Accounting and the Public Trust

CAAA Annual Conference, June 14 - 16, 2018 Fairmont Palliser Hotel, Calgary



Vision

Excellence in accounting education and research

Mission

Foster a community that creates, communicates, and advances accounting knowledge in the public interest

Values

Integrity, Diversity, Independence, Collegiality, Relevance, Innovation

We acknowledge the traditional territories of the people of the Treaty 7 region in Southern Alberta, which includes the Blackfoot Confederacy (comprising the Siksika, Piikani, and Kainai First Nations), the Tsuut'ina First Nation, and the Stoney Nakoda (including the Chiniki, Bearspaw, and Wesley First Nations). The City of Calgary is also home to Métis Nation of Alberta, Region III. The University of Calgary is situated on land adjacent to where the Bow River meets the Elbow River. The traditional Blackfoot name of this place is "Moh'kins'tsis," which we now call the City of Calgary.



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Contents

- 4 Welcome Messages
- 7 General Conference Information
- 8 CAAA Board of Directors 2018–2019
- **g** Conference Floor Plan
- 10 Conference Schedule Overview
- 2018 CAAA Award Recipients
- **19** Our Volunteers
- 21 Delegates List

Thursday

- 24 Accounting Perspectives Case-Teaching Workshop
- 25 Craft of Accounting Research Workshop
- 28 Education Session 1 & 2
- **30** Education Sessions 3 & 4
- 31 Welcome Reception

Friday

- **33** Friday Overview
- **35** Conference Opening Plenary
- 36 Concurrent Sessions 1
- 47 Awards Lunch
- 49 Concurrent Sessions 2
- **54** Concurrent Sessions 3
- 61 CAAA 2018 Annual General Meeting
- **61** Social Event

Saturday

- 63 Saturday Overview
- 64 Concurrent Sessions 4
- 71 Concurrent Sessions 5
- 79 CAAA President's Lunch
- 81 Craft of Accounting Education Workshop
- **82** Concurrent Sessions 6
- **92** Concurrent Sessions 7
- **97** Closing Tea
- **98** Save the Date

Welcome

Message from the CAAA President

Welcome to the 41st annual conference of the Canadian Academic Accounting Association. We are delighted to have you amongst us to experience the academic feast of Accounting and the Public Trust at Calgary, Alberta amidst the glorious environs of the Canadian Rockies. Our conference of the Canadian Rockies.

ence program has something for everyone from diverse research sessions, engaging keynote speakers, and education workshops to networking with friends and colleagues.

Plenary and other sessions include the presence of Professors Jim Ohlson, Hong Kong Polytechnic University and Steve Zeff, Rice University. Dr. Ohlson will be speaking on Financial accounting research while Dr. Zeff offers a reflective critique on accounting academia and research. Both sessions promise to stimulate our research agendas for the future. I would like to thank my faculty colleagues Drs. Mark Anderson and Raj Mashruwala and other colleagues at the Haskayne School of Business, University of Calgary for helping to host the conference.

Doctoral students and early-career researchers will find our Craft of Accounting Research workshop, sponsored by the Rotman School of Management, University of Toronto the venue to learn more about the scholarly research process. The Education sessions are de rigueur to attend to enable effective delivery of course material to our students, what with all the millennial angst and different modes of ingesting, processing and retrieving information in this generation of students!

This conference is also the time for us to present our annual awards recognising member contributions to teaching and research. As well, do make room for our Annual General Meeting before enjoying our Friday night social event hosted by CPA Canada. Saturday's sessions include a mix of education and research sessions to round out our program and transport you home with new ideas and possibilities to contemplate.

Finally, the success of this year's conference results from the efforts and contributions of our volunteers, staff, sponsors and importantly, our delegates. Thank you to each and every one of you for being a part of it.

I would be remiss not to mention that the world-famous Lake Louise, Banff, and Jasper National Park are within relatively short driving distance of Calgary! I look forward to seeing you all in the pristine near-alpine environs of Calgary, Alberta.

S.M. Khalid Nainar

Message from the Conference Co-Chairs

Thank you for participating in the 2018 Conference. We hope that you enjoy Calgary and feel the energy and enthusiasm of our city and province.

No one exemplifies the Spirit of Alberta more than Mr. Richard Haskayne. From a humble beginning

in small-town Alberta, he became one of Canada's most respected and admired business leaders. Mr. Haskayne attributes his success as a professional accountant and business leader to a combination of hard work and good ethics.

As a community of accounting educators and scholars, we have a collective responsibility to build the public trust in the accounting profession through all of our activities. Our goal is that all participants will take something home from the conference that will enrich their teaching, research and service to the profession. Please take full advantage of the many opportunities provided in the program, including the plenary talks by our special guests, James Ohlson and Stephen Zeff.

We appreciate the many people who have worked hard to make the 2018 Conference a great experience for all. We especially thank Amber Goldie, Louise Laroche, Victoria Fortunato, and Carina Hackett at the CAAA and Addie Jackson at SSRN. We had great assistance from members of the Scien-

tific Committee who oversaw the review process. We also thank Penny Parker and the Education Committee, Pascale Lapointe Antunes, Partha Mohanram, Mike Welker, Sandy Hilton and our CPA profession representatives for putting together outstanding workshops. We thank our sponsors for their tremendous support.

Mark Anderson and Raj Mashruwala

Welcome

Message from the CAAA Secretariat

"Trust is a good gift." 1

As the team entrusted with making the CAAA work for you, we are very pleased and privileged to welcome you to the 2018 Annual Conference.

The conference is our favourite opportunity in the year to meet you, our members and delegates; to learn what you are doing; and to keep finding out what you need from us to support you throughout your careers as accounting academics. We look forward to seeing you in sessions, at breaks, socials, and our closing tea–and of course, at the AGM.

One of our biggest challenges at the CAAA is keeping you informed about the resources available to members. When your inbox is stuffed daily with communications from your department, institution, alumni group, professional association, committees, software provider, and grocery store loyalty program, there comes a point where you just can't take any more in. But when our research grant opportunities, conferences, and calls for papers are lost in the sea of information, we all lose out.

Tell us how to tell you. If there's any way that's within our capacity, trust us: we'll do it. It's our job to make sure you benefit from your Association.

It means a great deal that so many of our members' schools have offered their strong support of the conference program this year, underlined by the sponsorship of our Distinguished Partner, CPA Canada. The recurring commitment of our sponsors and exhibitors shows they believe in what the Association does and stands for. We take very seriously our responsibility to them, to you, and to our mission and values – the first of which is Integrity. The theme of this year's conference, and the things you embody in your work as accounting researchers and educators, inspire us. Your trust in us to fulfill these responsibilities is a gift that we are proud to have been given.

With our brave and brilliant Conference Co-Chairs, we made you this conference. We hope you like it. We are so glad you're here.

Amber Goldie, Carina Hackett, Louise Laroche, and Vittoria Fortunato

¹ Brigid Lowry, *Tomorrow all will be Beautiful*. (Crows Nest NSW, Allen and Unwin, 2007)

Message from the Education Chair

On behalf of the members of the CAAA Education Committee I wish to welcome everyone to this year's conference in Calgary!

This year we are pleased to offer three separate half-day education workshops on Thursday plus the annual

Ethics workshop, and a total of 12 separate education sessions on Friday and Saturday. Topics range from introductory financial and managerial accounting, to intermediate and senior level financial accounting, audit, strategy and taxation as well as the hot topic of data analytics. We are also excited to offer, as part of your conference registra-

tion fee and thanks to CPA Canada, our first half-day Craft of Accounting Workshop which will be held on Saturday afternoon as a wrap for this year's conference. With so much variety in these offerings you will definitely find many sessions of interest so be sure to consult the program schedule day and time of each.

All the best for a great conference!

Penny Parker

General Conference Information

Addenda

Addenda to the print program will be posted on the info wall in the conference foyer. A notification of any addenda will be posted on the @caaa_acpc Twitter account.

Accessibility

The conference floor is accessible by elevator as well as the main staircase.

Badges and Registration

Thursday & Friday 7:30 am to 5:00 pm

Saturday 7:30 am to 12 noon

Your badge is required for all Conference events, including social events. Special badges will identify our speakers, award recipients, board members, staff, and volunteers.

Evaluations

A Conference Evaluation Survey will be circulated via email after the Conference. We will use your responses to inform our planning for the 2019 CAAA Conference and to improve your Conference experience. Completed surveys will be entered into a draw to win a complimentary 2019 Conference registration.

Lost and Found

Contact the Fairmont Palliser Reception Desk for assistance with lost items.

First Aid

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

Session Materials

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

Twitter

@caaa_acpc #caaa2018 #acpc2018

WiFi

Delegates may connect to the Fairmont Meeting Network and use access code CAAA18.

Audio-Visual Recording and Photography

The CAAA Conference keynote speaker sessions will be will be video-recorded and made available on Vimeo via a members-only link in the weeks following the conference. By attending the sessions, your image and comments may be recorded and broadcast by the CAAA.

Our photos of delegates and conference activities, in sessions, social events, and common areas, will be posted on the CAAA's social media feeds and website and in Association communications. By registering to attend the 2018 CAAA Conference, you acknowledge that the CAAA may use images of you for CAAA communications and promotions purposes.

CAAA Board of Directors, 2018-2019



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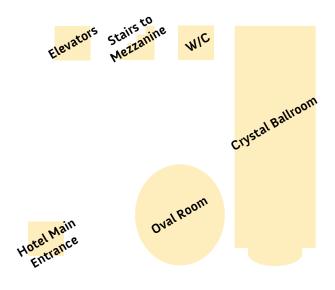


Michael Favere-Marchesi

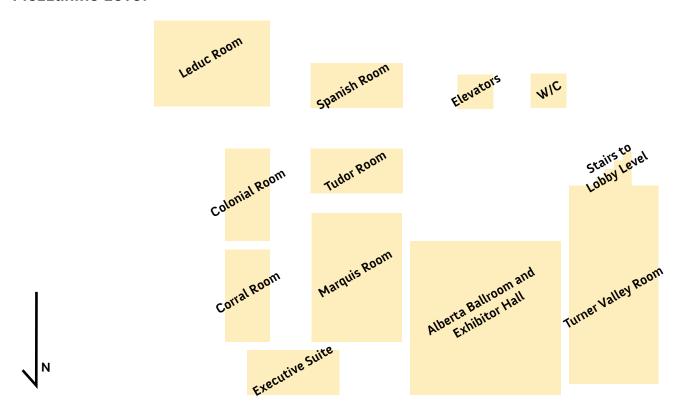
Simon Fraser University Member at Large

Fairmont Palliser Hotel, Conference Floor Map

Lobby Level



Mezzanine Level



Schedule Overview

Thursday, June 14

7:30 am - 5:00 pm

Registration open

7:30 am

Breakfast

8:30 am - 12 noon (break*: 10:00 am - 10:30 am)

Annual Ethics Workshop: "Plagiarism and Academic Misconduct" (Half-Day Workshop 1), Sponsored by the Centre for Accounting Ethics

Teaching With Technology (Half-Day Workshop 2)

Craft of Accounting Research (Full-Day Workshop, Part 1), Sponsored by the Rotman School of Management

Full-day Accounting Perspectives Case-Teaching Workshop (Full-day Workshop, Part 1), Sponsored by the Goodman School of Business

12 noon - 1:00 pm

PD Day Lunch (Crystal Ballroom)

1:00 pm - 4:30 pm (break*: 2:30 pm - 3:00 pm)

Process of Learning Model Strategies (Half-Day Workshop 3)

Reflective Judgement: Student Assumptions about Knowledge (Half-Day Workshop 4)

Full-day Craft of Accounting Research Workshop (Full-Day Workshop, Part 2)

Accounting Perspectives Case-Teaching Workshop (Full-day Workshop, Part 2)

5:00 pm - 7:00 pm

Conference Opening Reception, Sponsored by the Smith School of Business, Queen's University

*Morning and afternoon breaks will take place in the Crystal Foyer, outside the Crystal Ballroom on the lobby level of the hotel











Learn more about the Goodman experience at:

brocku.ca/goodman





Friday, June 15

7:00 am

Haskayne Coffee Hub opens

7:30 am - 5:00 pm

Registration open

7:30 am - 8:30 am

Breakfast, Sponsored by CPA Québec

8:30 am - 9:45 am

Opening Plenary:

Keynote speaker: The Telfer Visiting International Scholar, James A. Ohlson, Hong Kong Polytechnic University

9:45 - 10:00 am Morning break

10:00 am - 12 noon

Concurrent Sessions 1

12 noon - 1:30 pm

Awards Lunch, Sponsored by MacEwan University

1:45 pm - 3:15 pm

Concurrent Sessions 2

3:15 pm - 3:45 pm

Afternoon Break, Sponsored by SAIT

3:45 pm - 5:15 pm

Concurrent Sessions 3

5:15 pm - 6:15 pm

42nd Annual General Meeting of Members of the CAAA

6:00 pm - 7:00 pm

Exhibitors' Reception in the Exhibitor Hall

7:30 pm - 9:30 pm

Conference Social Event, Sponsored by CPA Canada and the Haskayne School of Business











COMPTABLES
PROFESSIONNELS
AGRÉÉS
CANADA



Schedule Overview

Saturday, June 16

7:30 am Haskayne Coffee Hub open

7:30 am Registration open

7:30 am - 8:30 am

Networking Breakfast

8:30 am - 10:00 am

Concurrent Sessions 4

10:00 am - 10:30 am

Morning Break, sponsored by the Département des sciences comptables, ESG UQÀM

10:30 am - 12 noon

Concurrent Sessions 5

12 noon - 1:20 pm

President's Lunch

Keynote Speaker: Stephen Zeff, Rice University, "A Critical View of the Evolution of the Accounting Professoriate"

1:30 pm - 5:00 pm

The Craft of Accounting Education Workshop, sponsored by the CPA Profession

1:30 pm - 3:30 pm

Concurrent Sessions 6

3:30 pm - 3:45 pm

Afternoon Break, sponsored by ESG UQÀM and Simon Fraser University

3:45 pm - 5:00 pm

Concurrent Sessions 7

5:00 pm - 6:00 pm

High Tea

6:00 pm

Close of Conference

8:00 pm

Additional Social Event: Calgary Philharmonic Orchestra Concert, Ode to Joy







COMPTABLES PROFESSIONNELS AGRÉÉS CANADA







Entrepreneurs.
Researchers.
Game-changers.

A little creative thinking can go a long way, even in the world of business. Because it's not just about the bottom line—it's about having a positive impact.

An education in business here means our graduates become the next generation of engaged business leaders well-versed in ethical business practices and responsible leadership.

