further recognized in annual performance appraisals. The tangible rewards provide evidence of firms rewarding employees for activities linked to audit quality as well as those linked to business development, and thus to promote professionalism. We provide evidence of the importance and prevalence of tangible rewards in auditing firms, pointing to the need to examine this practice further. We also use open-ended responses from an employee survey to provide several recommendations for firms to improve the effectiveness of their tangible rewards program.

Discussant: Brent White, *Mount Allison University*



The right fit for business.

Chartered Professional Accountants of Ontario is pleased to sponsor The Canadian Academic Accounting Association Annual Conference.

We take this opportunity to recognize the men and women who devote their lives to excellence in accounting education. You are creating the future of our profession.

CPA Ontario protects the public interest by ensuring its more than 85,000 members and 23,000 students meet the highest standards of integrity and expertise. CPAs are valued for their financial expertise, strategic thinking and business leadership.

cpaontario.ca



Salon A

4:00—5:30 pm

The Big Panel CPA Unification and Stability: Where are we Now?

Moderator: Brian Leader, CPA Ontario

This panel will address some of the changes that have evolved as a result of the unification of Canada's three legacy accounting associations. Topics will include recruitment of new accounting graduates and how our own graduates see the future of CPA's and undergraduate students evolving. The panel will explore how the industry views recruiting new accounting graduates, and what undergraduates see as their own career challenges.

PANELISTS

Karen Gosse, CPA, CA

Vice President, Planning & Forecasting, Fortis Inc.

Ms Gosse has corporate leadership responsibility for consolidated strategic and business planning and forecasting processes. Fortis Inc. (TSX: FTS), headquartered in St. John's, NL, is a leader in the North American electric and gas utility business. Ms. Gosse holds a Bachelor of Commerce (Co-operative) (Hons.) degree from Memorial University of Newfoundland. From 2013 to 2015, Karen was Vice-President Finance, Chief Financial Officer of Fortis Properties Corporation, responsible for overall finance, accounting, internal audit, and IT functions, and led the financial aspects of a strategic review and divestiture of the company's hotel and commercial real estate assets in 2015. Prior to joining the Fortis group, Ms. Gosse was Assistant Corporate Controller, and later the Director of Financial Services, at CHC Helicopter Corporation. Karen is a volunteer Board member of Gymnastics Newfoundland and Labrador.



Monica Moody

Student, Memorial University of Newfoundland

Ms Moody has spent five years at Memorial University of Newfoundland completing her Bachelor of Commerce degree. Not long into the program she discovered her interest and strength lay in accounting. Since then, she has completed three work terms with Grant Thornton LLP, gaining work experience in areas such as personal and corporate tax, financial statement compilations and reviews, and auditing. Finding her work terms rewarding and challenging, she accepted a full-time position as an accountant with

Grant Thornton in April 2016. Passionate about pursuing a career in the accounting field, Monica intends to begin the CPA professional education program in September 2016.



Sherry Walsh, CA

Partner, Deloitte

Ms Walsh is a partner with Deloitte LLP in St. John's, providing assurance and advisory services to public- and private-sector clients. Sherry is the talent partner for the audit group in Atlantic and is also the partner sponsor for our local recruiting initiatives. She also facilitates several learning and growth programs and in particular, Deloitte's international senior manager milestone development programs. Sherry graduated from Memorial University in 1992 with a Bachelor of Commerce degree and obtained her Chartered Accountant (CA) designation in 1994. In addition to an active professional life, she spends countless hours devoted to her community, through active roles such as Director of the Genesis Centre; Treasurer of United Way of Newfoundland and Labrador; and past Treasurer of St. John's Board of Trade.



connect

network with national and international scholars, practitioners, researchers, and professional bodies

save

enjoy discounted member rates on conferences and journal submissions

learn

participate in a growing range of professional and educational activities



take your seat at our table.

read

receive digital subscriptions to our internationally-ranked journals, and members-only teaching notes

build

take advantage of opportunities to strengthen your career and our community

join us.



<http://www.caaa.ca/join-and-support/membership-benefits/>

FRIDAY



+1 844 445 0082
fogoislandinn.ca

CONCURRENT III

OVERVIEW

FEATURED SPONSORS

President's Lunch



Morning Break



Afternoon Break



SCHEDULE

8:00 AM – 12 NOON	Conference Registration is Open
8:00 AM – 12 NOON	Exhibitor Booths are Open
9:00 AM – 10:30 AM	Networking Breakfast
10:45 AM – 12:15 PM	Concurrent Sessions III
12:30 PM – 2:00 PM	President's Lunch
2:15 PM – 3:45 PM	Concurrent Sessions IV
3:45 PM – 4:00 PM	Afternoon Break
4:00 PM – 5:30 PM	Concurrent Sessions V
5:30 PM	Close of Conference

RESEARCH PAPER SESSIONS ROOM-FINDER BY TOPIC

Concurrent Sessions III	
ACCOUNTING ACADEMICS, PRACTITIONERS & TEACHERS	Placentia Bay
ANALYSTS, REGULATORS & INVESTORS	Salon D
AUDIT AND POWER	Victoria 2 (CC)
COMPENSATION & REWARDS	Salon C
CORPORATE ENVIRONMENTAL PERFORMANCE	Bonavista Bay
FAIR VALUE REPORTING & ANALYSIS	Victoria 1 (CC)
LOANS, BANKING & COST OF DEBT	St. Mary's Bay

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

Victoria 1 (CC) **Process of Learning Model –
The Flipped Classroom Environment**

Steve Janz, SAIT

The Process of Learning Model provides a step-by-step guide to develop an effective “flipped classroom.” In this session you will learn the Process of Learning Model and identify ways this model may be used in your classes. The model presented will include strategies for providing students with a learning framework that includes pre-class work, in-class work, post-class work and assessment strategies.

Churchill 1+2 (CC) **Technology Use in the First Intermediate
Accounting Course: Possibilities and Experiences**

Carla Carnaghan, University of Lethbridge

Participants of this interactive session will learn about several different technologies including clickers; an accounting cycle simulation; homework management systems; videos; and communication tools used to help students make the transition from intro to intermediate level accounting topics. There will also be an opportunity to share other ideas through round table discussion.

Pippy 1+2 (CC) **Review Engagements and Auditing Standards**

Fred Pries, University of Guelph

SATURDAY

I) Review Engagements: “The End of Plausibility”
The Auditing and Assurance Standards Board has approved the first major revision in 25 years to the standards for review engagements. Teaching review engagements is challenging for a variety of reasons including the nature of the procedures performed in a review engagement and the concept of plausibility. The major changes to the review engagement standard will be reviewed. We will also discuss issues arising in teaching the new review engagement standard.

II) Roundtable on Emerging Auditing Standards and Related Research Opportunities
This session will involve a roundtable discussion between participants and members and staff of the AASB. The objectives of the session will be to gather input on current standard setting projects related to professional skepticism, group audits, quality control and auditing accounting estimates, and to identify issues, voids or gaps that could be the subject of future auditing research.

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel



**Award-Winning
Technology**

Connect is McGraw-Hill Education’s online teaching and learning resource that helps students get better results, learn and study more efficiently, while enabling instructors to increase student engagement, increase class preparedness, and improve overall course retention.

//CODiE//
2015 SIIA CODiE WINNER

Connect Accounting products include assignable and auto-gradable text end-of-chapter material in static and algorithmic format (assessment), an adaptive SmartBook (learning), and a wealth of student and instructor resources.

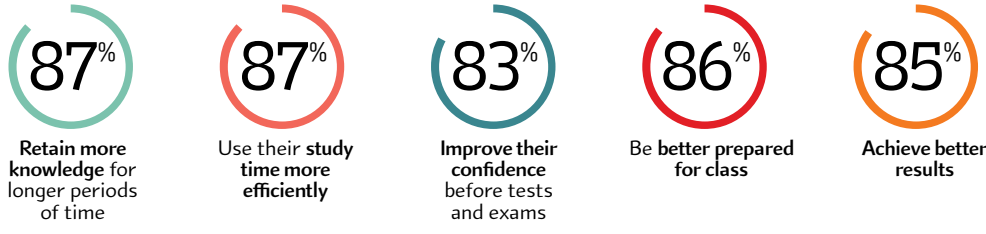
**SmartBook® The
First and Only Adaptive
Reading Experience**



Compared to a print textbook, students agree that SmartBook helped them:



Compared to other eBooks, students agree that SmartBook helped them:



Contact your Learning Solutions Consultant today: offers.mheducation.ca/contact-your-lsc

CONCURRENT III: RESEARCH

10:45 - 12:15

Placentia Bay **III-A ACCOUNTING ACADEMICS, PRACTITIONERS & TEACHERS**
The Use of a Non-Fiction Fraud-Related Book as a Method for Teaching Accounting Ethics

Joseph P. Faello, *Mississippi State University*

The non-fiction book, "Extraordinary Circumstances: The Journey of a Corporate Whistleblower", by Cynthia Cooper is employed in an upper-level undergraduate auditing class at a Canadian University to teach accounting students about the importance of ethical behavior and to improve students' ethical decision-making skills. The use of this non-fiction book as a tool to teach ethics is an example of the "deep" approach to learning. Students' assessment consisted of a quiz and a group special assignment. Overall, accounting students were satisfied with this method of learning about business ethics.

Discussant: Krista Fiolleau, *University of Waterloo*

Perceptions of Student Academic Dishonesty by Male and Female Accounting Faculty: Incidents and Responses

Camillo Lento, *Naqi Sayed*, *Lakehead University*, **Merridee L. Bujaki***, *Carleton University*

We examine differences between male and female accounting faculty members in their perceptions of academic dishonesty. In particular, we compare male and female faculty members' overall perceptions regarding academic dishonesty, along with perception of the frequency and significance of individual types of academically dishonest behavior. We also examine academics' perceptions of the effectiveness of various types of controls with their responses to academically dishonest behavior. Consistent with prior research, we find that females generally perceive academic dishonesty to be a more significant problem than do males, females see several types of academic dishonesty as more frequent and more significant than males do, and female academics implement controls over academic dishonestly more frequently than do male academics. Our findings make an important contribution to the literature on both gender and ethics and ethics and education by confirming differences in concern over ethics among a specific population - accounting academics, particularly women. We also contribute to the accounting professional literature by highlighting that male and female accounting academics with professional designations view concerns over academic dishonesty similarly.

Discussant: Sylvie Héroux, *UQAM*

Where Is Sustainability within the Canadian CPA Program?

Emilio Boulianne*, **Leanne Keddie***, *Concordia University*

Purpose: This study explores how Canadian CPAs (Chartered Professional Accountants) are trained in sustainability. The main research questions are: What place should sustainability take in the accounting program? What place does sustainability occupy in the CPA accounting program? And, over time, has sustainability gained or lost ground within the Canadian professional accounting education program? Design/Methodology/Approach: Content analysis and interviews. Findings: We find that sustainability is not a key component of the CPA education program with less sustainability content in the Canadian accounting education program than a few years ago. We believe that the groupthink phenomenon may have influenced the selection of Map participants (whose backgrounds reveal a lack of sustainability expertise), and participants' discussions; additionally, a lack of consideration for society as a key stakeholder may have also influenced the shortage of sustainability content; finally, power dynamics might have contributed to the financial accounting and reporting competencies dominating the new map. Research Limitations/Implications: We did not have access to the live meetings when the map was created, although interviews were conducted with representatives involved in the process. This research is bounded by a confidentiality agreement that limits us from providing sensitive details however we do not consider that these limitations undermine our contribution nor reduce the relevance of our research. Originality/Value: Our research contributes to the under-researched domain of sustainability education and to understanding how groupthink, stakeholder and power dynamics may have contributed to the dearth of sustainability coverage in the new Canadian CPA program.

Discussant: Stephen Bergstrom, *SAIT*

SATURDAY

CONCURRENT III: RESEARCH

10:45 - 12:15

St. Mary's Bay **III-B LOANS, BANKING AND COST OF DEBT**
Does Expected Loan Loss Provisioning Improve Investors' Evaluations of Banks' Loan Portfolios?

Alexis H. Kunz*, *Martin Staehle*, *Universität Bern*

We conducted an experiment to investigate how the incurred and the expected loss model (ILM vs. ELM) for loan loss provisioning affected investors' evaluations when loan fundamentals deteriorate (default risk increases) or improve (loans grow at constant risk). Our main finding is that when loan fundamentals improve, the asymmetrically timely recognition of expected losses (vis-à-vis to gains) under the ELM induces investor evaluations that are opposed to the bank's enhanced valuation. Supplementary process analyses reveal that investors misattribute (some) expected losses to the bank's current performance which they then extrapolate to assess the banks' future prospect. We find no misjudgment effects under the ILM. Our findings provide insight into the cognitive processes that lead investors to incorrectly assess the persistence of asymmetrically timely earnings and they inform regulators, standard setters, and investors on important limitations of the ELM with respect to the decision-usefulness of financial statements.

Corporate Tax Inversion and the Cost of Public Debt

Fayez A. Elayan, **Hamza Warraich***, *Allister W. Young*, *Kareen Brown*, *Jennifer Li*, *Brock University*

This paper investigates the impact and the valuation effect of corporate inversion on the equity, bond, and CDS markets around corporate inversion announcements. Our results show that inversion through merger and acquisition generates a premium for both the bidder and the target firm in the transaction. However, the premium for the bidder firm is significantly larger, while the premium for the target firm is significantly smaller compared to a sample of non-inversion mergers. We also find that while inversions generate value to shareholders, the return to bondholders is negative. Our results show that the bond market reacts negatively to the announcement of inversion and that inversions increase credit risk, as evidenced through an increase in abnormal CDS spreads around the announcement date. These results suggest that shareholders of bidder firms gain at the expense of bondholders and at the expense of the shareholders of the target firm.

SATURDAY

Salon C

III-C COMPENSATION AND REWARDS

The Performance Effects of Tangible versus Cash Rewards:
The Mediating Role of Categorization

Willie Choi, **Adam Presslee***, Joseph M. Katz Graduate School of Business,
University of Pittsburgh

Organizations spend billions of dollars annually on performance-contingent tangible rewards such as vouchers and merchandise, yet prior research reports inconsistent support for the performance benefits of tangible rewards over cash rewards. We conduct two studies to better understand the performance effects of tangible versus cash rewards. The results of an experiment with a real-effort task (Study 1) indicate task performance increases the more participants categorize performance-contingent pay separately from salary. We also find whether participants differentially categorize cash versus tangible rewards separately from salary depends on the framing of compensation components as either additional wage or a bonus. The results of a free-sort task (Study 2) indicate graduate business students are more likely to mentally categorize tangible rewards differently from salary than they do cash rewards. Collectively, our results inform practice on the importance of distinct categorization of rewards when selecting the type of reward to offer employees, and also inform theory by highlighting an important obstacle to testing the relative effectiveness of cash versus tangible rewards using lab experiments. **Discussant: Sandra Chamberlain, Sauder School of Business, University of British Columbia**

Les déterminants de la mise en place en place du Say on
Pay au Canada (The Determinants of Say on Pay in Canada)

Sylvie Berthelot*, Université de Sherbrooke, Vanessa Serret,
Université de Bretagne-Sud, Michel Coulmont, Université de Sherbrooke

Le Say on Pay (SoP) autorise le vote des actionnaires sur la rémunération des dirigeants. Contrairement à de nombreux pays, le SoP n'est pas réglementé au Canada, mais de plus en plus d'entreprises le pratiquent. Nous mettons en évidence les facteurs contribuant à l'adoption volontaire du vote consultatif. Ils résultent d'une volonté de réduction des coûts d'agence, et d'un isomorphisme des pratiques organisationnelles. Ainsi, l'activisme sous forme de propositions de résolutions, la taille de l'entreprise et la double cotation favorisent l'adoption du vote consultatif, contrairement au niveau de rémunération du dirigeant.

Say on pay (SoP) allows shareholders to vote on executive compensation. Unlike in a number of other countries, SoP is not prescribed by regulation in Canada, although more and more firms are now adopting this practice. This article examines the factors underlying the voluntary adoption of the advisory vote, which are tied to a desire to reduce agency costs and the isomorphism of organizational practices. This decision is influenced by activism in the form of proposed resolutions, firm size and dual listing, rather than by executive compensation.

Discussant: Richard Fontaine, UQAM

How IFRS Adoption Changed Pay-for-Performance Sensitivity
in CEO Compensation Contracts: Evidence from Canadian Firms

Devan Mescall*, University of Saskatchewan, John R. Robinson,
Bridget Stomberg, University of Texas

We examine whether the mandatory adoption of IFRS in Canada changed the decision usefulness of accounting earnings in CEO compensation contracts. We find that the pay-performance sensitivity of total CEO compensation to the change in accounting return on assets declines after IFRS adoption in Canada for profitable firms and firms with greater exposure to fair value accounting changes, specifically firms in the financial sector. Our evidence extends prior literature examining the decision usefulness of IFRS earnings for contracting and emphasizes that the impact of IFRS adoption varies by not only country, but importantly firm characteristics.