Learn more about MacEwan University's School of Business at MacEwan.ca/Business

L.S. Rosen Outstanding Educator Award

Guylaine Duval, Université du Québec à Chicoutimi

The Award Committee is pleased to announce their selection of Prof.
Guylaine Duval as this year's Rosen Outstanding Educator.
Prof. Duval is a faculty member in the Department of

Sciences at the Université du Québec à Chicoutimi as well as

Economics and Administrative

Director of the Specialized Graduate Studies Diploma program there. The committee was impressed with the outpouring of support from colleagues and former students for the significant role Prof. Duval has played in the success of her students on both the CFE exam (and its predecessor, the UFE) as well as the CGA national exam prior to unification of the profession. Through innovative and excellent teaching, as well as significant commitment to the development of pedagogical materials, Prof. Duval has provided undergraduate and graduate students with the necessary tools and skills to achieve their academic and professional goals. As indicated by one of her colleagues:

"Madame Duval's devotion to candidates to the profession go well beyond her teaching activities, even extending beyond our institution. Over the years, she has coached approximately 60 teams of students in various competitions organized by the Order, including several award winners. This success has greatly enhanced the reputation of our university and our accounting programs, and has inspired many students to pursue accounting as a profession."

We received the following from one of her former students:

"Madame Duval ... understands better than most what kind of skills are required to be a professional CPA. Madame Duval is a woman who is passionate about what she does, and her enthusiasm for the profession is contagious. Her positive attitude motivates us and inspires us to continue in the profession."

Prof. Guylaine Duval's contributions to the accounting profession have recently been recognized through the conferral of the title Fellow of the Ordre des comptables professionnels agréés du Québec (FCPA). The committee believes that the significant contributions Prof. Duval has made to accounting education in Canada also make her a most deserving recipient of this year's LS. Rosen Outstanding Educator Award.

2017-2018 L. S. Rosen Award Committee:

Theresa Libby, University of Waterloo (Chair) Linda Thorne, York University Krista Fiolleau, University of Waterloo

Haim Falk Award for Distinguished Contribution to Accounting Thought

J. Efrim Boritz, University of Waterloo

The committee is delighted to announce that Professor Efrim Boritz has been selected as the 2018 recipient of the Haim Falk Award for Distinguished Contribution to Accounting Thought. The Haim Falk Award Committee received a comprehensive package in support

of his nomination that included several letters from a range of junior and senior colleagues.

Professor Boritz has an impressive publication history that spans the assurance, information systems, and financial reporting disciplines. Besides his seminal contributions to research, Professor Boritz has focused intently on ensuring that his work plays a role in shaping practice. Consistent with the award criteria, his research has had a major impact on theory, practice, and education.

The widespread support for his nomination reinforces the quality and relevance of Professor Boritz's research program. Excerpts from these letters illustrate his important contributions to accounting thought:

"[Professor Boritz] has a wide range of research interests that are supported by his vast knowledge in accounting, computer technology, and human information processing and decision-making behavior. [Professor Boritz's] research targets the most challenging issues faced by the accounting profession. His work is not only important for advancing accounting/auditing theories, but also has had enormous impact on professional practice."

Ping Zhang, Professor, University of Toronto

"His pioneering expertise on machine learning in accounting is recognized by a AAA Task Force on Research Impact. They cite in their 2009 commentary six papers that make significant contributions in artificial intelligence and expert systems research. Efrim is sole author of two of these six studies."

Louise Hayes, Assistant Professor, University of Guelph

"His efforts in furthering our understanding of assurance and systems and their relationship to business and accounting has resulted in a significant and influential body of work...[t]here are seven articles in major mainline academic accounting journals, 22 publications in academic assurance and systems journals, plus seven other academic publications. He has authored 24 books and monographs plus an additional 14 chapters, and participated in producing six AICPA guides."

Thomas Scott, Professor, University of Waterloo

The committee unanimously concluded that Efrim Boritz is a highly deserving recipient of the 2018 Haim Falk Award for Distinguished Contribution to Accounting Thought.

2017-2018 Haim Falk Award Committee:

David Godsell, University of Illinois at Urbana-Champaign

Michel Magnan, Concordia University

Jeffrey Pittman, Memorial University of Newfoundland, (Chair)

Howard Teall Award for Innovation in Accounting Education

First Prize: Nicolas Blais, Université du Québec à Trois Rivières

Projet d' intervention en comptabilité dans un contexte de coopération en développement international

The winning submission to the 2018 Howard Teall Award is a collaborative project in which students improved their professional

skills by delivering a program of accounting education to primary school managers in Haiti, focusing on sustainable accounting practices for their institutions. Via a five-month planning period and three-week project delivery in Haiti, students employed skills they will need as future CPAs – project management; adapting theory to practice; a global outlook and engagement; understanding an unfamiliar working environment and context; delivering results in oral and written formats; adopting professional ethics; and practicing accounting for the public good. Since their return from Haiti, the students have continued their work, educating others about the project within their home province. The second wave of this award-winning endeavour took place in May 2018.

Runner Up: Mary Oxner, Saint Francis Xavier University

Financial Literacy Workshop Development, Adaptation and Delivery

Oxner designed this experiential, applied activity to improve students' own financial literacy

while assisting in developing the financial literacy of the community. In the context of the project, several populations were identified (e.g., new mothers, seniors, varsity athletes). Students were expected to identify and adapt financial literacy content relevant to these populations, and liaise with population representatives to tailor and deliver a financial literacy workshop.

Runner Up: Steve Janz, SAIT

Flipped Classroom: Supporting teaching and student learning through course videos

With over 30 course videos for intermediate management accounting, intermediate financial accounting II, and advanced ma-

nagement accounting, Steve Janz has created a valuable additional resource to assist students in their learning journey. The videos, delivered via the "Lightboard" Janz developed using open-source technology, are divided into pre-class, theory, and post-class materials. Janz has plans to further improve the lightboard video technology to support learning in a real-time environment.

Lazaridis Institute Prize for Best Paper on Accounting Issues Facing High-Growth Technology Firms

The CAAA is pleased to partner with the Lazaridis Institute to offer a new Best Paper award starting in 2018.

The Prize (plaque and \$2,000) will be awarded to the paper that, in the interpretation of the Prize Committee, best addresses issues relevant to technology companies in an accounting context, with topics including but not limited to: Firm growth; Firm decision making; Firms in transition, including the impact of venture capital, IPO and M&A activities; Governance; Innovation, including the use of automation in auditing or accounting; and Financial reporting.



The Lazaridis Institute was established to help Canadian technology companies become globally competitive. It helps firms reach their next level of growth through innovative new programs and a global network of expert mentors. It conducts insightful research to develop new knowledge about management as it relates to technology companies. As part of the Lazaridis School of Business & Economics at Wilfrid Laurier University, it creates links between international research, best practices in global scaling and curriculum to directly benefit our students.

2017-2018 Lazaridis Prize Committee:

Bruce McConomy, Wilfrid Laurier University Richard Fontaine, UQAM Mark Anderson, University of Calgary

CAAA Awards Lunch

12 noon - 1:30 pm Friday, June 15 Crystal Ballroom, Lobby Level

The CAAA Awards Committees are pleased to invite you to join them in celebrating the 2018 CAAA Award Laureates.

Introduction

Mark Anderson and Raj Mashruwala, University of Calgary, CAAA 2018 Annual Conference Co-Chairs

Opening Remarks

MacEwan University

L. S. Rosen Outstanding Educator Award

Guylaine Duval, Université du Québec à Chicoutimi Introduced by Hélène Racine, CPA Quebec

Haim Falk Award for Distinguished Contribution to Academic Thought

J. Efrim Boritz, University of Waterloo Introduced by Ping Zhang, University of Toronto



Howard Teall Award for Innovation in Accounting Education

Nicolas Blais, Université du Québec à Trois-Rivières

Runner Up: Mary Oxner, St. Francis Xavier University
Runner Up: Steve Janz, SAIT

Introduced by Angela Davis, Booth University College

Lazaridis Institute Prize for Best Paper on Accounting Issues Facing High-Growth Technology Firms

Introduced by Bruce McConomy, Wilfrid Laurier University

Closing Remarks

S. M. Khalid Nainar, McMaster University

Our Volunteers

Hundreds of hours of volunteer time go into making the CAAA Annual Conference a success, as well as into the day-to-day operations of our Association.

For their committent and support over the last year, we thank:

Membership Committee

Kim Trottier (Chair), Simon Fraser University Hong Fan, Saint Mary's University Sylvie Héroux, UQÀM Jackie Di Vito, HEC Montreal

Nominations Committee

Cheryl S. McWatters (Chair), University of Ottawa Richard Fontaine, UQÀM Morina Rennie, University of Regina Duane Kennedy, University of Waterloo (ex officio)

Education Committee

Penny Parker (Chair), Fanshawe College
Jamison Aldcorn, Seneca College
Megan Costiuk, University of Regina
Angela Davis (Howard Teall Award Committee Chair),
Booth University College
Sylvie Deslauriers, Université du Québec à Trois-Rivières
Heidi Dieckmann, Kwantlen Polytechnic University
Sylvie Héroux, UQÀM
Stephanie Ibach, MacEwan University
Joanne Jones, York University
Omar Roubi, Brock University
Ralph Tassone, University of Toronto
Leanne Vig, Red Deer College
Susan Wolcott, WolcottLynch

HR Committee

S.M. Khalid Nainar (Chair), McMaster University Duane Kennedy, University of Waterloo Naqi Sayed, Lakehead University Brenda Collings, University of New Brunswick, Saint John

Journals Committee

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By-Laws Committee

Stephanie A. M. Ibach, MacEwan University Lawrence Boland, Simon Fraser University

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Richard Fontaine, University of Québec
George Gonzalez, University of Lethbridge
Yamin Hao, University of Alberta
Christina Mashruwala, University of Alberta
Devan Mescall, University of Saskatchewan
Abu Rahaman, University of Calgary
Zvi Singer, HEC Montreal
Joyce Tian, University of Waterloo
Samir Trabelsi, Brock University
Albert Tsang, York University
Nader Wans, Memorial University of Newfoundland

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Li Zhang • Jing Zhang • Jingjing Zhang • Wenjun Zhang • Yue May Zhang • Zhou Zhang • Zilong Zhang • Rong Zhao • Chunmei Zhu • Aleksandra Zimmerman

2018 CAAA Conference Discussants and Moderators

Xu (Frank) Wang • Ross (Haihao) Lu • Christian Pietsch • Sara Wick • Jay Junghun Lee • Ira Yeung • Li Gao • Sanjay Banerjee • Ziyao San • Jingjing Zhang • Changjiang (John) Wang • Albert Mensah • Heather Li • Xiangyun Lu • Johnny Jermias • Martin Emanuel Persson • Bruce J. McConomy • Lev Timoshenko • Chunmei Zhu • Yun Ke • Cynthia Shunyao Jin • Jeffrey L. Callen • Irene M. Herremans • Sina Rahiminejad • Ambrus Kecskes • Ian Burt • Philip Beaulieu • Suresh Radhakrishnan • Jian Cao • Yan Ma • Han-Up Park • Robert G. Kim • Stephan Burggraef • Alex Lyubimov • Songlan Peng • Yu Hou • Tina Wang • Khin Phyo Hlaing • Camillo Lento • Oliver N. Okafor • Peter Oh • Guanming He • Kwangjin Lee • Yi Luo • Sina Rahiminejad • Dongning Yu • Joseph P. Faello • Bingxu Fang • Linda H. Chen • Syed Rahat Ali Jafri • Wenxi Yan • Yamin Hao • Thomas W. Vance • Shelagh Campbell • Alan J. Richardson • Carol Pomare • Minlei Ye • Fereshteh Mahmoudian • Daehyun Kim • Ke Wang • George Gonzalez • Christina A. Mashruwala • Feng Chen • Falko Weiss • Richard Fontaine • Ying Huang • Yutao Li • Jyothika Grewal • Aleksandra Zimmerman • Radwa Magdy • Roman Schick • Shu-Ling Wu • Bixia Xu • Justin Hung Nguyen • Samir Trabelsi • Wendy Rotenberg • Irene M. Gordon • Peter Clarkson • Staci Kenno • Kun Huo • Kiridaran Kanagaretnam • Weiming Liu • Jing Lu • Joyce Tian • Theophanis C. Stratopoulos • Darren Henderson • Vishal P. Baloria • Sascha Matanovic • Philippe Jacques Codjo Lassou • Yang (Jerry) Yue • Gordon D. Richardson • Derek Oler • Duane B. Kennedy • Luo He • Karel Hrazdil • Rucsandra Moldovan • Rong Zhao • Sandra L. Chamberlain • Brian Wenzel • Elisabeth Peltier • Suresh Radhakrishnan • Changqiu Yu • Alan Webb • Dongyoung Lee • Stephania Mason • Na Li • Harrison Liu • Pascale Lapointe-Antunes • Dan Gong • Michael Favere-Marchesi • Nattavut Suwanyangyuan • Steve Fortin • Harun Rashid

Delegates

2018 CAAA Annual Conference Delegates

Jamie Aldcorn, Seneca College Mark Anderson, University of Calgary Harp Bagri, CPA Western School of Business

Vishal Baloria, Boston College Sanjay Banerjee, University of Alberta

Rajiv Banker, Temple University

David H. Bateman, Saint Mary's University Philip Beaulieu, University of Calgary Luc Bélanger-Martin, HEC Montréal Walid Ben-Amar, University of Ottawa

Brenda J. Bertolo, CPA Canada

Nicolas Blais, Université du Québec à Trois-Rivières

Lawrence Boland, Simon Fraser University

David Bond, UTS Business School J. Efrim Boritz, University of Waterloo

Robert Bruce,

Alexandre Brune, University of Muenster Stephan Burggraef, University of Muenster Chris Burnley, Vancouver Island University

Ian Burt, Niagara University

Jeffrey L. Callen, University of Toronto Shelagh Campbell, University of Regina Jian Cao, Florida Atlantic University

Sandra L. Chamberlain, University of British Columbia

Greg Chandler, Keyano College
Feng Chen, University of Toronto
Linda Chen, University of Idaho
Charles Cho, York University
Anna-Marie Christian, CPA Canada
Lorraine K. Cipparrone, Sheridan College
Peter M. Clarkson, Simon Fraser University
Lindsay Clayton, Kwantlen Polytechnic University

Terry Cole, Red Deer College

Brenda Collings, University of New Brunswick

Zoë Craig, Wiley

Jacqueline Darlington, CPA Western School of Business

Harjinger Singh Deol, Mount Royal University

Manon Deslandes, Université du Québec à Montréal Sylvie Deslauriers, Université du Québec à Trois-Rivières

Jim Dewald, University of Calgary Sonia B. Dhaliwal, University of Guelph

Erin Duffee, Northern Alberta Institute of Technology Guylaine Duval, Université du Québec à Chicoutimi

Alexander S. Edwards, University of Toronto Erin Egeland, Vancouver Island University Tamara L. Elb, University of British Columbia Michael Erkens, Erasmus University Rotterdam Joseph Faello, Mississippi State University Stephan Fafatas, Washington and Lee University

Bingxu Fang, University of Toronto Mark Farber, Humber College Soghra Fasihi, York University

Michael Favere-Marchesi, Simon Fraser University

Alison Feierabend, Sheridan College Dorothee Feils, University of Alberta

Nicole Finnigan, Southern Alberta Institute of

Technology

David Fleming, George Brown College

Richard Fontaine, Université du Québec à Montréal

Anne Fortin, Université du Québec à Montréal

Steve Fortin, McGill University Anne-Marie Gammon, CPA Atlantic Li Gao, University of Massachusetts Arsineh Garabedian, Douglas College