Discussant: Sandra Chamberlain, Sauder School of Business, University of British Columbia

Salon D

III-D ANALYSTS, REGULATORS AND INVESTORS

Asymmetric Cost Behavior and Analysts' Earnings Forecasts Revisited:
Evidence from a New Firm-Year Measure of Cost Stickiness

Thomas Kaspereit*, Concordia University, Kerstin Lopatta, University of Oldenburg

This study introduces a new firm-year measure of cost stickiness. This new measure, which is based on cross-sectional regressions of changes in cost on changes in sales, is benchmarked against the quarterly firm-level measure developed in Weiss (2010). The results show that the new measure is subject to fewer data restrictions and therefore results in larger sample sizes. Like the Weiss (2010) measure, the new measure is positively correlated with analysts' forecast accuracy (higher levels of cost stickiness are associated with larger absolute forecast errors) and increases the effect of earnings surprises on market reactions (lower levels of cost stickiness are associated with stronger market reactions). In line with economic theory (Bhushan, 1989; Das et al., 1998), the new measure exhibits a negative correlation with analyst coverage (higher levels of cost stickiness are associated with higher analyst coverage), indicating that analysts meet the enhanced demand for private information that results from less predictable earnings.

Discussant: Dongyoung Lee, McGill University

The Effect of Regulatory Loop-Holes on the Choice
to Discontinue Operations

Richard A. Lord*, Montclair State University, Yoshie Saito, Old Dominion University

In recent decades there have been several changes in the definition of discontinued operations in the U.S., suggesting that regulators and preparers consider them important. We examine the reasons that firms choose to discontinue operations and their performance after the changes. As in earlier studies of asset sales, we find that corporate diversification, poor performance and financial constraints affect decisions to discontinue operations. We also present evidence that these divestitures are usually part of an on-going restructuring, and that single-unit entities do occasionally announce discontinuations. In 2002, the definition of items that could be reported as a discontinued operation was broadened, which changed reporting behaviors. After that, there are many more reports, particularly with positive values, and the magnitude of the average announcement is much smaller. These findings suggest that loop-holes in the earlier regulation allowed managers leeway to classify this item to their advantage. We also find that before 2002, firm earnings and share price performance improved after the announcement of discontinued operations, particularly with negative values. But, after the regulatory change, profits decline following reports. In addition, we show that firms that announce positive-valued discontinuations are larger, have slow growth, high financial leverage and are more financially constrained than those making negative valued divestitures, suggesting that they are disposing of their most liquid or valuable assets. As expected, firms are more likely to discontinue operations when equity markets are expanding. But, announcements are also more common when the economy is weak, which is contrary to the widely-held Liquidity Hypothesis.

Discussant: Thomas Kaspereit, Concordia University

Financial Analyst Coverage for U.S. Firms Following
Trade Liberalization

Dongyoung Lee*, McGill University, He Wen, University of Missouri-St. Louis

This study examines financial analyst coverage for U.S. firms following an increase in foreign product market competition. To capture exogenous shocks to domestic firms' competitive environments, we exploit a quasi-natural experiment from large import tariff reductions over the 1984 to 2005 period in the manufacturing sector. Using a difference-in-differences research design, we find evidence of a significant decrease in analyst coverage for incumbent U.S. firms when they face higher entry threat from foreign competitors. We also find that analysts with less firm-specific experience and less accurate prior-period forecasts are more likely to stop following the domestic firm when foreign competition intensifies. Overall, our findings suggest that foreign product market competition from global trade liberalization is an important determinant of financial analysts' coverage decisions.

Discussant: Richard Lord, Montclair State University

Bonavista Bay

III-E CORPORATE ENVIRONMENTAL PERFORMANCE
Greenhouse Gas Emissions Data and Measures Revisited

Matthew Wegener*, University of New Brunswick, Réal Labelle,
Lambert Jerman, HEC Montréal

Organizations spend billions of dollars annually on performance-contingent tangible rewards such as vouchers and merchandise, yet prior research reports inconsistent support for the performance benefits of tangible rewards over cash rewards. We conduct two studies to better understand the performance effects of tangible versus cash rewards. The results of an experiment with a real-effort task (Study 1) indicate task performance increases the more participants categorize performance-contingent pay separately from salary. We also find whether participants differentially categorize cash versus tangible rewards separately from salary depends on the framing of compensation components as either additional wage or a bonus. The results of a free-sort task (Study 2) indicate graduate business students are more likely to mentally categorize tangible rewards differently from salary than they do cash rewards. Collectively, our results inform practice on the importance of distinct categorization of rewards when selecting the type of reward to offer employees, and also inform theory by highlighting an important obstacle to testing the relative effectiveness of cash versus tangible rewards using lab experiments.

Discussant : Lev Timoshenko, University of Waterloo

Halo Effect or Fallen Angel? The Joint Firm Value Effect of
Greenhouse Gas Emissions and Corporate Social Responsibility

Sue A. Cooper, Jennifer Yin*, K.K. Raman, University of Texas at San Antonio

This study examines the firm value effects of corporate social responsibility (CSR) in the presence of industry related greenhouse gas (GHG) emissions. We use a sample of 1,316 companies that are required to report their annual GHG emissions to the U.S. Environmental Protection Agency (EPA) over the period of 2011 to 2014. We find that firms with high levels of GHG emissions and high CSR scores suffer greater firm value market penalties than firms with comparable levels of GHG emissions and low CSR scores. Further, it appears that this result is driven by firms that choose to voluntarily report GHG emissions to the Carbon Disclosure Project (CDP), firms reporting GHG emissions in the later years of the study (i.e., 2013 and 2014), and firms that do not operate in high GHG emitting industries (i.e., utilities, waste disposal, and oil refineries).

Victoria 2 (CC)

III-F AUDIT AND POWER
‘Power Tends to Corrupt and Absolute Power Corrupts Absolutely’:
A Tale of Auditor Corruption

Jared Koreff*, Steve G. Sutton, University of Central Florida

Corruption has been shown by previous research to be manifested in various ways in society, and within the public sector decreases the amount of government funds spent on public services, such as healthcare. To help fight fraud in the Medicare program, the Fraud Prevention System (FPS), a new state of the art predictive analytic tool, was implemented over Medicare Fee for Service claims to identify unusual claims that may be indicative of fraud. Subsequent to identifying an outlier, an outsourced contractor is assigned the task of performing a forensic audit of the outlier as well as investigating for an overall pattern of fraudulent claims. To identify what is causing the contractors success described in reports to congress, a cross-sectional field study was conducted by interviewing 24 individuals employed by healthcare providers subject to these audits to share their experiences. Although the contractors were designed to fight Medicare fraud, results from the interviews indicate substantial corruption in the contractors’ audit tactics. The results of this study contribute to the academic literature by examining environmental factors that provide opportunities for corruption and how corruption has been manifested. Additionally, this study provides an example of potential adverse implications of a completely independent auditor. The results of this study are very timely, as FPS technology is expected to be leveraged to other government programs as early as 2016, thus the factors contributing to corruption should be rectified prior to allowing corruption to manifest in other programs and further harm society.

Discussant: Andrea Stapleton, University of Waterloo

Will the Auditing Industry become a Tighter or Looser Oligopoly?

Daniel Aobdia, Kellogg School of Management, Northwestern University,
Luminita Enache, Anup Srivastava*, Tuck School of Business, Dartmouth College

By the end of the 20th century the competitive structure of the public accounting industry evolved into a tight oligopoly. However, we predict a reversal of this trend, because new issuers of public equity, who steadily replace legacy firms in the set of public firms, display less verifiable assets, more complex accounting estimates, and higher audit risks. Unlike their predecessors, these new issuers appear less and less attractive to Big N auditors. Smaller auditors address the growing market of riskier companies. Given the stickiness of the auditor-client relationships, we predict a trend of deconsolidation in the audit industry.

Management Going Concern Disclosures: Comparative Impact of an
Audit Report Standard and an Accounting Standard

Jean Bédard, Carl Brousseau*, Université Laval,
Ann Vanstraelen, Maastricht University

This paper exploits recent changes in Canadian accounting and auditing standards, which offer a natural experiment, to examine the effects of the sequential introduction of these standards on management reporting behavior. Specifically, we investigate the impact of stricter guidance from an accounting standard regarding the going concern assumption followed by the requirement for the auditor to add an emphasis of matter paragraph (EOM) when management reports a going concern uncertainty. Our empirical results suggest that management responsabilization for going concern uncertainties through a specific accounting standard increases management’s propensity to disclose such uncertainties. However, the subsequent introduction of an EOM in the auditor report reduces the propensity of management to disclose such uncertainties. Collectively, we document strong effects of an EOM as it mitigates the positive effect of a going concern accounting standard on management reporting behavior, and the positive association between the level of financial distress and severity of the going concern footnote disclosure in the financial statements. We conclude from these results that, in contrast to what regulators envision, sequential introduction of increasing management and auditor reporting responsibilities with regard to going concern uncertainties are not reinforcing each other. On the contrary, our results suggest that management appears to transfer the risk to the auditor in an EOM setting.