Branka Gataric, CPA Western School of Business Bob Gautama, CPA Western School of Business

Wenxia Ge, University of Manitoba Elaine Geddes, Alberta School of Business Guido Geerts, University of Delaware Heather Gillander, Brandon University

Beng Wee Goh, Singapore Management University

Dan Gong, University of Alberta

George Gonzalez, University of Lethbridge Irene Gordon, Simon Fraser University

Else Grech, Ryerson University

Lara Greguric, CPA Western School of Business

Jody Grewal, Havard University Sarah M. Gumpinger, CPA Canada Jun Hao, University of Houston-Clear Lake Rosalie Harms, University of Winnipeg

Kara Hartfield, Northern Alberta Institute of Technology

Guanming He, University of Warwick

Luo He, Concordia University

Darren Henderson, Wilfrid Laurier University Rhonda Heninger, Northern Alberta Institute of

Technology

Irene M. Herremans, University of Calgary

Sandy Hilton, CPA Canada

Joanne Hinton, University of New Brunswick Khin Phyo Hlaing, University of Waterloo

Tanya Hollister, CPA Canada

Min Jeong (Minna) Hong, University of Waterloo

Yu Hou, Queen's University

Karel Hrazdil, Simon Fraser University Ying (Julie) Huang, University of Louisville

Kun Huo, Western University

Sandra Iacobelli, York University Stephanie Ibach, MacEwan University Noreen Irvine, Irvine Consulting Wayne J. Irvine, University of Calgary Rahat Jafri, University of Calgary

Steve Janz, Southern Alberta Institute of Technology

Johnny Jermias, Simon Fraser University Chuntai Jin, Grande Prairie Regional College Cynthia Jin, Michigan State University

Nathalie Johnstone, University of Saskatchewan

Joanne C. Jones, York University

Muhammad Mujibul Kabir, McMaster University

Kiridaran Kanagaretnam, York University Thomas Kaspereit, Concordia University

Yun Ke, Brock University
Ambrus Kecskes, York University
Duane Kennedy, University of Waterloo

Staci Kenno, Brock University Jylan A. Khalil, CPA Canada

Daehyun Kim, University of Toronto

Jeong-Bon Kim, City University of Hong Kong Robert Kim, University of Massachusetts

Taras (Terry) Korol, Aurora College Rafik Kurji, Mount Royal University Shiraz S. Kurji, Mount Royal University Wayne Lang, Bow Valley College

Pascale Lapointe-Antunes, Brock University Philippe Lassou, University of Guelph

Brian Leader, Leader Post-Secondary Education

Consulting

Dongyoung Lee, McGill University

Jay Junghun Lee, University of Massachusetts

Joo Hyung Lee, University of Calgary Kwangjin Lee, Michigan State University Kyung Yun Lee, Purdue University

Nicolas Lemelin, Université du Québec à Trois-Rivières

Morley Lemon, University of Waterloo Camillo Lento, Lakehead University Katherine Letourneau, CPA Canada Dirk Lever, Parkland Fuel Corporation

Heather Li, Nanyang Technological University Na Li, Singapore Management University

Tianze Li, Keyano College Yutao Li, University of Lethbridge Steve Lim, Texas Christian University

Cathy Zishang Liu, University of Houston-Downtown

Harrison Liu, University of Texas at San Antonio

Weiming Liu, Athabasca University Michelle M. Loveland, Western University Haihao Lu, University of Waterloo Jing Lu, University of Guelph

Xiangyun Lu, Xi'an Jiaotong-Liverpool University

Yi Luo, Queen's University

Darla Lutness, Northern Institute of Technology

Alex Lyubimov, Concordia University

Yan Ma, University of Calgary

Brandy L. MacKintosh, University of Saskatchewan Sarah Magdalinski, Northern Alberta Institute of

Technology

Radwa Magdy, Cairo University

Simon Magennis, Mount Royal University

Fereshteh Mahmoudian, Simon Fraser University

Emilie Marcoux, Wiley

Jasmine Marcoux, CPA Québec Lindsey Marofke, Bow Valley College Christina Mashruwala, University of Alberta Raj Mashruwala, University of Calgary Stephani A. Mason, DePaul University Sacha Matanovic, Giessen University

Karen McCardle, CPA Canada

Bruce McConomy, Wilfrid Laurier University Cheryl S. McWatters, University of Ottawa Brian Menegozzo, Northern Alberta Institute of

Technology

Albert Mensah, City University of Hong Kong

Linda Mezon, CPA Canada Stevan Mihailovich, CPA Canada

Justin Mindzak, State University of New York Partha S. Mohanram, University of Toronto Rucsandra Moldovan, Concordia University Candace Moody, University of Calgary Deborah Mortimer, University of Winnipeg

Jacqui Mulligan, CPA Ontario Khalid Nainar, McMaster University Jamal Nazari, Simon Fraser University

Justin Hung Nguyen, Victoria University of Wellington

Randy Nicholls, Red Deer College Peter Oh, McGill University

James Ohlson, Hong Kong Polytechnic University

Oliver N. Okafor, Ryerson University Derek K. Oler, Texas Tech University Eric Olsen, CPA Western School of Business

Errol Osecki, York University

Mary Oxner, Saint Francis Xavier University Han-Up Park, University of Saskatchewan

Penny Parker, Fanshawe College Elizabeth Peltier, Concordia University Songlan (Stella) Peng, York University

Delegates

Anh Persson, Michigan State University Martin Persson, Western University Danièle Pérusse, HEC Montréal

Matthias Petutschnig, WU Vienna University of

Economics & Business

Christian Pietsch, Saint Mary's University

Jamie Pietz, CPA Canada

Jeffrey Pittman, Memorial University of Newfoundland

Carol Pomare, Mount Allison University Adam Presslee, University of Waterloo Donna M. Psutka, University of Waterloo

Wei Qiang, Lingnan University Hélène Racine, CPA Ouébec

Suresh Radhadrishman, University of Texas at Dallas

Sina Rahiminejad Ranjbar, University of Calgary

Harun U. Rashid, University of Calgary Gordon Richardson, University of Toronto Lorina Rigaux, University of Calgary Linda A. Robinson, University of Waterloo Wendy Rotenberg, University of Toronto

Umar Saeed, CPA Canada Ziyao San, York University Naqi Sayed, Lakehead University Ivo Schedlinsky, University of Muenster Roman Schick, University of Cologne Christian Schnieder, University of Muenster Katharina Schulte Sasse, University of Muenster

Connie Sherry, CPA Canada

Wayne J. Singular, Thompson Rivers University Wally Smieliauskas, University of Toronto Matthew Sooy, Western University

Niharika Sreekumar, Northern Alberta Institute of

Technology

Katelyn Stejskal, Lakehead University

Theophanis Stratopoulos, University of Waterloo Nattavut Suwanyangyan, Simon Fraser University

Samantha Taylor, Dalhousie University Andrew R. Thomas, CPA Canada Linda Thorne, York University Joyce Tian, University of Waterloo

J. Daniel Trainor, Atlantic School of Chartered

Accountancy

Tohann Trenkle, University of Oldenburg Kim Trottier, Simon Fraser University Julie Tsui, University of Saskatchewan

Suzanne Tucker, University of New Brunswick

Crystal Tulloch, Bow Valley College Thomas Vance, Colorado State University

Jason Varner, CPA Atlantic Leanne D. Vig, Red Deer College

Rebecca A. Villmann, Accounting Standards Board Sonya von Heyking, University of Lethbridge Dushyantkumar Vyas, University of Toronto Kiersten Walker, Northern Alberta Institute of

Technology

Changjiang Wang, University of Cincinnati

Frank Wang, Saint Louis University Ke Wang, University of Alberta

Tina Wang, University of Texas at Austin R. Alan Webb, University of Waterloo Falko Weiss, University of Muenster Mike Welker, Queen's University Brian Wenzel, McGill University Andrew White, CPA Canada

Brent White, Mount Allison University Sara Wick, Wilfrid Laurier University Irene Wiecek, University of Toronto

Christine Wiedman, University of Waterloo

Wendy Wilson, Northern Alberta Institute of Technology

Susan K. Wolcott, WolcottLynch

Shu-Ling Wu, National Taiwan University

Li Xiao, University of Alberta Bixia Xu, Wilfrid Laurier University Wenxi Yan, HEC Montréal Minlei Ye, University of Toronto Ira Yeung, University of British Columbi

Ira Yeung, Universiy of British Columbia Wing Him Yeung, Lakehead University

Jennifer Yin, University of Texas at San Antonio

Changqiu Yu, York University Dongning Yu, University of Calgary Yang Yu, University of British Columbia

Stephen Zeff, Rice University Jingjing Zhang, McGill University

Li (Jenny) Zhang, University of British Columbia

Rong Zhao, University of Calgary Lin Zhou, Texas Woman's University Chunmei Zhu, University of Waterloo

Aleksandra Zimmerman, Northern Illinois University

Accounting Perspectives Workshop: Teaching Through Cases in Accounting Marquis Room

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In this full-day session, participants will learn more about the principles of case methodology and the related underlying theories of learning.

Morning session: A case study is the backdrop to a guided discussion, looking at:

•Theories and learning principles underlying case-based teaching • Using cases to teach highly technical or quantitative subjects • In-class discussions: key principles, facilitation, pitfalls • The instructor: preparation, facilitating and consolidating learning, evaluation • The role of theoretical knowledge • The objectives of teaching notes • Variations of the method depending on discipline, type of students, and group size

CPA examination-type cases and accounting discussion cases will be covered.

Afternoon session: Participants work in teams to prepare and lead the discussion of a sample accounting case, using three different approaches to incorporate the related technical competencies. The session will conclude with a group discussion of the pros and cons of the different approaches that can be used to incorporate theoretical knowledge in a case-based lecture.

Luc Bélanger Martin HEC Montréal

Mr. Bélanger-Martin is a graduate of HEC Montreal in Management Sciences. He specializes in the strategy and the transformation of organizations. He has been teaching at HEC Montreal since 1993 in bachelor, certificates, MSc and MBA programs.

He was first a consultant in management and strategic planning with companies working mainly in information technology. He then managed several businesses in fields as varied as multimedia, advertising

He is now devoted to teaching and working with companies and organizations from different

and insurance.

sectors on management, strategy and change. He has been with the Mouvement Desjardins since 2006 and has accompanied more than 200 Caisses through the culture changes facing the Movement. In addition, he has acted in the health sector by helping several CSSSs, within several CRDI-TED (intellectual disability), Youth Centre, in addition to university hospitals.

Finally, he is engaged in international programs in several countries such as Lebanon, Tunisia, Algeria, Congo and Vietnam.

Moderator
Pascale Lapointe Antunes
Brock University

Editor in Chief, Accounting Perspectives

Thursday, 8:30 am - 4:30 pm | Full-day Sessions

Professional Development Day

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

Turner Valley Room

Sponsored by



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, early career issues and planning, as well as writing up and publishing results. Selected participants will present and receive feedback on their own research ideas.

Partha Mohanram University of Toronto

Professor Mohanram is the CPA
Ontario Professor of Financial Accounting at the Rotman School
of Management at the University of Toronto. He is also the Area
Coordinator for Accounting and
the director of the India Innova-

Professor Mohanram obtained his PhD in Business Economics from Harvard, his PGDM (MBA) from IIM-Ahmedabad, and his B.Tech in Computer Science from IIT-Madras. He is a CPA (CGA, Canada) and a certified board director (ICD.D) who served on the board of CGA Ontario from 2012-2014.

Professor Mohanram has published extensively in the top accounting and management journals and serves as editor of Contemporary Accounting Research. His research interests span valuation, with a focus on fundamental analysis and the measurement of implied cost of capital, corporate governance, executive compensation and disclosure regulation. In 2017, Professor Mohanram received the Haim Falk Award from the CAAA.

Professor Mohanram's papers are highly cited in the business press, featuring in the New York Times, Forbes, The Globe and Mail and other publications and he has discussed his research on CNBC's Squawk on the Street, NPR and TVO (TV Ontario).

Professor Mohanram teaches Business Analysis and Valuation to MBAs and undergraduates, and also teaches at the executive and PhD levels. He is actively involved in mentoring PhD students, serving as chair and committee member for numerous PhD students.

Alex Edwards University of Toronto

Alex Edwards is an Assistant Professor of Accounting at the Rotman School of Management at the University of Toronto. His research is focused on taxation and capital markets and has been accepted for publication in the Accounting Review, the Journal of Accounting and Eco-

nomics, the Journal of Financial Economics, Contemporary Accounting Research, the Journal of Financial and Quantitative Analysis, the Journal of the American Taxation Association, and Tax Notes. Alex is a regular reviewer for accounting and finance journals, serving on the editorial boards of the Accounting Review, Contemporary Accounting Research, and the Journal of the American Taxation Association. He teaches tax and financial accounting courses in both the undergraduate and MBA programs at Rotman. Prior to joining Rotman, Alex taught a variety of

classes at the University of Washington and Brock University. Before entering academics, he worked as a tax specialist and auditor with KPMG LLP.

Jeffrey Pittman Memorial University of Newfoundland

After spending two years as a lecturer with the Faculty of Business Administration at Memorial University, Dr. Jeffrey Pittman enrolled in the accounting PhD program at the University of Waterloo in 1996. Apart from a two-year visit at the Hong Kong University of Science and Tech-

nology (HKUST), he has been a professor at Memorial University since 2000. He was promoted to full professor in 2009. More recently, Dr. Pittman was appointed Memorial University's Chair in Corporate Governance and Transparency in 2011. He has also taught in the PhD programs at the University of Illinois at Urbana-Champaign and Virginia Tech.

Dr. Pittman's research primarily analyzes the role that firm- and country-level governance structures play in shaping economic outcomes in private and public companies. Although Dr. Pittman mainly publishes in such major accounting journals as The Accounting Review; the Journal of Accounting Research; the Journal of Accounting and Economics; Accounting, Organizations, and Society; and Contemporary Accounting Research (where he serves as Deputy Editor-Chief), his archival research also appears in top finance (e.g., the Journal of Financial Economics) and ethics (e.g., the Journal of Business Ethics) outlets.

Dushyant Vyas University of Toronto

Dushyant Vyas is Assistant Professor of Accounting at the University of Toronto. Dushyant has a Ph.D. in accounting from University of Toronto and a Masters in Finance from Queen's University. His research focuses on accounting for financial institutions, accounting issues pertaining to

the recent financial crisis, impact of regulatory actions, private company accounting, information intermediaries, and international issues in finance and accounting. His research has been published in Contemporary Accounting Research, Management Science, Journal of Accounting Research, Review of Accounting Studies, The Accounting Review, Journal of International Business Studies, and Journal of Financial Stability, and has been featured in popular press outlets such as The Globe and Mail, The Economist, Financial Times, The Times (London), and Hindustan Times. Dushyant is an editorial board member at CAR and has presented his research at various international conferences and has been invited to speak as a panelist at events focusing on financial reporting by banks during the recent financial crisis.