Intervenant : Jimmy Yu, University of Calgary

Welcome: Cheryl McWatters, CAAA President
Introduction: Sandy Hilton, CPA Canada

Guest Speaker: Blair Feltmate

Head, Intact Centre on Climate Adaptation
Faculty of Environment, University of Waterloo

“Climate Change and Extreme Weather Events in Canada:
Not Adapting is NOT an Option”

Climate change is unstoppable, and accordingly extreme weather events in Canada will get worse. The financial costs due to extreme weather are dire, reflected in increasing Property & Casualty insurance loss claims and soon-to-be-realized consequent mortgage defaults. Canada must immediately embrace adaptation to climate change to address financial and social stress that will otherwise grow in magnitude. In this keynote, Dr. Feltmate shares practical strategies that form a template for a weather-ready Canada.

Dr. Feltmate is the author of scores of papers on sustainable development, ecology, the capital markets, and climate change. His co-authored textbooks include *Aquatic Ecology* (CAB International, 1992), and most recently, *Sustainable Banking* (University of Toronto Press, 2016). Previous positions Dr. Feltmate has held include Vice President, Sustainable Development, Bank of Montreal; Director, Sustainable Development, OPG; and Partner, Sustainable Investment Group/YMG Capital Management. The primary purpose of the International Centre on Climate Adaptation is to mobilize practical and cost-effective means to help de-risk Canada from climate change and extreme weather events.

The President's Lunch is sponsored by



ESSENTIAL BUSINESS AND ACCOUNTING
RESOURCES — AT YOUR FINGERTIPS

Stay at the forefront of your profession with instant
access to tools and resources, all in one place

- Current and comprehensive information on:
- Audit and assurance
 - CPA Canada Handbook: Standards and guidance collection
 - Finance
 - Financial and non-financial reporting
 - Forensic and investigative accounting
 - Information management and technology
 - Management accounting
 - Strategy, risk and governance
 - Sustainability
 - Taxation

VISIT cpacanada.ca/business-and-accounting-resources

CONCURRENT IV: OVERVIEW

2:15 - 3:45

RESEARCH PAPER SESSIONS ROOM-FINDER BY TOPIC

Concurrent Sessions IV

AUDIT.....	St. Mary's Bay
DISCLOSURE, REPORTING & IMPRESSION MANAGEMENT.....	Victoria 2 (CC)
DISCLOSURE, DISCOURSE AND REPORTING.....	Victoria 1 (CC)
FINANCIAL ANALYSTS & INVESTORS.....	Bonavista Bay
ORGANIZATIONAL PERFORMANCE & PERFORMANCE MEASUREMENT.....	Salon C
STOCK MARKET REPORTING & PERFORMANCE.....	Salon D

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

CONCURRENT IV: EDUCATION

2:15 - 3:45

Churchill 1+2 (CC)

Education Session on Team-Based Learning

Brenda Collings, University of New Brunswick

This session will be organized in the typical TBL Cycle: Preparatory Pre-Reading, Individual Readiness Assurance Test, Team Readiness Assurance Test, Appeals Process, Mini-lecture clarification, and In Class Application Activities. Participants will be formed into teams and as each step of the cycle concludes we will debrief on the key ingredients of each. The majority of the session time will be completing Application Activities in which teams will share their experiences and concerns regarding using team work in their classroom. These activities will demonstrate how TBL can effectively address their concerns.

Pippy 1+2 (CC)

“FLIPPED Class Delivery in Taxation classes” - Interactive Lesson Presentations

Michelle Malin, Odette Pinto, MacEwan University

The underlying objectives of undergraduate taxation courses are to prepare students for the CPA professional program, the Cumulative Final Exam (the CFE) and for future careers in accounting and taxation. The main challenge in taxation courses is how to deliver this quantity of information to undergraduate students, who have limited prior tax knowledge or experience, in a way that the students retain the information. This presentation will explain how the “flipped classroom” teaching methodology can be adapted and blended with traditional classroom techniques to enhance student learning for undergraduate taxation courses. We will also provide examples of online teaching materials that we have developed for the blended tax classroom.

Victoria 3 (CC)

Millennials As Learners

Heidi Deickmann, Praise Ma, Kwantlen Polytechnic University - Surrey

Today’s students have been raised in a fast-paced, solution on demand, media-enriched, socially connected society. This interactive session will enable participants to evaluate and investigate issues educators are experiencing with today’s learners and will identify teaching strategies to maximize student success in the classroom. Current research in the field of psychology will be presented to explore what today’s students need to maximize learning. We will consider options to modify in-class and online environments to best match the learning needs of millennials. Throughout the session, participants will engage in round table discussions to share issues we are facing, share strategies that are proving to work and analyze solutions to meet the unique needs of a generation of distracted learners.

SATURDAY

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

Goodman
School of Business

Brock University

Prepare for a research-intensive career or admission to a top Ph.D. program with research-focused courses and a year-long thesis project in our Master of Science in Management program.

Research pathways offered:

- Accounting
- Finance
- Marketing
- Operations and Information Systems Management
- Organization Studies

For both sides of the brain.
goodman.brocku.ca/msc
Brock University | Niagara | Canada



St. Mary's Bay

IV-A AUDIT

The Impact of Organizational Identity and Professional Norm Salience on Internal Auditors' Assessments of Internal Control Weaknesses

Ian T. Burt*, Niagara University, Theresa Libby, University of Waterloo

We examine whether internal auditors with a strong organizational identity (a perceived close relationship between individual and employer) provide overly lenient assessments of identified internal control weaknesses compared with those whose organizational identity is weak and compared with a control group of external auditors. We also examine whether increasing the salience of professional norms (increasing the prominence of information to internal auditors about the expectations of their professional group) reduces bias in their assessment of internal control weaknesses when their organizational identity is strong, and whether external auditors who are aware internal auditors are adhering to the norms of their professional organization are more willing to rely on the internal auditor's work. Results indicate that internal auditors with strong organizational identity provide internal control assessments that are less severe than internal auditors whose organizational identity is low, but when professional norms are made salient, internal auditors with strong organizational identity provide the most severe ratings. We also find external auditors who are aware the internal auditor adheres to professional norms are more willing to rely on the internal auditor's control assessments. Implications of our results for the debate about the benefits and costs of in-house versus out-sourced internal auditors are discussed.

Discussant: Carolyn MacTavish, Wilfrid Laurier University

Auditor Self-Actualization and Their Ability to Resist Client Pressure

Rachel E. Papirakis, UQAM

This study evaluates the existence of a relationship between auditor self-actualization and auditor resistance to client pressure. Its hypotheses predict: auditors with a high self-actualization and a stronger attachment to independence will show higher resistance to client pressure; and while auditors are influenced by client power, auditors with a higher self-actualization will be less influenced. The results of a mail survey of Canadian Big 4 audit partners show auditor resistance to client pressure is positively correlated with auditor self-actualization and auditor attachment to independence and negatively correlated with client power. Yet the results also show the relationship between auditor self-actualization and resistance to client pressure is not conditional to a higher attachment to independence. A possible explanation is auditors' higher attachment to independence, meaning they cannot be categorized as higher or lower attachment. Results also indicate auditor attachment to independence is a mediating variable in the relationship between self-actualization and resistance to client pressure. This study is the first to study auditor self-actualization, and to give empirical evidence on the power balance in the auditor-client relationship.

Discussant: Natalia Kochetova-Kozloski, St Mary's University

Supplier internal control quality and the duration of customer-supplier relationships

Andrew M. Bauer, University of Illinois at Urbana-Champaign, Darren Henderson*, Ivey School of Business, University of Western Ontario, Dan Lynch, Wisconsin School of Business

Internal controls influence information quality and thus facilitate efficient contracting across supply chain partners who rely on a collaborative system of information sharing. Using SOX-related internal control assessments and U.S. GAAP-mandated major customer disclosures from 2004 to 2012, we find that supplier internal control weaknesses (ICWs) influence the duration of supply chain relationships. Specifically, our evidence demonstrates that: 1) the presence of ICWs increases the likelihood that customer-supplier relationships terminate in the following year; 2) timely ICW remediation by suppliers attenuates, but does not eliminate, the likelihood of termination; and 3) the effect of ICWs on relationship duration is affected by customer dependency and control weakness severity. Results using propensity score matching suggest that core findings are robust to endogeneity threats. Overall, our findings are consistent with customers viewing strong supplier controls as an important, albeit overlooked, contracting element that has significant implications for the duration of supply chain relationships.