Alan Webb University of Waterloo

Alan Webb, FCPA, FCA is the Deloitte Professor at the School of Accounting and Finance, University of Waterloo. He received his PhD from the University of Alberta in 2001. His primary research interests relate to the behavioral consequences of management control system elements such as performance targets, incentives, and non-cash rewards. Alan uses multiple research methods including field and lab experiments, analysis of archival data and interviews. He has published his work in Contemporary Accounting Research, The Accounting Review, Journal of Accounting Research, Accounting Organisations and Society, and the Journal of Management Accounting Research. Alan's research has received numerous best paper awards from the American Accounting Association, a paper he co-authored with Michael Gibbins and Steve Salterio won the 2009 Notable Contributions to the Auditing Literature Award, and he received the L.S. Rosen Outstanding Educator award from the CAAA in 2011. He is the Director of the CPA Ontario Centre for Performance Management Research and Education. Alan was an Editor at Contemporary Accounting Research from 2007 to 2017 and is currently a Consulting Editor. He is also on the Editorial Board of The Accounting Review.

Rotman

The University of Toronto's Rotman School of Management is proud to sponsor the Craft of Accounting Research Workshop & Doctoral Consortium at the 2018 CAAA Annual Conference.

The Rotman Accounting faculty has been ranked #1 in the world for the most recent 12 years in Financial Accounting, according to the prestigious BYU Accounting Research Rankings.

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Education Session 1: 22nd Annual Ethics Workshop

Leduc Room

Sponsored by

CENTRE for ACCOUNTING ETHICS SCHOOL OF ACCOUNTING AND FINANCE

Do you struggle to develop unique assessment technique that will minimize the risk of cheating on the part of the students? As class sizes grow and the make-up of the student population changes, academic misconduct seems to be an increasing problem. On-line assessment tools such a textbook publisher quizzes, test banks and the availability of plagiarized papers make our job more difficult. Turning a blind eye is not the answer as misconduct frustrates the honest students and diminishes the quality of the education system.

Three individuals knowledgeable in the area of academic misconduct will discuss their thoughts and experiences. P articipants will then share their experience and thoughts through table discussions, and present their ideas.

Elaine Geddes

Former Associate Dean, Alberta School of Business

As Associate Dean from 1992 - 2017,
Elaine had primary responsibility for the administration of the Undergraduate program at the Alberta School of Business. In this role she was responsible for dealing with all academic misconduct allegations against undergrad students, including determining any required disciplinary action.

Harp Bagri

Director, Outreach, CPA Western School of Business

Harp is responsible for the Professional Misconduct and Plagiarism processes for CPA PEP candidates in Western Canada by reviewing suspected integrity violations, conducting investigations and determining penalties where appropriate.

Linda Robinson

Director of the Centre for Accounting Ethics of the University of Waterloo, Continuing Lecturer in Assurance

Linda will discuss her all too extensive experience with academic misconduct on the part of her students. Her comments will include recent experiences at the faculty of the School of Accounting & Finance at the University of Waterloo which has lead to discussions on the need for changes in our assessments techniques.

Education Session 2: Teaching with Technology

Corral Room

Academics and instructors are now, more than ever, dealing with larger, more diverse classes, as well as students who have grown up in a world which is becoming increasingly digital and personalized (consider how television and music have moved from a broadcast to a streaming model).

To help provide students with an engaging, interactive, and ultimately a useful learning experience, technology is a crucial element. Yet, the ever expanding array of platforms, apps and services available to academics can make the decision of what to use a difficult one, especially with the time pressures we are all under.

Participants will be taken through a range of different technology solutions to assist in teaching accounting, both inside and outside the classroom. The aim of the workshop will be to provide participants with easily usable options that complement their teaching practice.

This will be very much a hands on experience, so bringing a laptop or mobile device is a must.

David Bond University of Technology Sydney



David joined the UTS Business School in 2003, and is currently a Senior Lecturer in the Accounting Discipline Group. Since 2012 he has been a regular guest on 2SER, including covering three Federal Budgets. In 2013 he held the position of Academic Fellow at the International Financial Reporting

Standards Foundation in London, and in 2015 was a visiting academic at the London School of Economics. David has an active interest in the role of emerging technology and social media in the learning environment. Through his work in this area, David has received a number of awards, including an Australian Government Office for Learning & Teaching Citation.

Lunch

12 noon - 1:00 pm Crystal Ballroom, Lobby Level

Welcome

Penny Parker CAAA Education Committee Chair Fanshawe College

Introductory Remarks

Partha Mohanram University of Toronto

Pascale Lapointe Antunes Editor, *Accounting Perspectives* Brock University

BEYOND IDEAS SCHOOL OF ACCOUNTING AND FINANCE

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- » 2nd in Canada for accounting research
- » 1St in Canada for PhD programs
- » 1St in Canda for management accounting research
- » 1^{st} in Canada for tax research
- » 2nd in Canada for financial accounting research
- » 1St in Canada for accounting information systems research

*According to a 2017 global accounting research survey by Brigham Young University.

uwaterloo.ca/saf





Education Session 3: Process of Learning Model Strategies

Corral Room

Wouldn't it be wonderful if 90%+ of your students arrived to class prepared at the start of every new topic or module; if you could cut your marking time in half; if students actually learned from their mistakes and could demonstrate their understanding of the course material by applying the material to real life situations? Best of all, wouldn't it be great to be able to spend more time on preparing class activities such as experiential learning assessment projects than answering student emails?

This workshop will provide you with several new ideas to achieve all of the above and more as it incorporates the best of cooperative and team based learning, flipped classroom and peer instruction. You will be required to wear two hats; first as a student in my class and second, as a teacher as you reflect on each step of the learning process we've explored.

In preparation, go to youtube.com and search (Steve Janz) for videos that help students understand basic, intermediate and advanced material for courses such as Intermediate Financial Accounting II, Intermediate Management Accounting and Advanced Management.

Steve Janz

SAIT

Steve Janz is an Instructor in Accounting, School of Business, Southern Alberta Institute of Tech-

nology (SAIT). In addition to teaching advanced accounting courses, he mentors new instructors in innovative teaching methodologies and facilitates and trains new facilitators in the Chartered Professional Accountants Professional Educational Program (CPA PEP). Steve has researched and

published two scholarship of teaching and learning (SoTL) articles, shared his teaching model with hundreds of academics at numerous conferences, and travels throughout North America visiting classes in action (Harvard, MIT, UBC).

Education Session 4: Reflective Judgment: Student Assumptions About Knowledge: How They Can Help and Hinder Student Learning

Leduc Room

An important focus for the improvement of accounting education is the development of students' critical thinking and professional judgment skills. To develop such skills, professors often challenge students with open-ended problems, for which an absolutely correct answer cannot be known. For example, students may be asked to solve an accounting problem from partial data in a complex case setting. Professors expect students' critical thinking and professional judgment skills to be developed through practice with this type of problem.

Unfortunately, such strategies often have mixed results. While some students appear to develop and learn, other students experience dismay and frustration. One reason for poor student performance may be that the challenges given to students are too far beyond their current ability to perform.

This workshop will introduce King and Kitchener's reflective judgment model, which outlines developmental stages related to the assumptions individuals hold about knowledge. A substantial body of empirical research has demonstrated student assumptions about knowledge are significantly related to the way they respond to open-ended problems, and that students must be given developmentally-appropriate challenges. A major implication is that professors can enhance their efforts at developing student skills by assessing their levels of thinking and by assigning problems appropriate for those levels.

During this workshop, participants will:

- Learn about peoples' assumptions about knowledge and how those assumptions lead to qualitatively different responses to open-ended problems
- Distinguish between open-ended and closed-ended problems in accounting courses
- Assess levels of reflective judgment evident in student responses to accounting problems

Thursday, 1:00 pm - 4:30 pm | Half-day Sessions

Professional Development Day

- Discuss the advantages and disadvantages of alternative methods for assessing reflective judgment levels
- Explore ideas for course-based educational research

Susan Wolcott 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 University of Portland.

Conference Welcome Reception

Greetings and Opening Remarks

Mark Anderson and Raj Mashruwala University of Calgary 2018 CAAA Conference Co-Chairs

> S. M. Khalid Nainar McMaster University CAAA President, 2017-2018

The CAAA is pleased to join with the Smith School of Business, Queen's University, to welcome you to our 2018 Annual Conference. Greet friends and colleagues over cocktails at the official opening of the conference.

Bring your business card for our draw to win a onenight stay for two generously provided by our hosts, the Fairmont Palliser Hotel. Thursday, 5:00 pm - 7:00 pm Oval Room, Lobby Level

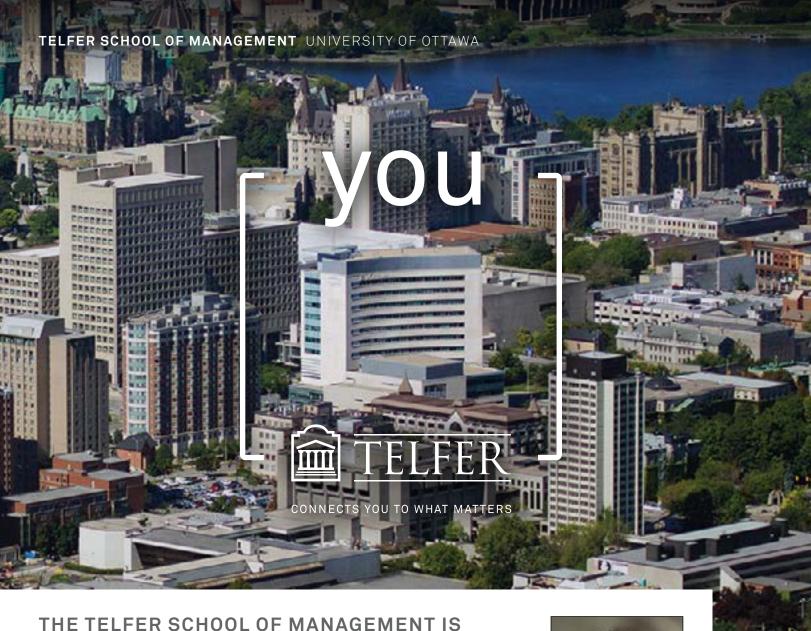
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Overview

7:00 am 7:30 am – 5:00 pm	Haskayne Coffee Hub opens Registration open
7:30 am - 8:30 am	Breakfast, sponsored by CPA Quebec
8:30 am – 9:45 am	Opening Plenary Keynote speaker: The Telfer Visiting International Scholar
	James A. Ohlson, Hong Kong Polytechnic University
9:45 am – 10:00 am	Morning break
10:00 am – 12 noon	Concurrent Sessions 1
12 noon – 1:30 pm	Awards Lunch, Sponsored by MacEwan University
1:45 pm – 3:15 pm	Concurrent Sessions 2
3:15 pm – 3:45 pm	Afternoon break, sponsored by SAIT
3:45 pm – 5:15 pm	Concurrent Sessions 3
5:15 pm – 6:15 pm	42nd Annual General Meeting of the CAAA (Turner Valley Room)
6:00 pm – 7:00 pm	Exhibitors' Wine and Cheese Reception (Exhibitor Hall)
7:30 pm – 9:30 pm	Conference Social Event (Crystal Ballroom)



THE TELFER SCHOOL OF MANAGEMENT IS PROUD TO BE SPONSORING THE 2018 CAAA ANNUAL CONFERENCE

"Organizations from the public and private sectors face an increasing number of technology-linked ethical challenges as well as sustainability issues, including material climate change—related risks. Shareholders, governments, regulators and non-governmental organizations among other stakeholders rely on the accounting profession, as a steward of the public trust, to understand the implications of these complex issues to capital markets and Society. Therefore, it is important to deepen our understanding of the critical role played by the accounting profession to maintain public trust."

Walid Ben Amar, Associate Professor Executive Director, CPA-Canada Accounting and Governance Research Centre



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Sustainable Accounting Research

The talk assesses the pros and cons of current accounting research, with an emphasis on empirical analyses. The issue arises because as most conference delegates - CAAA, no less than AAA - have long been aware. the bulk of published research leaves much to be desired. Specifically, research is usually viewed as less than compelling in conclusions and the academic profession is often viewed as dysfunctional: the focus tends to be squarely on getting work published, no matter the veracity of the product.

In his keynote address, Ohlson looks at diagnosing why the system is dysfunctional; the institutional circumstances which have led the publication system to run astray, and, finally, at what it would take to rectify some of the more dysfunctional aspects.

James Ohlson Hong Kong Polytechnic University

Jim Ohlson attended the University of Stockholm during the 1960's, receiving two degrees: a bachelor's majoring in social sciences and a master's in political science. Thereafter he enrolled

science. Thereafter he enrolled at UC Berkeley receiving an MBA and a Ph.D. Positions as junior faculty were at Stanford, and Berkeley. He remained at Berkeley for a decade and moved on to Columbia in NYC. Later he joined ASU and New York University. Since 2013 he has held a position as a Chaired professor at the Hong Kong Polytechnic University. Distinguished academic awards include an Honorary Doctorate degree from Stockholm School of Economics, from AAA two Notable Contributions to the Literature and Educator of the Year awards, a Seminal Contribution AAA award, Regent Professorship at ASU, Chang Jiang Scholar award in China, and Accounting Hall of Fame member.



Professor Ohlson is the 2018
Telfer International Visiting Scholar.
We thank the Telfer School of Management for its generous support.

Concurrent 1: Education

Education Session 1A

Oval Room



Plagiarism and Academic Misconduct (Ethics Workshop Summary Session)

Presented by Centre for Accounting Ethics, School of Accounting and Finance, University of Waterloo

A summary session based on the 22nd Annual Ethics Workshop presented on the conference PD Day.

Education Session 1B Turner Valley Room

Learning Strategy Exchange

Moderated by Penny Parker, Fanshawe College

This session provides participants with the opportunity to view brief presentations from the Howard Teall Award winners as well as others who have created educational material for classroom activities in several areas such as introductory and managerial accounting. Round table, Q&A, and speed networking format will be used.



Together we are bringing in the wind of change.

The Quebec CPA Order gratefully acknowledges the vital contribution of teachers to the accounting profession. Thanks to you, today's young CPAs are bringing the wind of change to business. Enjoy your conference.

L'Ordre des CPA du Québec est heureux de souligner l'apport essentiel des professeurs à la profession comptable. Grâce à vous, de nombreux jeunes CPA apportent aujourd'hui un vent de changement dans les affaires. Bon congrès!



1A: Audit I Leduc Room

Moderator: Elisabeth Peltier, Concordia University

Impact of Individual Auditors on Audit Quality: Evidence from Quebec

Author: Elisabeth Peltier*, Concordia University

Discussant: Michael Favere-Marchesi, Simon Fraser
University

We use the disclosure of auditor partner permit number in Quebec audit opinions to measure whether there is a partner-level audit quality impact. Our sample is from 2008-2017. We use losses, small earnings increases, and discretionary accruals as measures of audit quality. We document a significant improvement to these audit quality models when adding audit partner fixed effects and find many individual auditor effects to be significant. This research contributes to the literature on determinants of audit quality by using archival North American data at the individual auditor level.

Auditor Distraction and Audit Quality

Authors: Yutao Li*, University of Lethbridge; Yan Luo, San Diego State University

Discussant: Aleksandra Zimmerman, Northern Illinois University

Using a sample of 27,113 firm-year observations (2001–2014), we investigate whether negative industry shocks to some of an auditor's clients cause the auditor to provide lower quality audits to clients that have not experienced such shocks. We argue that industry shocks to certain clients distract auditors and affect their due diligence for other clients, either because of resource constraints or because of a false sense of lower audit risk. We find that clients of distracted auditors have a higher probability of meeting/beating analyst consensus forecasts and higher abnormal accruals. Our subsample analyses reveal that even if a client is audited by a specialist auditor, non-busy, and/or auditors without an increase in office size, auditor

distraction affects the probability of meeting/beating analyst consensus forecasts to the same extent as among non-specialist and busy auditors and auditors with an increase in office size, suggesting that auditor resource constraints cannot completely explain the effects of distraction. Furthermore, we show that clients of distracted auditors have higher ex ante restatement risk and a higher probability of actual restatement than the clients of less distracted auditors. Furthermore, clients of distracted auditors pay the same audit fee premium as clients of less distracted auditors, supporting the conjecture that distracted auditors may have lowered their audit efforts for clients in industries not experiencing negative shocks due to a false sense of low audit risk.

Audit Quality and Perceived Audit Quality in European Private Firms: Is There (Really) a Difference between the Big 4, Other International Networks and Locals?

Authors: Stephan Burggraef*, Christoph Watrin, University of Muenster

Discussant: Ying (Julie) Huang, University of Louisville

This study investigates audit quality in a large sample of European private firms depending on the type of auditor. Next to the Big 4 auditors, the study identifies members of 52 international networks and associations of auditors and local auditors in every sample country. Results using abnormal accruals indicate that Big 4 auditors provide significantly worse audit quality than any other type of auditor, revealing a large discrepancy to the perception of audit quality proxied for by cost of debt. Further, local auditors even appear to provide better quality than network members casting doubt on the supposed benefits of international cooperation. Findings on real earnings management associated with certain auditor types are not conclusive. The inferiority of big auditors is mainly driven by common law countries and countries with lower levels of legal enforcement in our sample. The international or national market share and the uniformity in appearance of networks or associations has no or only rather limited influence on the results. While the distinction into networks and associations does not make a difference in actual audit quality, results are consistent with a possible differentiation in its perception.

Do Mergers and Acquisitions of Audit Firm Offices Affect Subsequent Audit Effectiveness and Efficiency? A Natural Experiment

Authors: R. Drew Sellers, Kent State University; Timothy J. Fogarty, Case Western Reserve University; Aleksandra Zimmerman*, Northern Illinois University

Discussant: Elisabeth Peltier, Concordia University

We capitalize on a unique setting – the acquisition of Arthur Andersen & Company (Andersen) office practices by other audit firm offices in 2002 – to study how audit firm offices' mergers and acquisitions impact post-acquisition office-level audit quality and audit efficiency. This setting involves a set of offices in each of the remaining large international audit firms that acquired (treatment group) and a set that did not acquire local Andersen practices (control group) and allows us to control for pre-merger audit performance. Results of difference-in-difference analyses indicate that offices of the remaining firms that acquired local Andersen audit practices saw lower restatement risk, higher accruals quality, and more timely audits as compared to offices of the same firms that did not acquire any Andersen clients and therefore did not undergo the same cultural and organizational change. More importantly, we find that higher audit quality and timelier audits among the audits of existing clients of the acquiring offices ("spillover effect") rather than merely more scrutiny being placed on acquired Andersen clients. These findings have significant implications for our understanding of both audit quality as an outcome of organizational culture and office-level audit quality differences in the post-Andersen and post-SOX era.

1B: Performance Measures - Experimental

Tudor Room

Moderator: Kun Huo, University of Western Ontario

The Effect of Relative Performance Information Type on Creative Problem-Solving

Authors: Leslie Berger, Wilfrid Laurier University; Kun Huo*, University of Western Ontario

Discussant: Philip Beaulieu, University of Calgary

Innovation requires creative problem-solving which takes a never-before noticed feature of the problem and then builds a solution based on that feature. While prior research has focused primarily on the effect of relative performance information (RPI) in a setting where performance could be improved by an increase in task related effort, it remains unclear how RPI affects performance in a setting where creative problem-solving skills, not greater effort, are required to improve performance. In this study we investigate how feedback type (full or partial RPI) affects performance in a setting where task performance is improved by identifying important but obscure features in problems. We find evidence that non-top performers perform better when provided partial RPI feedback than when provided full RPI feedback, but only when the individuals reside in larger groups which afford the ability to 'hide in the crowd'. The results differ for top performers who are not affected by the form of RPI feedback.

Interaction of Information and Control Systems: How the Motivational Effect of RPI Vanishes in a Controlled Environment

Authors: Ivo Schedlinsky*, University of Muenster; Maximilian Schmidt, Arnt Wöhrmann, University of Giessen

Discussant: George Gonzalez, University of Lethbridge

We investigate the motivational effect of an incentive system, i.e. relative performance information (RPI), within working environments with a different degree of control. We assume that — in controlled environments — RPI is not an effective instrument to motivate employees.

Therefore, we conduct a laboratory experiment to test our prediction. While prior research shows that RPI has a positive effect on effort and performance, we eliminate the implicit assumption of a non-controlled working environment (which promotes autonomous work) by monitoring the participants via video surveillance. We replicate findings of previous research for our non-controlled environment conditions, and find that providing RPI in a controlled environment proves to be an ineffective instrument to motivate employees. Our findings have crucial implications for using RPI in practice and reveal the need to further investigate the effectiveness of incentive systems in controlled environments.

Discretionary Adjustments of Individual Performance Feedback in a Tournament: Survey and Experimental Evidence

Authors: Sara Wick*, Leslie Berger, Lan Guo, Wilfrid Laurier University

Discussant: Kun Huo, University of Western Ontario

We employ a survey and an experiment to examine the use of discretionary adjustments in a tournament setting. By surveying 119 accountants, we establish that when tournament incentive schemes are used, employers often provide both relative performance rankings and individual performance feedback, though the latter does not directly affect employees' compensation. Furthermore, results indicate that employees expect discretionary adjustments to be made to their individual performance when common uncontrollable events negatively affect it. We also use a laboratory experiment to examine how such discretionary adjustments may affect employees' performance. We predict that the use of discretionary adjustments to individual performance will shift employees' attention away from relative performance rankings and reduce motivation to improve performance, lowering their overall performance. Results support our predictions. Taken together, our research demonstrates that a potential downside of discretionary adjustments is the adjustments can undermine the motivational effects of relative performance evaluation.

1C: Earnings Management I Colonial Room

Moderator: Pascale Lapointe Antunes, Brock University

CFOs versus CEOs: Pay Duration and Financial Reporting Quality

Authors: Hunghua Pan*, Tunghai University; Taychang Wang, National Taiwan University

Discussant: Dan (Sabrina) Gong, University of Alberta

Prior literature has documented that rewarding CFOs with incentive compensation may motivate them to engage in earnings management. Recently, researchers have argued that lengthening the time horizons in the incentive compensation packages of corporate executives would be an effective way to curb short-termism. This study examines the association between chief financial officer (CFO) pay duration and financial reporting quality. Chief executive officer (CEO) pay duration has been shown to be negatively associated with earnings-increasing accruals management (Gopalan, Milbourn, Song, and Thakor, 2014). On the other hand, we find CFO pay duration is positively associated with earnings-decreasing accrual management and negatively associated with the likelihood of beating analyst forecasts. Because CFOs have significant influence on the internal controls over financial reporting, we find that the likelihood of disclosure of accounting-related internal control deficiencies are more sensitive to CFO pay duration than to those of the CEO. Our results suggest CFOs with longer pay duration tend to do cookie jar accounting and disclose internal control deficiencies in the concurrent period for the future earnings' sake. Overall, our results imply that firms should deemphasize CFO incentive compensation to mitigate misreporting practices.

CFO Tenure, Accounting Expertise, and Earnings Management

Authors: Li Gao*, Jay Junghun Lee, Yong-Chul Shin, University of Massachusetts Boston

Discussant: Pascale Lapointe-Antunes, Brock University

This paper examines the incentives of CFOs to manage earnings in their early stage of tenure. We hypothesize and find that CFOs undertake income-increasing earnings management through discretionary accruals in the early years of their tenure during which they face high uncertainty about job security. Moreover, when analyzing the early-year incentives of CEOs and CFOs jointly, we find significant evidence of earnings management in the early stage of CFO tenure but not for CEO tenure. Our results suggest that the income-increasing earnings management documented by Ali and Zhang (2015) is attributable to the effect of an important omitted variable, the incentives of CFOs to manage earnings in their early years of service. We further show that the above association is more pronounced in firms with non-accountant CFOs than in firms with accountant CFOs because accountant CFOs are less likely to manage earnings aggressively due to their long-term reputation concerns.

Taking a Long View: Investor-Trading Horizon and Earnings Management Strategy

Authors: Yeejin Jang, Purdue University; Kyung Yun (Kailey) Lee*, Hankuk University of Foreign Studies

Discussant: Kim Trottier, Simon Fraser University

This paper studies how the investment horizon of institutional investors affects firms' earnings management strategies. We find that firms largely held by long-term investors are more likely to manage earnings through adjusting operational decisions than through manipulating accruals. The impact of an investor's trading horizon on real activities manipulation is stronger when long-term investors face performance pressures with low fund flows and high market uncertainty and when they have strong influence on managers with large holdings. We further document that adverse future consequences of operational adjustment are relatively less severe for the firms with long-term investors than those with short-term investors. Overall, the evidence suggests that firms choose

earnings management methods to meet earnings expectations of institutional investors who have different earnings target windows. Our identification strategy exploits the Russell 2000 Index inclusions as an instrumental variable for the investor horizon and confirms our results are robust to endogeneity concerns.

In Pursuit of Profit: The Likely Culprit of Tax Avoidance Via Tax Havens

Authors: Linda H. Chen*, University of Idaho; Debra Sanders, Washington State University

Discussant: Sina Rahiminejad, University of Calgary

We apply Benford's Law to study first digits of financial statement items of UK listed companies. The evidence shows that the first digits conform to Benford's Law at the firm-specific level and market level. Further analysis shows that deviations of the first digits of income statement items from Benford's Law are larger that of balance sheet items and cash flow items, suggesting that income statements may contain more errors. The evidence also supports our hypothesis that, in addition to earnings management, accounting conservatism is a source of deviations of the first digits. We argue that accounting conservatism introduces biases to financial statements, which make accounting figures deviate from the law of digit distributions. The results have some implications for auditors.

1D: Applications of Textual Analysis Marquis Room

Moderator: Yamin Hao, University of Alberta

A Textual Analysis of U.S. Corporate Social Responsibility Reports

Authors: Peter Clarkson*, University of Queensland; Jordan Ponn, Gordon D. Richardson, Frank Rudzicz, Jingjing Wang, University of Toronto; Albert Tsang, York University

Discussant: Carol Pomare, Mount Allison University

We employ computer-based textual analysis to examine disclosure patterns for a sample of U.S. CSR reports from the period 2002-2016. Using report length, we observe a positive relationship between CSR performance and disclosure level, as predicted by signaling theory. The conclusion is further supported by our Latent Dirichlet Allocation (LDA) model results, namely, good CSR performers cover more topics and exhibit greater homogeneity of topic coverage, compared to poor CSR performers. The two CSR performance types differ not only in "how much they say" in CSR reports, but also in "what they say" and "how they say it". We find that poor CSR performers devote more of their CSR report to areas of CSR strength but less to areas of CSR concern. This selective disclosure behavior is consistent with the predictions of legitimacy theory (i.e., "greenwashing"). Finally, our machine learning model reveals that various other linguistic features, in addition to the level of disclosure, are important for revealing performance type. In particular, our linguistic analyses suggest that good CSR performers: are more specific and advanced in their writing; are generally more sociable, friendly and cooperative; and exhibit features suggesting greater ambition, achievement, and level of sophistication, consistent with their proactive CSR strategies. Our results potentially expand the information set that can be used to ascertain a firm's true CSR performance type. Further, our results are potentially useful to analysts and investors when they are provided with CSR disclosures by private firms.

Measuring CEO Personality Using Machine-Learning Algorithms: A Study of CEO Risk Tolerance and Audit Fees

Authors: Karel Hrazdil*, Simon Fraser University; Jiri Novak, Charles University in Prague; Rafael Rogo, Indiana University; Christine I. Wiedman, University of Waterloo; Ray Zhang, University of British Columbia

Discussant: Yamin Hao, University of Alberta

In this paper, we present a novel approach for measuring CEO personality traits. Relying on recent developments in machine learning and artificial intelligence, we use the IBM Watson Personality Insights service to measure personality based on transcripts of Q&A sessions of conference calls made by CEOs. We measure the Big Five personality traits – Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism – and compute a measure for risk tolerance based on these five traits.

We conduct a number of validation tests to show that all of the firm-year level personality trait measures are CEO-specific and not related to firm characteristics and firm performance. We then examine a well-established relationship between risk tolerance and audit fees. We find that our proxy for high CEO risk tolerance is associated with significantly higher audit fees and that this association is consistent across several Big Five index components. In supplementary tests, we find evidence that the influence of the CEO's risk tolerance on audit fees is greater when CEO power is greater and that firms with more risk tolerant CEOs engage in more aggressive reporting practices. Consistent with upper echelons theory, our results suggest that CEO personalities have an incremental impact on auditors' assessment of engagement risk.

Not All Clawbacks are the Same: Consequences of Strong Versus Weak Clawback Provisions

Authors: Michael H.R. Erkens*, Erasmus University Rotterdam; Ying Gan, B. Burcin Yurtoglu, WHU - Otto Beisheim School of Management

Using a comprehensive linguistic analysis, we develop a Clawback Strength Index and show that while some firms adopt unambiguous and strong clawback provisions, others adopt more symbolic and weak ones. We find that strong clawback adopters experience (a) improvements in financial reporting quality, (b) a decrease in the likelihood of CEO turnover, and (c) lower total and incentive-based compensation. We advance two possible explanations for our findings. On the one hand, clawback strength may be primarily responsible for the improvements in reporting quality (the causal explanation). On the other hand, strong clawback provisions may yield benefits because they are part of a broader reform package (the broader reform explanation). While our findings on financial reporting quality and CEO turnover are consistent with either the causal or the broader reform explanation, our results on CEO compensation support only the broader reform explanation.