Discussant: Natalia Kochetova-Kozloski, St Mary's University

Bonavista Bay

IV-B FINANCIAL ANALYSTS & INVESTORS

On the Association between Strategic Institutional Ownership and Earnings Quality: Does Investor Protection Strength Matter?

Lamia Chourou*, University of Ottawa, Yang Ni, Shanghai Jiao Tong University, Ligang Zhong, University of Windsor

The aim of this study is to examine: (i) whether strategic institutional ownership is associated with better earnings quality at the international level, and (ii) whether this relationship varies with the strength of investor protection. Using firm level data from 41 different countries, we document a positive association between strategic institutional ownership and firm earnings quality. More importantly, we find that the documented association is economically more significant in countries with stronger investor protection. Our results are robust to a battery of robustness tests. We interpret our findings as evidence that the monitoring role played by institutional investors is shaped by the degree of investor protection at the country level.

Should Intangible Investments be Separately Reported or Comingled with Operating Expenses?

Luminita Enache, Anup Srivastava*, Tuck School of Business, Dartmouth College

We propose a new method to estimate the investment outlays other than research and development or advertising expenditures reported comingled with operating outlays in the selling, general, and administrative (SG&A) expenses. We find them to be the largest category of intangible investments and the fastest growing category of operating investments. They are associated with growth and volatility of future earnings and the proxies of organizational capital. Investors appear not to fully comprehend their amounts, benefits, or risks. Our findings indicate that there could be benefits to their separate reporting instead of being comingled with operating expenses.

Salon C

IV-C ORGANIZATIONAL PERFORMANCE & PERFORMANCE MEASUREMENT

The Balanced Scorecard as a Boundary Object: From Diagnostic to Interactive Control - A Field Study of Balanced Scorecard Implementation in Several Incubators

Chaffik Bakkali, *Université de Montpellier*, **Jonathan Maurice***, *ENS Cachan*, Gerald Naro, *Université de Montpellier*

Organizational performance increasingly depends on the ability to carry out an internal strategy while promoting organizational learning. In other words, two control levers need to be managed: diagnostic control and interactive control. Organizations often combine several tools with a single management control system generally meeting one or the other of these two aims. The originality of this paper is its focus on how the purpose of a control tool can change during organizational use. In this intervention research study, we participated in the creation and implementation of a balanced scorecard in five incubators over the course of just over a year. We then analyzed the tool's translation process in each organization from the perspective of actor-network theory and the concept of boundary objects. The major contribution of this paper is to show how a balanced scorecard originally introduced for diagnostic control can progressively be transformed into an interactive control tool. The key to this transformation lies in the controversies that arise during the translation process and their resolution, made possible by the plasticity of the balanced scorecard as a boundary object.

Discussant: KC Lin, Oregon State University

Employee Involvement: The Missing Link in Kaplan and Norton's Balanced Scorecard

Glen P. Kobussen, **Suresh S. Kalagnanam***, *University of Saskatchewan*, Ganesh Vaidyanathan, *University of Saskatchewan*

Numerous studies have asserted that Performance Management Systems (PMSs) are central and critical to the future wellbeing and prosperity of every business or organization. Among the PMSs that incorporate non-financial measures, Kaplan and Norton's Balanced Scorecard (BSC) has attracted the most attention and has been reported to be one of the most widely adopted. Despite its widespread use, the BSC has achieved low successful implementation rates. High failure rates call for investigating the BSC to identify areas where improvements can be made to enhance its effectiveness. This study evaluates suggestions for improving the BSC; draws upon the findings from interviewing 115 employees (at all organizational levels) at four Canadian Crown Corporations (Public Sector Organizations); and uses a variety of literatures to develop a Participative PMS model that actively involves all employees, with an emphasis on front-line employees and operational-level managers at each stage of the PMS process.

Discussant: Adam Presslee, University of Pittsburgh

Salon D

IV-D STOCK MARKET REPORTING & PERFORMANCE
Can Twitter Help Predict Firm-Level Earnings and Stock Returns?

Eli Bartov, *New York University Stern School of Business*, Lucile Faurel, *Arizona State University*, **Partha S. Mohanram***, *Rotman School of Management, University of Toronto*

Prior research examines how companies exploit Twitter in communicating with investors, how information in tweets by individuals may be used to predict the stock market as a whole, and how Twitter activity relates to earnings response coefficients (the beta from the returns/earnings regression). We investigate whether analyzing the aggregate opinion in individual tweets about a company's prospects can predict its earnings and the stock price reaction. Our dataset contains 998,495 tweets (covering 34,040 firm-quarters from 3,662 distinct firms) by individuals in the nine-trading-day period leading to firms' quarterly earnings announcements in the period 2009 to 2012. Using four alternative measures of aggregate opinion in individual tweets, we find the aggregate opinion successfully predicts the company's forthcoming quarterly earnings. We also document a positive association between the aggregate opinion and the immediate abnormal stock price reaction to the quarterly earnings announcement. These findings are more pronounced for firms in weaker information environments (smaller firms with lower analyst following and lower institutional ownership). Finally, we provide evidence that our results are not driven by concurrent information from sources other than Twitter, such as press articles or web portals. Overall, these findings highlight the importance for financial market participants to consider the aggregate information on Twitter when assessing the future prospects and value of companies.

Discussant: Susie Qi Wang, National University of Singapore

Development of the Accounting Profession and Stock Market Development

Hong Huang, *CUHK Business School The Chinese University of Hong Kong*, **Albert Tsang***, *Schulich School of Business, York University*

This study investigates the relationship between country-level development of the accounting profession and stock market development. We use a comprehensive country-level measure of accounting profession development based on responses from professional accountancy organizations to a questionnaire designed by the International Federation of Accountants to assess the professional development of the accounting profession in each country. We find a significant positive association between the development of a country's accounting profession and the development of its stock market. We further propose and test a possible channel through which a better-developed accounting profession facilitates stock market development: lower incidences of accounting misstatement. Using financial reporting restatement data from 36 countries for the 2007-2012 period, we find a negative association between the development of the accounting profession and the incidence of financial restatement. In addition, our results show the positive association between the development of the accounting profession and stock market development tends to be more profound in countries with lower levels of corruption. Taken together, our findings highlight the importance of development of the accounting profession in facilitating a country's economic development.

Discussant: Vasiliki Athanasakou, London School of Economics & Political Science

Effect of Foreign-Sounding CEO Names on Investors' Perception of Earnings Quality

Ashiq Ali*, Hoyoun Kyung, *University of Texas at Dallas*

This study examines the effect of foreign-sounding CEO names on the perception of earnings quality by U.S. investors. We find that earnings response coefficient (ERC) is smaller for firms whose CEO names sound foreign than for firms whose CEO names sound American. Moreover, ERC is larger (smaller) for negative (positive) earnings surprises for firms with foreign-sounding-name CEOs. These relations are less pronounced for firms with greater ownership by institutional investors. Additional analyses using a comprehensive set of earnings quality measures provide no evidence to suggest any systematic difference in actual earnings quality between firms with foreign-sounding-name CEOs and firms with American-sounding-name CEOs. These results suggest that U.S. investors perceive earnings of firms with foreign-sounding-name CEOs to be of lower quality, presumably due to "in-group bias".

Discussant: Seda Oz, McGill University

Victoria 1 (CC)

IV-E DISCLOSURE, DISCOURSE, AND REPORTING
Imitation Mediation: The Wilson Committee and the Travel of
Efficiency Auditing

Clinton Free, *University of New South Wales*, Vaughan S. Radcliffe, **Mitchell Stein***,
Ivey School of Business, University of Western Ontario,

We analyse the archives of the Wilson Committee, whose final report was described by Auditor-Gen-
eral James Macdonell as the “Magna Carta” of the Auditor-General Office in Canada, to highlight the
Committee’s transnational interactions and the way that it edited what it encountered in producing the
Wilson Report. We introduce the notion of consultative artefacts to describe how formal reports act as
a critical device in the travel of ideas by stabilising and unifying disparate practices, adding form and
lending the credibility of experts from other jurisdictions. The paper presents the Wilson Committee as
central in the development of efficiency auditing which shaped practice in Canada and subsequently in
other jurisdictions around the world.