1E: Financial Analysts I Corral Room

Moderator: Ira Yeung, University of British Columbia

On Short Interest and Analyst Recommendations During Bad Times

Authors: Inder K. Khurana, University of Missouri at Columbia; Kyonghee Kim, Michigan State University; Sukesh Patro, Northern Illinois University; Rong Zhao*, University of Calgary

Discussant: Vishal Baloria, Boston College

We examine two key signals of firm valuation, the short interest in a stock and analyst recommendations for the stock, to see if their relation changes in bad times. During periods of macroeconomic uncertainty, we hypothesize and find that the positive association between the signals strengthens. During periods of poor firm performance, we hypothesize and find significant declines in the association. Additional analysis reveals that the contrast in the effect of bad times at the macroeconomic versus at the firm level is consistent with analyst incentive-based explanations. Our results are robust to a battery of tests that address endogeneity concerns. We also find that returns to trading strategies that exploit the discordance between analyst recommendations and short interest are significantly enhanced when further conditioned on firm-level bad state indicators. Combined with evidence of wider bid-ask spreads when there is increased discordance during firm-level bad states, our results suggest that discordance in valuation signals results in noisier valuations and increased market frictions.

Business Conditions and Cash Flows Forecast

Authors: Ross Jennings, Tina Wang*, University of Texas at Austin

Discussant: Bingxu Fang, University of Toronto

Building on Barth et al. (2001), this paper investigates how economic conditions affect the quality of information embedded in accruals, thereby altering the ability of disaggregated accruals to predict future cash flows. We find that external financing, rapid expansion, and high operational volatility decrease the incremental forecast accuracy provided by disaggregated accruals; intense product market competition tends to enhance the usefulness of disaggregated accruals to reflect future cash flows. Further analysis reveals that these underlying conditions affect the magnitude of accrual estimation errors and the extent of managerial private information signaling. In supplemental analysis, we show that these economic conditions also affect the likelihood and accuracy of cash flow forecasts issued by financial analysts. These findings have implications for financial statement analysis, accounting standard setting, and academic research.

Pre-IPO Communications, Analyst Forecast Dispersion, and Post-IPO Information Uncertainty: Evidence from the 2012 JOBS Act

Authors: Cynthia Shunyao Jin*, Isabel Yanyan Wang, Michigan State University

Discussant: Roman Schick, University of Cologne

This study examines how the 2012 Jumpstart Our Business Startups Act (JOBS Act) affects the role that financial analysts play in the IPO market. The JOBS Act reduces the cost of going public through disclosure exemptions for issuers that qualify as an Emerging Growth Company (EGC). Using a sample of 1,116 IPOs during 2004-2016, we find that the dispersion of analysts' initiation forecasts for EGCs increases after the JOBS Act. However, this increase is mainly attributable to affiliated analysts, whom the JOBS Act allows to participate in pre-IPO communications with EGCs' management and investors. More importantly, we find that the forecast dispersion among affiliated analysts is positively associated with EGCs' post-IPO stock return volatility, but not the forecast dispersion among unaffiliated analysts covering the EGCs. Our findings indicate that the pre-IPO communications that affiliated analysts enjoy may not lead to consensus, but increased post-IPO information uncertainty for EGCs.

Economic Consequences of Hiring Wall Street Analysts as Investor Relations Officers

Authors: Ole-Kristian Hope, University of Toronto; Zhongwei Huang, University of London; Rucsandra Moldovan*, Concordia University

Discussant: Ira Yeung, University of British Columbia

This paper examines economic consequences associated with the emerging practice of hiring financial analysts as investor relations officers (IRO). We posit that analysts-turned-IROs have a competitive advantage in communicating with investors, thereby lowering the effort expended by the investment community to process corporate disclosures. Using a unique manually-collected dataset on the employment history of IROs (compiled from LinkedIn, Capital IQ, RelationshipScience.com, and appointment press releases) and a difference-in-differences research design with matched control sample, we first show that 8-K disclosure readability improves after firms hire former analysts as IROs through reductions in length, complexity, and the proportion of uncertain financial terms. We also find some evidence that these companies are more likely to host analyst/investor days. Most importantly, we find increases in analyst following, institutional investors, and stock liquidity after hiring a former analyst as IRO. Overall, our findings suggest that firms benefit from hiring Wall Street analysts as IROs.

1F: Tax I Spanish Room

Moderator: Khin Phyo Hlaing, University of Waterloo

Profit Allocation in Line with Real Activity? – European Evidence in Light of the BEPS Action Plan

Authors: Katharina Schulte Sasse*, Christoph Watrin, Falko Weiss, University of Muenster

Discussant: Ian Burt, Niagara University

Numerous empirical studies suggest that companies allocate taxable profits artificially to conduct tax planning regardless of economic value creation. Thereby, the global tax base is not equitably distributed among countries. The OECD's Action Plan against base erosion and profit shifting, which was firstly specified by the so-called Deliverables in 2014, demands to tax profits where economic value is generated. In this study, we investigate if corporate groups have adapted their behavior with regard to the alignment between reported profits and real activity. Investigating a large unconsolidated sample of EU firms, we find that earnings are increasingly in line with economic value creation defined by both employment and property, plant and equipment. Initial misalignment accounting for averagely 11% up to 16% of profits reported by a corporate group seems to decrease by € 1.050 million up to € 3.050 million per subsidiary and year after the OECD's project was published. Our study informs politicians and researchers about the potential impact of the BEPS Action Plan on profit allocation.

Mental Accounting and Taxpayer Compliance: Insights into the Referent Point that Separates Honest from Dishonest Behavior

Authors: Ian Burt*, Niagara University; Linda Thorne, York University; Jay K. Walker, Old Dominion University

Discussant: Sina Rahiminejad, University of Calgary

Empirical results grounded in prospect theory show that taxpayers' compliance is a function of whether they are in a tax gain or loss position, being more likely to "cheat" when they perceive that they are in a tax loss as compared to tax gain. Nevertheless, what remains to be determined is how taxpayers mentally determine what is a tax loss or a tax gain. We conduct a field experiment when taxpayers are filing actual returns to better determine the actual referent point that separates tax gains from tax losses. We find that mental categorization of taxes paid and owed is critical to taxpayer determination of their referent point, which takes into account what they anticipate they will owe or receive upon filing their tax return. From a theoretical perspective, our research shows that current perceptions of their expected asset position shapes the referent point. From a practical perspective, our findings suggest that taxpayer honesty depends primarily on how they separate tax withholdings from their current net worth.

Analyst Coverage and Corporate Tax Avoidance: Evidence from Chinese Listed Firms

Authors: Jean Jinghan Chen, University of Southampton; Peng Cheng, Xiangyun Lu*, Xi'an Jiaotong - Liverpool University; Rong Ding, University of Warwick

Discussant: Tina Wang, University of Texas at Austin

In this study we investigate the association between analyst coverage and firms' tax avoidance behaviour with a large sample of Chinese listed firms between 2005 and 2014. Our results show that firms followed by more analysts engage in tax avoidance to a greater extent, suggesting that firms under pressure to meet performance targets set by analysts are more aggressive in avoiding corporate tax. Second, the effect of analyst coverage on tax avoidance is more evident when firms are located in less developed regions, possibly because analysts serve as a more effective external incentive mechanism in these regions with a lower level of marketization and weak enforcement of tax law and regulations. Third, the effect of

analyst coverage on tax avoidance is more pronounced among government-controlled firms. Fourth, we find that external re-financing incentive is also likely to enhance the effect of analyst coverage on tax avoidance. Our findings are of interest to tax authority and policy makers.

Tax Aggressiveness and the Audit Committee

Authors: Manon Deslandes*, Anne Fortin, Université du Québec à Montréal; Suzanne Landry, HEC Montreal

Discussant: Khin Phyo Hlaing, University of Waterloo

Tax aggressive firms may face significant reputational and litigations risks. The board is responsible for proper taxrisk management. However, risk-related matters are usually handled at the audit committee level before being brought to the board. This study analyzes the relationship between a company's use of aggressive tax planning and audit committee members' characteristics. Results show that members' independence, accounting expertise, financial expertise, and tenure on the audit committee play an important role in constraining tax aggressiveness, as does having a larger audit committee. Legal expertise and more frequent audit committee meetings may lead to an increase in tax aggressiveness when specific transactions require intricate tax planning. The findings provide useful insights for board governance committees when determining the profile of persons to nominate for board committees. Characteristics of audit committee members may signal to shareholders, investors and tax agencies the company's potential risk with respect to aggressive tax planning.

1G: Accounting Perspectives I Executive Suite

Moderator: R. Alan Webb, University of Waterloo

The Dialectic of Stakeholder Engagement and Strategy Development at the Global Reporting Initiative (GRI)

Authors: Gerry Kerr, York University; Alan J. Richardson*, University of Windsor; Burkard Eberlein, York University

Discussant: Richard Fontaine, Université du Québec à Montréal

The development history of the Global Reporting Initiative (GRI) is analyzed, the dominant standard-setter for sustainability reporting. The focus is trained on the organization's intertwined stakeholder management and strategic management, revealing core ongoing tensions that both led and embodied organizational change. The GRI's strategy was to cultivate and curate dialectics that resulted in a stream of sustainability measurement frameworks and supporting services for the organization, while reflecting an evolving social movement at the global level.

The Role of Accounting in the Delivery of Healthcare to Canada's First Nations Population

Authors: Akolisa Ufodike, MacEwan University; Oliver Okafor*, Ryerson University

Discussant: Alan J. Richardson, University of Windsor

This study examines the role that accounting plays in the delivery of health care to Canada's First Nations, using the Health Centre of the Paul Band as a case study. While prior studies of relations between government and First Nations have focused on power, this study explores how relationships are formed and sustained in a network of actors with divergent interests, and how accounting is involved. Drawing on Actor Network Theory (ANT), our study reveals that accounting functions as a control device, and plays major roles in resolving tensions in the network. Additionally, we investigate the factors that influence health care outcomes for Aboriginal people. We find that five themes bear on the outcomes of Canada's

First Nations health care programs: funding, translation, compliance, enforcement and barriers. Our study contributes to accounting literature by using health care to better understand the role of accounting in an actor network that has plurality of overarching strategies. This study also makes some methodological contributions. It mitigates the tendency of previous management studies of a reductionist nature to disregard the context of the site of study as if a patient's healthcare experience is an isolatable phenomenon. Our study suggests that: 1) site-specific context shapes participation; 2) external actors have significant impacts on site of study; and 3) genealogy is relevant to the site of study.

In Search of a Theory of Budgeting: A Literature Review

Authors: Staci Kenno*, Michelle Lau, Barbara Sainty, Brock University

Discussant: R. Alan Webb, University of Waterloo

Budgeting is synonymous with management accounting research but what is less synonymous is a cohesive or comprehensive theory of budgeting. As budgeting is used throughout all types of organizations and in many research articles, future budgeting research may benefit from a comprehensive review of the theories used by previous budgeting researchers in order to advance the discussion of the benefits and drawbacks of budgeting. This literature review highlights the major theories used in budgeting articles as well as the common variables used, causal model forms identified and use of budgeting in 251 articles. Though we find no cohesive theory of budgeting we identify the importance of a unified thought process to budgeting research and provide insights for future work in the area.

Education Session 2A

Turner Valley Room

Overcoming Teaching Obstacles, facilitated by Pearson Canada

Presented by Pearson Canada

Are you looking to foster a deeper understanding of accounting concepts with your students? Trying to find better ways to prepare your students for the workforce, and teach valuable tools like Microsoft Excel? Join us for this informative and collaborative session where you will hear, from your colleagues, how they have used tools and technology to support their teaching and tackle some of their greatest challenges.

Education Session 2B

Marquis Room

Teaching with Technology

Presenter: David Bond, UTS Business School

This session will focus on many of the topics presented during the Thursday PD Day workshop by providing participants with hands-on application of different technologies that can be used in the classroom to teach accounting and related topics. Be sure to bring your laptop!

Education Session 2C

Oval Room

Practical Applications using Data Analytics

Presented by Steve Janz, SAIT

This session will focus on several tools that students can use to support data analytics, with demonstrations of how to use statistical and regression analysis, solver, pivot tables.

2A: Accounting Perspectives II Tudor Room

Moderator: Shelagh Campbell, University of Regina

Management Accounting Graduates Need to Learn How to Communicate Informally, with Empathy, Pertinence, and Clarity: A Practitioner's Perspective

Author: Richard Fontaine*, Université du Québec à Montréal

Discussant: Camillo Lento Lakehead University

In this paper, we have two objectives. Our first objective is to determine the important management accounting competencies for accounting graduates, from the perspective of accounting practitioners. Our second objective is to see if these competencies are covered in the Canadian Certified Professional Accounting (CPA) program.

We conducted in-depth interviews with 27 management accounting practitioners across Canada. Our findings suggest that accounting graduates need to communicate informally, in a one-to-one, or small group setting. In respect to our second objective, we find that these informal communication skills are not covered in the Canadian CPA accounting program, even though these skills are required according to the CPA competency map.

Accounting Measurements, Profit, and Loss: A Science Fiction Play in One Act by Harold C. Edey

Authors: Martin Emanuel Persson*, University of Western Ontario; Stephan Fafatas, Washington and Lee University

Discussant: Christian Pietsch, Saint Mary's University

This study presents a hereto unpublished one-act play that was used in the teaching of advanced accounting seminars at the London School of Economics and Political Science in the 1960s. The original author of this play, Harold C. Edey, is one of the intellectual forefathers in the

CAAA Awards Lunch

The CAAA Awards Committees are pleased to invite you to join them in celebrating the 2018 CAAA Award Laureates.

Introduction

Mark Anderson and Raj Mashruwala, University of Calgary, CAAA 2018 Annual Conference Co-Chairs

Opening Remarks

MacEwan University

L. S. Rosen Outstanding Educator Award

Guylaine Duval, Université du Québec à Chicoutimi Introduced by Hélène Racine, CPA Ouebec

Haim Falk Award for Distinguished Contribution to Academic Thought

J. Efrim Boritz, University of Waterloo Introduced by Ping Zhang, University of Toronto

Howard Teall Award for Innovation in Accounting Education

Nicolas Blais, Université du Québec à Trois-Rivières

Runner Up: Mary Oxner, St. Francis
Xavier University

Runner Up: Steve Janz, SAIT

Introduced by Angela Davis, Booth University College

Lazaridis Institute Prize for Best Paper on Accounting Issues Facing High-Growth Technology Firms

Introduced by Bruce McConomy, Wilfrid Laurier University

Closing Remarks

S. M. Khalid Nainar, McMaster
University

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Concurrent 2: Education/Research

development of British accounting thought and the aim of his exercise was to explore the problem of profit determination, and appropriate taxation, during a period of changes in specific and general prices. To contextualize this play, the study also traces the history of the institution, the author, and some of the ideas from the accounting measurement literature that would have been familiar to students attending these advanced accounting seminars.

Roles of Non-Traditional Gatekeepers in Healthcare Governance: Case Study of a Canadian First Nation

Authors: Akolisa Ufodike, University of Calgary; Oliver N. Okafor*, Ryerson University; Dominic Roberts, Grant MacEwan University

Discussant: Shelagh Campbell, University of Regina

While prior studies of gatekeepers have examined the roles of traditional gatekeepers defined as professionals with normative isomorphic obligations, this study explores the roles of non-traditional gatekeepers in an alliance that is neither hierarchical nor market based. Drawing on new institutional theory, our study investigates the roles that non-traditional gatekeepers play in Aboriginal health care delivery and how accounting is implicated. Canada's Health Centre of the Paul Band is our site of investigation.

We find that three themes bear on the roles of non-traditional gatekeepers on Aboriginal health care governance:
1) eco-system control, 2) resource control and, 3) program control. We also find that accounting helps to facilitate the execution of these governance roles through internal and cost control mechanisms. Accounting inculcates standardized practices that are useful in resolving tensions in the health care alliance, but accounting controls also create bureaucratic restraints that have the unintended consequences of limiting access to health care and causing tensions in the alliance.

2B: Financial Reporting I Leduc Room

Moderator: Peter Clarkson, Simon Fraser University

The Implications of Exclusion of Conservatism from Conceptual Framework for Financial Reporting

Authors: Rahat Jafri*, Hussein A. Warsame, University of Calgary

Discussant: Chunmei Zhu, University of Waterloo

Financial Accounting Standards Board (FASB) excluded conservatism from conceptual framework in 2010 to achieve accounting neutrality which is absence of bias from financial estimates. Conservatism has been a widely accepted practice rather than a well-established theory, therefore, its exclusion raised tension among accounting researchers and practitioners. Watts (2003) predicted that FASB's attempt to ban conservatism is likely to fail and produce unintended consequences.

Implications of exclusion of conservatism are not examined yet. We analyze whether this ban reduces accounting conservatism and more importantly improves accounting neutrality. We contribute to accounting literature by showing implications of exclusion of conservatism and testing predictions of Watts (2003). We used a modified Basu (1997) model to examine change in conservatism. We measured neutrality using "absence of bias" notion of its theoretical definition. Using parsimonious statistical techniques, we find that conservatism has declined after its exclusion from conceptual framework. Undesirably, accounting neutrality has also declined. Further analysis suggests that the decline in neutrality is driven by a fraction of non-compliers. We attribute FASB's failure in achieving neutrality to such reasons as managerial misinterpretation of exclusion of conservatism, lack of incentives to achieve neutrality, lack of understanding about neutrality, and lack of inclination towards neutrality.

Protection of Proprietary Information and Financial Reporting Opacity: Evidence from a Natural Experiment

Authors: Jeffrey L. Callen*, University of Toronto; Xiaohua Fang, Georgia State University; Wenjun Zhang, Dalhousie University

Discussant: Peter Clarkson, University of Queensland

We utilize the staggered adoption of the Inevitable Disclosure Doctrine (IDD) by U.S. state courts as an exogenous shock to the proprietary costs of disclosure, and study the impact of the IDD on corporate financial reporting policy. We find compelling evidence that firms headquartered in states that adopt the IDD exhibit a significant increase in financial reporting opacity relative to firms headquartered in states that fail to adopt the IDD. Our finding is robust to a battery of sensitivity tests. Further evidence shows that the impact of the IDD on opacity is more pronounced for firms with weak external monitoring and firms operating in competitive product markets.

2C: Special Event: Accounting Standards Board (AcSB) Panel Discussion

Spanish Room

Moderator: Linda Mezon, Chair, Accounting Standards Board

Accounting Standards Board (AcSB) Panel Discussion: Enhancing the Relevance of Financial Information: Draft Framework for Reporting Performance Measures

Panelists:

Steve Fortin, Member of the Canadian Accounting Standards Board; Associate Professor of Accounting and Associate Dean, Masters Programs at McGill University

Dirk Lever, VP Finance (Supply, Trading and Refining), Parkland Fuel Corporation

Stefan Mihailovich, Principal, Corporate Oversight and Governance, CPA Canada

Rebecca Villmann, Director, Reporting Initiatives and Research, Financial Reporting & Assurance Standards

Although audited financial statements continue to provide a strong foundation, investors and other resource providers are increasingly looking at information beyond the financial statements to support their capital allocation decisions. There is a call to improve the quality and verifiability of the additional information provided by companies in Canada today. Attend this panel discussion, moderated by Linda Mezon, Chair of the Canadian Accounting Standards Board (AcSB), to hear about the AcSB's draft Framework for Reporting Performance Measures. Designed to get everyone involved in the financial reporting process - including preparers, directors, auditors, users and standard setters – talking. A necessary first step towards improvement. We'd like to understand the academic perspective. Share your questions and thoughts at this session!

Concurrent 2: Research/Panel

2D: Compensation I Colonial Room

Moderator: Joyce Tian, University of Waterloo

What is the Influence of Gray Directors? Effects on Related Party Transactions and Financial Reporting Quality in China

Authors: Wenxi Yan*, Eduardo Schiehll, HEC Montréal Discussant: Sascha Matanovic, University of Giessen

When a firm performs a transaction with a related party who is represented on the board of directors, renders this director "gray" and may represent the potential to weaken board of directors' independence and monitoring efforts. This leads to question whether gray directors affect the motivation to engage in related party transactions, and ultimately the quality of firms' financial reporting. Based on Chinese listed firms, we find a positive relationship between the power of gray directors and related party transactions, which leads to higher probability of future restatements. Our results show that related party transactions present as mediation channels through which the power of gray directors distorts financial reporting quality, and raise concerns about the monitoring effectiveness of gray directors.

The Effect of Compensation Caps on Risk-Taking

Authors: Niklas Kreilkamp, Sascha Matanovic*, Arnt Wöhrmann, University of Giessen; Friedrich Sommer, University of Bayreuth

Discussant: Joyce Tian, University of Waterloo

Compensation restrictions (caps) are widespread across the business world and gained even more importance after the financial crisis. We examine the effect of compensation caps on risk-taking experimentally. Theory of rational choice predicts that caps that only restrict managers with a preference for high risk from taking undesired risk should not affect the decision of other managers who prefer low risk. We predict and find that managers with a preference for low risk, who are rationally not affected

by the cap, also decrease risk-taking. This effect is even stronger when justification pressure is high. We also replicate prior research and show a general risk-decreasing effect of a cap. We show that it is important to differentiate between individuals' risk preferences when implementing caps. Firms should be aware that managers might take less meaningful risk than they would without a compensation cap, in particular, managers who prefer low levels of risk.

Does Zero Lower Bound Policy Affect Managerial Risk-Taking and Executive Compensation?

Authors: Samir Trabelsi*, Tashfeen Sohail, Yue Cai, Mohamed Ayadi, Brock University

This paper empirically examines whether zero lower bound policy (ZLBP) of 2007-2008 promotes managerial risk-taking using samples of U.S. publicly traded firms. Base on the evidence documented in previous research, we predict that this policy can lead to an increase in firms' managerial risk-taking and in turn leads to higher executive compensation. Our results show that managerial risk-taking increases significantly after zero lower bound policy. In addition, firms' total executive compensation also increases significantly after the zero lower bound policy. Further analysis shows that the increase in executive compensation is caused by the partial mediation of managerial risk-taking. Moreover, post zero lower bound policy, the relation between managerial risk-taking and executive compensation is less significant for S&P 500 firms.

2E: Technology Corral Room

Moderator: Bixia Xu, Wilfrid Laurier University

Do Firms' IT Applications Provide Insights that Help Investors Better Understand the Underlying Valuation Attributes of R&D Information?

Author: Bixia Xu*, Fang Wang, Wilfrid Laurier University

Discussant: Jingjing Zhang, McGill University

Firm websites are among the most visible information technology (IT) applications and the primary platforms to conduct e-commerce or online strategy. This research examines the critical role of firm website usage in facilitating firm innovation success and market value. It also addresses the potential differential effects of firm characteristics. With a sample of 2,840 U.S. firms, we report that firm website usage can significantly moderate the firm R&D investment–performance relationship. In addition, the moderating effect is heterogeneous, depending on firm customer type and capital intensity, and is greater for business-toconsumer (B2C) firms and firms with higher capital intensity. Further clustering analysis identifies that these differential effects are more pronounced for small firms. The findings of this study suggest that firm website usage conveys valuation relevant information that can help investors better interpret the reported R&D expenditure for insights into firm innovation success and market value.

Technological Spillovers, Information Externality, and Stock Price Crash Risk

Authors: Jeong-Bon Kim*, City University of Hong Kong & University of Waterloo; Stephen Teng Sun, Peking University; Zilong Zhang, City University of Hong Kong

Discussant: Wendy Rotenberg, University of Toronto

This study examines whether and how technology spillovers from peer firms' innovation activities affect a firm's stock price crash risk. We view technology spillovers from peer firms as a type of external information about the future prospects of the firm and find it significantly reduce the likelihood that the focal firm experiences stock price crash occurrence. This crash risk-reducing effect is more pronounced for firms with higher institutional holdings, greater analyst coverage, higher opaqueness, and greater mispricings. Our findings provide novel evidence that technology spillovers, as an external information source, help the focal firm reduce stock price crash risk.

Technological Innovation, Voluntary Financial Disclosure, and Future Sales Growth

Author: Dongyoung Lee*, McGill University

Discussant: Bixia Xu, Wilfrid Laurier University

Prior research provides little empirical evidence of a positive association between technological innovation and future sales growth. We posit that this empirical puzzle stems from voluntary financial disclosure practices for innovation-oriented firms. Using management earnings forecasts from 2003 to 2011, we find that firms with greater technological innovation are less likely to provide voluntary financial disclosure. This finding holds true in a difference-in-differences research design based state-level R&D tax credits. We also find that in the presence of voluntary financial disclosure in the current year, technological innovation in the prior year does not lead to improvements in sales growth in the subsequent years. These findings are consistent with the notion that proprietary information disclosure costs associated with voluntary financial disclosure are an important factor affecting the empirical link between innovation and firm growth.

Education Session 3A

Turner Valley Room

Presentation Skills: How to Improve Your Presentations

Presented by Richard Fontaine, Université du Québec à Montréal

The objective of this session is to discuss what makes a great presentation and how we can effectively evaluate presentations. This presentation should interest educators and academic researchers that want to improve their presentations in front of students, academics, or other groups. I will cover the latest in communication theory using a dynamic, interactive group approach.

Education Session 3B

Marquis Room

Auditing: The New Audit Report

Presented by Joanne Jones and Sandra Iacobelli, York University

This session will focus on the changes to the audit report as a result of new standards and how the changes have provided new opportunities to use the audit report as an education resource for teaching key audit concepts such as risk analysis and response, materiality as well as developing short cases and questions.

Mini-Symposium: 3C

Oval Room

Al and Machine Learning Symposium

Presented by the CPA Profession

The Mini-Symposium is a unique opportunity for researchers and educators to discuss the emerging technology of Al/machine learning and its impact upon accounting education and practice.

Through a format including TED Talk-style presentations, a panel discussion and Q&A, we introduce the subject of machine learning and explore its wider implications to accounting, and facilitate discussion to encourage and inspire research ideas and innovative collaboration.

We are also pleased to announce the associated CPA Ontario/CPA Alberta Research Grant to support the development of research projects in the field of Al/machine learning and accounting. The call for submissions will be released at the symposium.

Concurrent 3: Education

3A: Audit II
Corral Room

Moderator: Minlei Ye, University of Toronto

A Model of Auditor Judgment and Decision-Making Relating to Other Information

Authors: Christian Pietsch*, Natalia Kochetova, Saint Mary's University

Discussant: {??}

Integrated reporting initiatives and enhanced disclosure in such areas as corporate social responsibility and sustainability reporting have recently necessitated increased attention to such "other information" (OI) surrounding and contextualizing financial statements in annual and interim reports. Audit regulators have pointed out that

the increased weight users place on OI requires enhanced clarity in the auditor's report regarding the auditor's involvement with such OI. This paper proposes a three-stage dual-process model of the auditor's judgment and decision-making (JDM) processes relating to OI and the factors expected to influence the effectiveness of OI audit procedures. The model suggests that the effectiveness of these procedures is largely determined by the auditor's type of cognitive processing, which can be affected by individual, task-specific, and environmental factors. Our model provides a theoretical basis for future research on OI audit procedures and identifies factors relevant to the audit profession and standard setters for improving audit quality.

Related Party Transactions: Effects of the 2014 PCAOB Auditing Standard No. 18

Authors: Haihao Lu, University of Waterloo; Songlan (Stella) Peng*, York University

Will machine learning replace human know-how?

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Concurrent 3: Symposium/Reseach

Discussant: Harrison Liu, University of Texas at San Antonio

In 2014, the PCAOB adopted the Auditing Standards No. 18 (AS18) to improve auditors' performance in auditing related party transactions (RPTs). The paper exploits the consequences of the AS18 on audit firms and their clients. Our findings show a substantial reduction in RPT activities and a significant improvement in RPT control procedures, for companies audited by both Big 4 and non-Big 4 firms, indicating that the AS18 has achieved the Board's goals in enhancing RPT practices. Such effects are more salient for non-Big 4 clients than Big 4 clients, consistent with the Board's initial expectations. However, for the non-Big 4 firms and their clients, we observe some sub-optimal effects, including the increased audit efforts not accompanied by increased audit fees, and some reductions of business RPTs. This research has implications for regulators, academia, practitioners, and investors, to better understand the costs and benefits of the new auditing standards on RPTs.

Costs and Benefits of Audit Committee Interlocking

Authors: Ahmad Hammami, Alex Lyubimov*, Concordia University

Discussant: Minlei Ye, University of Toronto

This paper examines the relationship between audit committee interlocking and audit fees, the likelihood of a late filing of the 10-k report and internal control effectiveness. We contribute to the audit and corporate governance literature by showing that interlocked audit committee members positively influence the corporate governance environment across the firms they serve, however that comes with a cost. Specifically, we show that interlocking of audit committee members has a significantly negative association with internal control weaknesses as well as late filing of 10-k reports. We also show that these favorable outcomes come with an added cost of higher audit fees. We believe these results show that interlocked audit committee members transfer their company enhancing knowledge and expertise across the firms they serve, thus the improved internal controls and efficiency in meeting their filing deadlines, while demanding better quality audits from their external auditors, which explains the higher audit fees.

3B: Financial Analysts II Colonial Room

Moderator: Yu Hou, Queens' University

The Determinants and Consequences of Analysts' Use of Valuation Models: Evidence from a Content Analysis of Analyst Reports

Authors: Hongping Tan, McGill University; Changqiu Yu*, York University

Discussant: Rong Zhao, University of Calgary

We study the determinants and market impact of analysts' valuation models that are used to justify analyst recommendations. Using a content analysis of 512,457 financial analyst reports from 1997 to 2015, we classify analysts' use of valuation models into two broad groups: multi-period absolute models and single-period relative models. We find that analysts are more likely to use absolute models for firms with large abnormal accruals and poor financial health, and when market sentiment is low. In addition, the market reaction to buy recommendations based on absolute models is stronger than that based on relative models. The greater market reaction associated with the absolute models is driven by firms with large abnormal accruals and poor financial health, and periods of high market sentiment. These results enhance our understanding of market demand of analysts' use of valuation model, and its effects on the informativeness of analyst research.