The Seal Hunt and the Slave Trade: How Non-Accounting Publics
Frame Accounting to Assert Their Interests and Achieve Their Aims

Darlene Himick, *University of Ottawa*, **Katherine Ruff***, *York University*

Micro-discourse analysis is applied to two cases - the sugar boycott in support of slavery abolition
and the WTO trade dispute over the European Union ban on seal products - to understand how
non-accountants frame accounting concepts to assert their interest in accounting and achieve
their aims. The study contributes to literatures on accounting and the public interest by exploring
a hitherto overlooked domain in which the public voices its interests.

Discussant: Kevin Veenstra, McMaster University

How Readable are SOX 404 Reports?
An Application of Textual Analysis

J. Boritz*, *University of Waterloo*, Louise Hayes, *University of Guelph*,
Lev M. Timoshenko, *University of Waterloo*

This study examines all SOX 404 reports issued between 2004 and 2014 to determine their
readability as measured by the FOG index after controlling for report size. We find that
managements’ reports are more readable than auditors’ reports. Big 6 reports are less readable
than non-Big 6 reports. Among the Big 4 firms, two firms issued significantly more readable
reports than the others. The readability of managements’ reports decreased after Auditing
Standard (AS) No. 5 (PCAOB 2007) was issued whereas the readability of auditors’ reports did not
change. Reports containing three or more weaknesses (implying entity level control weaknesses)
are significantly more readable than other reports.

Discussant: Seokyoung Hwang, CUNY, College of Staten Island

Victoria 2 (CC)

IV-F DISCLOSURE, REPORTING
& IMPRESSION MANAGEMENT
Long-Horizon Management Forecast Properties and Regulations

Helen Hurwitz*, Yan Sun, *Saint Louis University*

This study examines the effect of Regulation Fair Disclosure (FD) and Sarbanes-Oxley Act (SOX) on the
properties of long-horizon management forecasts. Prior to FD, managers could attract and retain ana-
lysts and institutional investors by giving them an information advantage and could reduce litigation
risk by releasing bad news privately. Since FD prohibits selective disclosures, managers are likely to rely
more on public disclosures to reduce litigation risk and be more concerned about forecast reputation
post FD, leading to changes in forecast properties. We find an increase in forecast accuracy and timeli-
ness, and a decrease in forecast precision. In addition, the delay of bad news forecasts decreases post
FD, especially for firms with high information asymmetry and low litigation risk. Furthermore, as firms de-
crease the use of upward accrual manipulation post SOX, we find bad news forecasts increase, and fore-
casts optimism and precision decrease post SOX. Our research has important implications for regulators
and capital market participants relying on management forecasts to form earnings expectations.

Discussant: Michel Tang, New York University, Stern School of Business

Jockeying for Position in CEO Letters: Impression Management
and Sentiment Analytics

Kris Boudt, **James Thewissen***, *KU Leuven*

This paper evidences the strategic positioning of positive and negative news within a CEO letter as a
subtle form of impression management. Based on a unique sample of CEO letters published by DJIA
firms between 2000 and 2011, we provide empirical support for the hypothesis that managers exploit the
serial position effect by presenting the information in such an order that the reader is likely to have a
more positive perception of the underlying message. We find that there is a smile in the frequency
of positive words within the letter, and a half-smile in the intratextual distribution of negative
words, with a prevalence of negative words at the beginning of the letter. It follows that the
difference (net sentiment) shows a right-sided smirk with more positive than negative words
overall. We propose sentiment analytics that can compensate for the strategic management of
narrative structure by using a novel weighting scheme to aggregate the within-text net sentiment
dynamics into a single proxy for the CEO’s sentiment. Consistent with the presence of CEO
incentives to inflate sentiment, we find that the proposed position weighted sentiment is more
pessimistic than the traditional equally-weighted sentiment measure and has more predictive
power for the firm performance over the next year.

The Effect of Auditor Expertise on Fair Value & Related
Financial Reporting Quality

Dereck D. Barr-Pulliam, *Wisconsin School of Business*, **Stephani Mason***,
DePaul University, Helen Brown-Liburd, *Rutgers Business School*

In this study, we examine the impact of auditor expertise on fair value-related financial reporting
quality during the Global Financial Crisis of 2008. We develop and test a measure of fair value
specialization, as well as use a measure of industry specialization. We use these measures to
determine whether and to what extent fair value specialization is incremental to industry spe-
cialization in a fair value context. Our primary measures of financial reporting quality are firm
use of a one-time election to reclassify financial assets to avoid significant losses and discretion-
ary accruals. We predict and find that the joint effects of industry and fair value specialization
are associated with significant decreases in both the likelihood that a firm reclassifies fair value
assets and the probability the firm uses high discretionary accruals to manage earnings. We test
our predictions using a large sample of firms that represent a cross-section of countries, account-
ing standards, and industries. These results contribute knowledge and are of interest to audit
practitioners, accounting and auditing researchers, investors, and regulators.

CONCURRENT V: EDUCATION

4:00 - 5:30

Victoria 3 (CC)

Increase Student Engagement through Informal & Innovative Feedback

Kiersten Walker, NAIT, Michelle Malin, MacEwan University

Research has shown that it is possible to increase student engagement, strengthen the student-instructor relationship and improve the overall classroom dynamic through the use of innovative and informal student evaluations. Join us for a workshop-style session that will first briefly introduce you to some of the research that has been conducted on the importance of student feedback and how it can allow you to become a more effective instructor, then we will share some of the inventive student feedback techniques we have utilized in our courses along with our results. The final portion of the session will allow you to exchange ideas in a guided small-group setting with your colleagues from across Canada. This workshop will appeal to those who are teaching any level of accounting or finance courses, and who are interested in sharing and discussing novel ways of generating student feedback and engagement.

Churchill 1+2 (CC)

Bringing CPA Canada and FRAS Canada Resources into the Classroom

Karen Jones, Karen McCardle, CPA Canada

Staying current when there is constant change is a challenge. See how CPA Canada resources covering a range of technical competencies, including financial reporting, audit and assurance, strategy and governance, management and accounting, as well as the enabling competencies such as ethical behavior can be utilized by your students in a collaborative learning experience. These resources provide support in the continually changing landscape of the business world. This session will also reflect on how to integrate the Financial Reporting and Assurance Standards Boards material into the classroom to equip future business leaders with the skills to monitor, influence and use these tools to their advantage so they can shape the financial reporting of tomorrow. The session will include a list of resources available for educators and include workshop demonstrations of the materials and ideas for how to use them effectively.

Pippy (CC) 1+2

Group Work in Managerial Accounting

Alison Feierabend, Sheridan College

In the classroom, we have to help students develop skills that will be useful in the workplace while using the knowledge gained from the courses they take. These include the ability to write, working in groups, and the ability to make oral presentations. This session will focus on how to use a case assignment as a capstone project in Cost and Managerial Accounting courses.

CONCURRENT V: RESEARCH

4:00 - 5:30

RESEARCH PAPER SESSIONS ROOM-FINDER BY TOPIC

Concurrent Sessions V

AUDIT.....	Bonavista Bay
CORPORATE SOCIAL RESPONSIBILITY.....	St. Mary's Bay
DISCLOSURE.....	Placentia Bay
INSIDER TRADING & FINANCIAL MISREPORTING.....	Salon D
PENSION MANAGEMENT & LEGACY ASSETS.....	Victoria 2 (CC)
TAX.....	Victoria 1 (CC)
XBRL.....	Salon C

Placentia Bay

V-A DISCLOSURE

Labor Market Mobility and Expectation Management: Evidence from Enforceability of Non-Compete Provisions

Michael Tang*, New York University Stern School of Business, Rencheng Wang, University of Queensland Business School, Yi Zhou, School of Management Fudan University

This study examines how managers' use of expectation management is affected by labor market mobility, measured with the enforceability of non-compete provisions in employment contracts. We find that managers in states with stricter non-compete enforcement are more likely to manage analyst expectations downward, consistent with labor market immobility exacerbating managers' incentives to ensure meeting expectations. Moreover, we find the effect to be more pronounced for less capable and more junior CEOs, for firms with more intense monitoring, and for firms in more homogenous or more competitive industries. Results from quasi-natural experiments and instrumental variable approach suggest that non-compete enforcement causally affects the use of expectation management. Finally, investors seem to discount the premium on achieving earnings targets through expectation management for firms in high non-compete enforceability states.

Discussant: James Thewissen, KU Leuven

Curbing Labor Unions' Enthusiasm : Right-to-Work Laws and the Tone of Earnings Press Releases

Ozgur Arslan-Ayaydin, University of Illinois at Chicago, Dalia Marciukaityte, Illinois State University, James Thewissen,*K U Leuven

U.S. labor laws give more power to labor unions in states without right-to-work (RTW) laws. To counteract this power, managers of unionized firms in states without RTW laws have incentives to make their future prospects look worse than they truly are to improve their bargaining position against unions. The least costly and the most unbounded way for managers to shelter their resources from unions is exercising discretion on the sentiment of narrative disclosures for impression management rather than information purposes. This study is based on a sample of 4,500 earnings press releases of S&P1500 firms between 2004 and 2013. We find that unionized firms in states without RTW laws tend to use more pessimistic tone in their earnings press releases, especially when their profitability is high. We also find that investors, potentially more financially sophisticated than union workers, are not misled by such pessimistic reporting about the underlying performance of unionized firms in states without RTW laws.

*Note: Rooms marked (CC) are in the Conference Centre; all others are in the Hotel

St. Mary's Bay

V-B CORPORATE SOCIAL RESPONSIBILITY
Corporate Social Responsibility and Cash Holdings

Emna Chalouati, *Brock University*, Mariem K. Sanaa, *Hong Kong Polytechnic University*, Rym Mabrouk, **Samir Trabelsi**,* *Brock University*

This study, investigates the association between cash holdings and corporate social responsibility (CSR). We examine whether cash holdings are valuable for firm's social role. We collect data from KLD STATS, to construct CSR score that measure the extent to which company meet the expectation of its stakeholders. Our final sample consists of 1,680 US public firms from 1997 to 2013. We find evidence that cash-rich firms are more likely to conduct CSR practices. Furthermore, we find that cash holdings increase with Environment performance, employee relations and product dimensions of CSR. This study contributes to the current debate about the cash holdings value. We provide new insights into how cash holdings, rather than being used in wasteful projects, can instead be an important aspect of shareholders value creation.

Discussant: Bruce McConomy, Wilfrid Laurier University

Does National Culture Influence the Likelihood of Organisations
Voluntarily Affiliating with the UN Global Compact?

Michel Coulmont, Kamille Lambert, **Sylvie Berthelot***, *Université de Sherbrooke*

The interest of many stakeholders in corporate social responsibility (CSR) has increased considerably over the last several decades. This interest was further expressed at the top echelons of the United Nations when UN Secretary-General Kofi Annan proposed the Global Compact at the World Economic Forum. The UN Global Compact (UNGC) is a platform for the development, implementation and disclosure of responsible and sustainable corporate policies and practices. Despite the global nature of this initiative, the participation of organisations is unequally distributed across societies. This study explores the relationship between national culture, as defined by Hofstede, and the organisations voluntarily affiliating with the UNGC, using data from 282 firms in 30 countries on 4 continents. The results indicate that firms in countries with high individualism or high masculinity rankings are more likely to affiliate with the UNGC. In addition, those in countries with less uncertainty avoidance, short-term orientation, as well as high restraint are also more likely to affiliate with the UNGC. The findings are interesting not only for regulatory bodies aiming to increase firms' transparency about the environmental and social impact of their operations, but also for initiatives such as the UNGC. The development strategies and democratisation tools developed by this initiative will have to take into account the specific cultural features of different countries to be able to introduce tools that are global in nature, allow for comparisons between firms, and are specific to the culture of the country in which the firms operate.

Bonavista Bay

V-C AUDIT
Abnormal Audit Fees and Reliability of Internal Control Audit Opinions

Min Jeong Hong, *University of Waterloo*

Recent literature and regulatory discussions highlight concerns over the reliability of internal control audit reports under Section 404 of the Sarbanes-Oxley Act (SOX 404). I examine the association between abnormal audit fees, which may comprise of abnormal production costs or abnormal profits, and the likelihood of material weakness (MW) disclosures. After controlling for determinants of MWs in internal controls, I find that abnormal audit fees are positively associated with the likelihood of MW disclosures. This positive association persists in a restricted sample of firms with existing MWs in internal controls, where the uncertainty around the existence of MWs is removed. Overall, these results suggest that abnormal audit fees are indicative of unexpected audit effort that influences the ability to detect existing MWs. In other words, unreliable internal control opinions may be attributable to insufficient auditor effort in obtaining sufficient appropriate audit evidence to support the audit opinion.

Discussant: Fred Pries, University of Guelph

Does the Sentinel Effect Impact Audit Quality? Evidence from the
Healthcare Industry

Jared Koreff*, Sean Robb, Greg Trompeter, *University of Central Florida*

The sentinel effect posits that while increased oversight is associated with decreased fraudulent activity, an added benefit of this oversight is it discourages fraudulent activity of potential fraudsters. This paper examines the association between enhanced government oversight and external audit quality. Specifically, we examine the level of pending criminal cases against health care providers and a key discretionary accrual in the health care industry: the ratio of the allowance for doubtful accounts to total receivables. The use of the questionable accounts ratio allows us to focus directly on an accrual that requires extensive judgment, and has been shown to be linked to health care fraud. The results of this study find that heightened governmental enforcement is associated with improved audit quality. Additionally, results of this study contribute to the industry specialization literature by demonstrating that market leadership is associated with improved audit quality.

Discussant: Bharat Sarath, Rutgers, The State University of New Jersey

Regulation, Auditor Litigation and Settlements

Lakshmana Krishna Moorthy, *Rutgers University*,
Bharat S. Sarath*, *Rutgers, the State University of New Jersey*

This paper aims to understand the determinants of lawsuits against auditors in securities class action litigation and auditor settlement pattern when the suit is not dismissed. We consider: (i) when are auditors named as defendants (ii) when do they choose to settle (iii) what proportion of the settlement do auditors pay in relation to the other parties and (iv) differences in settlement strategies among the big-n firms. We also want to understand how these have changed following major regulation such as the Private Securities Litigation Reform Act (PSLRA) and the Sarbanes Oxley Act (SOX). We establish that auditors are more likely both to be named and to settle in cases involving restatement of earnings, accusations of violation of GAAP or accounting improprieties. We show the likelihood of suit and settlement increase in a measure that we construct measuring the complexity of litigation. We then examine differences in settlement patterns preceding and after the passage of PSLRA and SOX. We find that auditors are named less often post-PSLRA, settle with the same frequency in both periods, but pay less proportional damages. The same set of comparisons show that auditors are just as likely to be sued post-SOX as pre-SOX, but settle with lower frequency and pay the same proportion of damages. This study documents the beneficial role of both PSLRA and SOX on reducing the litigation burden on auditors.

Discussant: Min Jeong Hong, University of Waterloo

Salon C

V-D XBRL

Does the XBRL Disclosure Management Solution Influence Earnings Release Efficiency and Earnings Management?

Mohammad J. Abdolmohammadi, *Bentley University*, Hsieh Tien-Shih, *University of Massachusetts Dartmouth*, **Zhihong Wang***, *Clark University*

Implementation of eXtentible Business Reporting Language (XBRL) into corporate financial reporting processes has the potential to improve reporting efficiency and earnings quality. However, whether XBRL enables more or less misstatement and efficient reporting might be contingent on a company's XBRL implementation strategy. This study investigates whether adopting Disclosure Management Solution (DMS) strategy for XBRL implementation improves public companies' earnings release efficiency and mitigates earnings management activities. Using a unique proprietary survey database and financial data from COMPUSTAT, we hypothesize and find that use of DMS for XBRL implementation is negatively associated with earnings release time lag, especially for companies that release good news, indicating improved earnings release efficiency. We also hypothesize and find that use of DMS for XBRL implementation is inversely related to accruals-based earnings management as measured by positive and absolute values of discretionary accruals, but positively related to real activities-based earnings management as measured by acceleration of the timing of sales, and reduction of discretionary expenses.

The Site of Enterprise Risk Management

Matthäus Tekathen, *Concordia University*

The topic of enterprise risk management gained momentum in accounting practice and academia. Thereby, extant case study research on enterprise risk management has pointed towards different forms that enterprise risk management takes once it becomes part of organizational practices. Drawing on Schatzki's (2002) site ontology, this study investigates the site of enterprise risk management to explore the situated properties and meanings enterprise risk management receive in modus operandi. An ethnographic study was conducted of the largest division of a multi-national manufacturer. In this case, enterprise risk management meant measuring and managing performance, constructing risks through documentation and reporting, administering risks and risk management, taking actions, and implementing systems for risk prevention. By identifying five different practice-arrangement bundles that form the site of enterprise risk management in this division, the study portrays how content and context of enterprise risk management co-constitute each other. Thereby, the study further shows how enterprise risk management practices emanate from manifold localities of the firm with various different appearances and forms. The paper points towards context as co-constituting element of forming the content of enterprise risk management.

Discussant: **Zhihong Wang**, *Clark University*

SATURDAY

Salon D

V-E INSIDER TRADING AND FINANCIAL MISREPORTING

The Influence of Other Comprehensive Income on Discretionary Expenditures

Roger C. Graham, **KC Lin***, *Oregon State University*

Other Comprehensive Income (OCI) increases and decreases book value thus indicating more or less firm value. It follows that OCI may influence expenditure decisions despite its transitory nature. In support, our regression results indicate an association between current year OCI and following year discretionary financing, investing and operating expenditures. We also find that both positive and negative OCI are associated with future expenditures for highly leveraged firms. For lower leveraged firms we find that only positive OCI is associated with future expenditures. These results suggest that for highly leveraged firms positive OCI loosens debt constraints on future expenditures while negative OCI tightens debt constraints on future expenditures. For firms without debt constraints the results are suggestive of possible wealth transfers. However, we find that OCI influenced expenditures are not associated with future profitability suggesting such expenditures are not value creating.

Catch Me If You Can: Financial Misconduct Around Corporate Headquarters Relocations

Paul Calluzzo, Wei Wang, **Serena Wu***, *Queen's University*

We examine if firms relocate to avoid the scrutiny of local SEC enforcement offices and find that financial misreporting activities are positively associated with the probability of headquarters re-located out of the jurisdiction states of local SEC office. We find that firms whose financial statements suggest fraudulent activities are more likely to relocate to locations where the regional SEC office has a history of less intense scrutiny against local firms, and to relocate without providing explicit reasons. Using shocks to SEC enforcement intensity for identification, we find that these firms are more likely to relocate after the shock. Our results provide new evidence on the fraudulent motives for headquarters relocation, and suggest that the intensity of SEC enforcement affects corporate strategies.

Managerial Discretion and Firm Fundamentals

Vasiliki E. Athanasakou*, *London School of Economics*, Per Olsson, *European School of Management and Technology*

We hypothesize and provide evidence that the economic consequences of managerial accounting discretion vary systematically with volatility in firm fundamentals. Unlike common approaches in the literature that identify managerial discretion as orthogonal to business volatility, we use a model structure that identifies both types of variation in earnings attributes and allows for a correlation structure between the two. Our results show that in the eyes of three types of capital market participants, investors, financial analysts and regulators, managerial discretion is overall viewed as enhancing information uncertainty, but the effect is attenuated with volatility in firm fundamentals. Our findings suggest that broad samples may exhibit different types of managerial discretion and that volatility in firm fundamentals is key in identifying accounting choices that reduce information uncertainty.

Discussant: **Stephani Mason**, *DePaul University*

SATURDAY

Victoria Room 1

V-F TAX

Ex Ante Severance Agreements and Tax Avoidance

Kareen J. Brown*, Brock University, Wang Dong, Zhejiang University, Yun 'Ke, Brock University

We study whether and how CEO severance contracts affect tax avoidance behavior. We examine 13,888 firm year observations for S&P1500 firms between 1992 and 2014, including 11,616 firm-year observations for firms with severance agreements. Using four measures to proxy for tax avoidance activities we find evidence supporting the hypothesis that severance pay is associated with greater tax avoidance. Further analyses show that the effect is more pronounced in firms with weaker corporate governance and firms with less effective monitoring. Our findings suggest that long-term institutional shareholders curtail firms' tax avoidance activities, likely because tax avoidance might entail excessive risk-taking, facilitate rent extraction and increase information asymmetry.

Discussant: Harun Rashid, University of Calgary

Corporate Tax Aggressiveness and Cash Distributions to Shareholders

Harun Rashid*, Mark C. Anderson, Hussein A. Warsame, University of Calgary

We empirically investigate how cash distributions to shareholders—dividend payment and share repurchase (REPO)—affect corporate tax aggressive behavior. Based on a large sample, we reveal three important findings regarding the effect of cash distributions on tax aggressive behavior. First, high dividend payment consistently shows a positive impact on high tax aggressiveness (TA), whereas for REPO the impact is inconsistent. Second, while the presence of large free cash flow (FCF) weakens dividends' impact on high TA, the moderating effect of FCF is the opposite for REPO on high TA. Third, CEOs' power over the board nullifies the impact of dividend and REPO on high TA. Overall, our findings are consistent with the argument that dividend payout policy plays a monitoring role in reducing FCF and induces managers to carry out risky firm actions.

Victoria 2 (CC)

V-G PENSION MANAGEMENT & LEGACY ASSETS
The Impact of Internal Control Weaknesses on Pension Assumptions Manipulation

Seokyoung Hwang*, College of Staten Island, City University of New York, Bharat S. Sarath, Rutgers University-Newark

This study examines the effect of internal control weaknesses (ICWs) on managers' choice of pension assumptions, using data disclosed under Sarbanes-Oxley Section 404 from 2004 to 2012. We hypothesize that firms with ICWs are better able to opportunistically set pension assumptions, such as the expected rate of return (ERR) and the discount rate (DR), which in turn help to report higher earnings or healthier balance sheets. First, we find that firms tend to report higher ERR and DR when they receive an adverse audit opinion on internal control. In addition, we find that the firms facing more incentives to manage the funding status of pension plan are likely to choose higher DR in response to the incentives. Next, we find that firms with ICWs are more likely to adjust their biased ERR when they receive an unqualified audit opinion on internal control. Finally, we find that market returns are significantly negative for the firms assuming higher ERR in the 3-day window around the disclosure of material weaknesses if the firms' earnings are sensitive to the changed ERR.

Discussant: Georgios Voulgaris

Cannot Afford to Let Go: CEO Risk-Taking Incentives When Their Predecessors are Firm Creditors

Angelica Gonzalez, University of Edinburgh, Jens Hagendorff, University of Cardiff, Georgios Voulgaris*, Warwick Business School

Much attention has been devoted to how compensation affects the behavior of current CEOs. We show evidence of a legacy effect on pay when previous CEOs act as unsecured creditors to firms after they retire. We find a negative association between the pension claims of retiring CEOs and the risk-taking incentives imbedded in the pay of their successors. This association is driven by the unfunded and unsecured components of CEO pension claims, which suggests that retiring CEOs seek to protect the value of their pension claims. An instrumental variable analysis that utilizes state-level tax incentives for CEOs to defer pay via pensions supports a causal interpretation of our results. Overall, our results offer a novel implication of the CEO horizon problem and hint that horizon problems may be more enduring than previously thought.

Discussant: Heather Wier, University of Alberta

On the Management of Legacy Assets

Mark R. Huson, Heather A. Wier*, University of Alberta

We consider the role of legacy assets in the performance of newly appointed CEOs. Using selling, general, and administrative expenses to measure investments in organizational capital we find that on average, CEOs manage legacy assets less well than they manage their own investments in organizational capital. This on-average result is driven by turnovers involving outside successors, and is robust to controls for the quality of the outgoing CEO's performance. In addition we provide indirect evidence that style can manifest itself in the types of investments that managers make, independent of their magnitude. Finally our results provide evidence of a cost of idiosyncratic managerial style.

Discussant: Seokyoung Hwang, College of Staten Island, University of New York

My notes 

Thank you...

The Board and Staff of the CAAA thank you for joining us On the Edge at our 2016 Annual Conference. We hope you found it an informative and productive experience, and have taken away fresh perspectives and insights, practical tools, and new friendships.

We hope you continue to be engaged with everything the CAAA has to offer. We are an active and supportive organization, committed to promoting the very best in accounting education and research. In the coming year, we will be developing new programs and activities to complement our existing member services, as we evolve to better meet our members' needs and strengthen our community. Look out for our emails and visit our website for calls for papers, grant and scholarship information, and other CAAA updates.

Also to be found via our website in the coming weeks will be video recordings of selected presentations, notes for download, and photographs of the conference highlights.

...and see you next year!

We look forward to welcoming you to Montreal, Quebec, in June 2017.

Conference Evaluation

As we work to make the CAAA Conference experience even more worthwhile and successful, we ask a few minutes of your time to take a post-conference survey, which will be circulated to you via email in the coming days. Your responses and comments will inform our planning for next year. Completed surveys will be entered into a draw to win free registration for next year's conference (you may have run into last year's winner, Professor Vasiliki Athanasakou from LSE, during your time here). If you would like to offer other comments, or have questions, please email amber.goldie@caaa.ca