Social Media Disclosure and Analysts as Information Intermediaries

Author: Kwangjin Lee*, Michigan State University

Discussant: Yu Hou, Queen's University

Using a sample of S&P 500 firms over the period 2012–2014 and Twitter data, I investigate the effect of social media disclosure on financial analysts as information intermediaries. On one hand, social media is a mechanism for direct communications from the firm to its investors, so may substitute for information intermediation by analysts. On the other hand, following Mosaic theory (Pozen 2005), analysts have a comparative advantage at placing relevant pieces of information into the broader mosaic, implying that the importance of analysts as information intermediaries may increase. I find firms' financial tweets are associated with larger analyst following and lower analyst forecast error. This finding suggests that analysts may use social media information as a complement to other information sources, providing richer analyses to investors. This paper contributes to a deeper understanding of the impact of unregulated and unstructured disclosure on the general information environment of financial markets.

3C: Environmental, Social and Governance I

Spanish Room

Moderator: Jamal Nazari, Simon Fraser University

The Impact of Creditor Control Rights on Corporate Goodness: Evidence from Covenant Violations

Authors: Luo He*, Concordia University; Jingjing Zhang, McGill University; Ligang Zhong, University of Windsor

Discussant: Jyothika Grewal, Harvard Business School

We examine the effect of creditor control rights on corporate social responsibility (CSR) activities using the setting of financial covenant violations. Employing a quasi-regression discontinuity design to exploit the discrete shift of control rights to creditors surrounding covenant violation thresholds, we document that firms experience a significant decrease in CSR spending upon breaching covenants. The decrease is concentrated in the areas that affect employment quality and community welfare. Furthermore, cross-sectional analyses suggest that strengthened creditor discipline helps to curb overinvestment in CSR that advances CEOs' personal agendas, and that a strong monitoring environment in place mitigates the agency problem in CSR spending.

Carbon Risk and Cost of Debt: Evidence from Natural Experiments

Authors: Noor Houge, Justin Hung Nguyen*, Victoria University of Wellington; Bohui Zhang, The Chinese University of Hong Kong

Discussant: Fereshteh Mahmoudian, Simon Fraser University

We examine the role of carbon risk in determining corporate cost of debt, exploiting the Kyoto Protocol ratification in Australia as an exogenous shock. We find that the interest rate spread is higher for firms in highest-emitting industries (or emitters) relative to non-emitters subsequent to the ratification. Moreover, following the ratification, emitters relatively increase distress risk and cost of equity. The result is robust to parallel trends assumption, confounding macroeconomic shock, alternative definition of emitters, propensity score matching, and using National Greenhouse and Energy Reporting Act 2007 as an alternative experiment. The evidence suggests higher carbon risk leads to borrowers' increased financial distress risk, which in turn induces a demand for risk premia from debt providers.

Material Sustainability Information and Stock Price Informativeness

Authors: Jyothika Grewal*, George Serafeim, Harvard University; Clarissa Hauptmann, Oxford University

Discussant: Jamal Nazari, Simon Fraser University

As part of the SEC's revision of Regulation S-K, many investors proposed the mandatory disclosure of sustainability information in the form of environmental, social and governance (ESG) data. However, progress is contingent on collecting evidence regarding which sustainability disclosures are financially material. To inform this issue, we examine materiality standards developed by the Sustainability Accounting Standards Board (SASB). We find firms voluntarily disclosing more SASB-identified sustainability information have higher stock price informativeness. In contrast, sustainability disclosures not identified as material by SASB are not associated with informativeness. Our result is robust to including controls for sustainability performance ratings, analyst forecasts, insider trading, institutional ownership, earnings quality and other voluntary disclosure activity. Changes in material sustainability disclosure are followed by changes in stock price informativeness. Differences-in-differences estimates suggest that following the release of SASB standards, the treatment group of firms increased SASB-identified sustainability disclosure relative to the control group of firms and that the treatment group experienced an increase in stock price informativeness. The results are stronger for firms with higher exposure to sustainability issues, greater institutional and socially responsible investment fund

ownership, and coverage from analysts with lower portfolio complexity. Moreover, we document intra-industry information transfers to firms with low SASB-identified sustainability disclosure in industries where firms have higher SASB-identified sustainability disclosure.

3D: Information Environment Tudor Room

Moderator: Li Gao, University of Massachusetts Boston

Are Disclosed Auditor Materiality Thresholds Informative of Firms' Earnings Quality? – Evidence from the Revised ISA 700 Audit Report

Authors: Beng Wee Goh, Jimmy Lee, Na Li*, Singapore Management University; Dan Li, Tsinghua University

Discussant: Stephan Burggraef, University of Muenster

Under the Financial Reporting Council's presumption that mandating new disclosure requirement in the audit report would provide information useful to investors, we examine whether the auditor disclosed materiality threshold is associated with the firm's earnings quality. We document that a lower threshold of materiality level is associated with a higher earnings quality, as measured by lower discretionary accruals, higher accruals quality, and less earnings smoothing. We also find some evidence that the negative association between auditor disclosed materiality threshold and earnings quality is more pronounced when the auditor is more independent, when management's incentive to manage earnings is higher, and when there is lower information uncertainty. Overall, our results are useful to investors who rely on the new audit report disclosures to gain insights into the audit process and more importantly to infer the quality of the firm's reported earnings. Our results could also be relevant to regulators, such as the PCAOB and IAASB, who are contemplating whether to impose similar materiality threshold disclosure requirements in audit reports.

Textual Emphasis of Innovation in the 10-K: Is it Credible?

Authors: Luminita Enache, Dartmouth College; Hila Fogel-Yaari, Tulane University; Heather Li*, Nanyang Business School

Discussant: Dongyoung Lee, McGill University

Innovation is a critical factor to a firm's financial success. We explore whether firms' textual emphasis of innovation is credible or whether firms use textual emphasis of innovation strategically to appear innovative. Using a sample of 70,480 firm-year 10-K observations during the period 1996-2016, we find that textual emphasis on innovation is positively associated with long-term tone and long-term investment, and negatively with under-investment. Our results suggest that textual emphasis on innovation in 10-K filings is credible. However, the credibility of such soft disclosures depends on the firm's incentives. We find that long-term signaling associated with textual emphasis on innovation is less credible when it coincides with a secondary equity offering. Interestingly, textual emphasis of innovation is also positively associated with over-investment implying that textual emphasis of innovation may lead to over-investment. We contribute to the innovation literature in providing an understanding of textual emphasis of innovation and showing that its credibility depends on the incentive to emphasize innovation, but that may come at the cost of over-investment.

Crowdsourced Earnings Forecasts: Implications for Analyst Forecast Timing and Market Efficiency

Authors: Rajiv D. Banker, Joshua Khavis, Temple University; Han-Up Park*, University of Saskatchewan

Discussant: Gao Li, University of Massachusetts Boston

We investigate how the arrival of Estimize, a provider of crowdsourced earnings forecasts, impacts IBES analysts' forecast timeliness and facilitates market efficiency. We find that IBES analysts become more responsive to earnings announcements and start issuing their quarterly forecasts earlier when faced with competition from Es-

timize. The Estimize effect is strongest when Estimize quarterly forecasts pose a direct competitive threat to IBES — when Estimize forecasts are present within 3 days of earnings announcements (i.e., are issued early). Specifically, IBES analysts become more responsive to earnings announcements post Estimize, and issue more than 9% of their one-quarter-ahead forecasts earlier in the quarter when early Estimize coverage is present in the prior quarter. We also document that this increased responsiveness of IBES analysts facilitates market efficiency as it results in greater immediate market reaction to earnings surprises and mostly eliminates the post-earnings-announcement drift.

3E: Capital Markets I Leduc Room

Moderator: Jeffrey Callen, University of Toronto

Stock Repurchases: EPS Effects vs. Wealth Transfer Effects

Authors: Christina A. Mashruwala*, Shamin Mashruwala, University of Alberta

Discussant: Suresh Radhakrishnan, University of Texas at Dallas

We study how EPS-motivated stock repurchases affect wealth transfer between the repurchasing firm's ongoing and selling shareholders. We find that (1) EPS-accretive repurchases transfer more wealth from ongoing to selling shareholders compared to non-accretive repurchases and (2) EPS-accretive repurchases used to meet/beat analyst EPS forecasts result in more negative wealth transfer than other EPS-accretive repurchases. These findings suggest that, relative to other repurchases, repurchases driven by EPS concerns are more likely to benefit selling shareholders at the expense of ongoing shareholders (all else equal). Using quarterly earnings announcements, we find that investors price this one-time wealth reduction for ongoing shareholders. Despite this, however, investors take a positive overall view of EPS-driven repurchases, suggesting that the benefits of such repurchases for ongoing shareholders outweigh the one-time negative wealth transfer from such repurchases. Consistent with this, we find that EPS-motivated repurchases signal incrementally better future firm performance.

The Convergence of Dividends and Stock Repurchases

Authors: Carsten Homburg, Roman Schick*, University of Cologne

Discussant: Christina Mashruwala, University of Alberta

We document a strong convergence between dividends and stock repurchases in terms of their relation to future earnings over the past decades. This is in contrast to prior studies that associate dividends with permanent earnings and stock repurchases with transitory earnings. Thus, our findings suggest that the relation between dividends and stock repurchases has changed from a complementary to a substitutive signaling role over time. Cumulative abnormal returns following payout announcements indicate that stock market reactions do not fully reflect this convergence. We explore potential reasons for the documented convergence and find that the rising percentage of institutional ownership and a stronger relevance of agency cost of free cash flow considerations may drive the declining signaling effect of dividends. At the same time, stock repurchases become more similar to dividends because they are paid more persistently and are less related to transitory nonoperating income.

Does the CDS Trading Improve Managerial Learning from Outsiders?

Authors: Jeong-Bon Kim, City University of Hong Kong & University of Waterloo; Christine I. Wiedman, Chunmei Zhu*, University of Waterloo

Discussant: Jeffrey Callen, University of Toronto

As the Credit Default Swap (CDS) market has come under increasing scrutiny, it is important to understand the costs and benefits of the introduction of the CDS trading. This study examines the effect of the CDS trading on managerial learning when managers of reference entities make investment decisions. We measure managerial learning as the investment-to-price sensitivity in Chen et al. (2007) and find that the initiation of the CDS trading enhances managerial learning, suggesting that CDS trading improves the informativeness of stock prices to man-

agers. We also find that the increase in sensitivity is more pronounced for firms with low analyst following and low institutional ownership, and for firms in non-high-tech industries and in the mature or stagnant stages of life-cycle. Consistent with information flows from the CDS market to the equity market being most likely for firms experiencing credit deterioration, we find that increases in managerial learning are more evident for firms with a higher leverage and a lower credit rating. Our findings provide large-sample evidence on the positive consequences of CDS trading in the context of inside managers' ability to learn from outside investors or the market.

Friday, 7:30 pm – 9:30 pm Crystal Ballroom, Lobby Level

Alberta is famous for its dinosaurs, its cowboys, and its boundless western hospitality. We promise you'll experience at least one of these three at our all-conference social event!

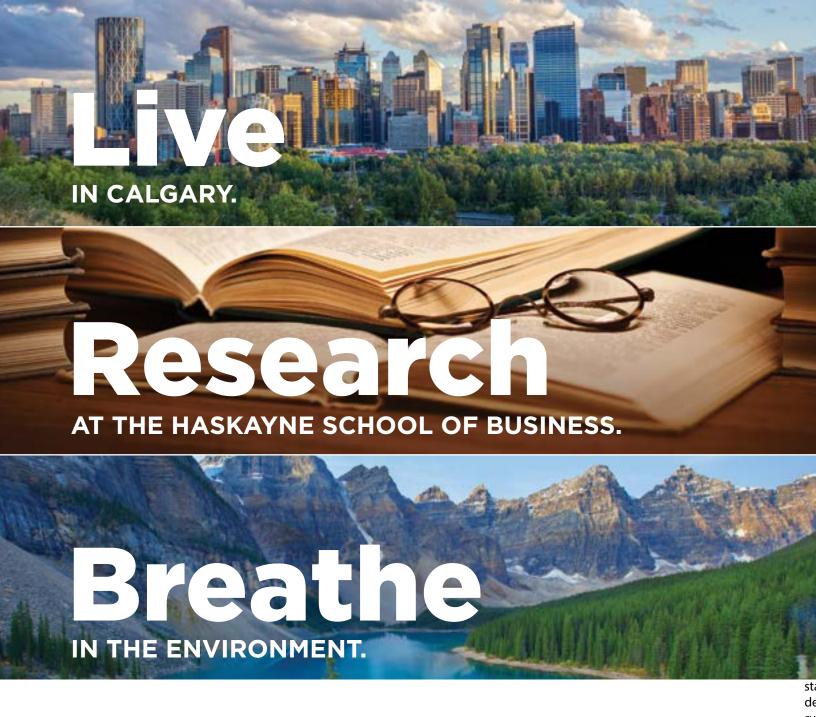
CPA Canada, the Haskayne School of Business, and the CAAA warmly invite you to bring a good appetite for our western buffet meal, and enjoy an evening of live music and good cheer with friends old and new.







All-conference Social Event



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Overview

ducation Se	7:00 am	Haskayne Coffee Hub opens
educ Room	7:30 am – 12 noon	Registration open
	7:30 am - 8:30 am	Networking Breakfast
	8:30 am – 10:00 am	Concurrent Sessions 4
	10:00 am – 10:30 am	Morning break, sponsored by the Département des sciences comptables, ESG UQAM
	re do accountants nt ins	
	10:30 am – 12 noon	Concurrent Sessions 5
lytics Education.		
ducation Se val Room	12 noon – 1:20 pm	President's Lunch, sponsored by CPA Canada Keynote Speaker: Stephen Zeff, Rice University, supported by McMaster University "A Critical View of the Evolution of the Accounting Professoriate" data R script, and practice problems that they can incor-
uwer	1:30 pm – 3:30 pm	Concurrent Sessions 6
	1:30 pm – 5:00 pm	The Craft of Accounting Education Workshop, sponsored by the CPA Profession
esenters: Sonia Dł vine, Irvine Consul		Presenter: Guido Geerts
Saskatchewan		Education Soccion 4D
olters Kluwer rec	3:30 pm – 3:45 pm	Afternoon break, sponsored by ESG UQAM and Simon Fraser University
and how to read erstanding how to les helps to pave ills and improves ssion will focus on using the ITA Int arch platform, cai	3:45 pm – 5:00 pm	Concurrent Sessions 7
		Closing Tea (Crystal Ballroom)
sential task, and r	eview the tested tips and	
erstand "How To F akes sense!	8:00 pm	Additional Social Event: Calgary Philharmonic Orchestra concert
'		technologies. Increasingly, new CPAs are expected to

Concurrent 4: Education

be able to determine the GST/HST implications of rou-

tine transactions. In addition, CPA Canada has launched a project to define the professional skills, attributes, behaviours and knowledge over a CPA's entire professional career, highlighting opportunities to improve descriptions for entry-level competencies.

The CPA Competency Map Committee is issuing a revised Chartered Professional Accountant Competency Map in late 2018. This session will update attendees on the upcoming changes including the process followed in identifying which changes were necessary. Participants will also learn how they can impact the finalization of the Map.

Concurrent 4: Education

4A: Audit III **Corral Room**

Moderator: Yutao Li, University of Lethbridge

Does Executive Pay Gap Matter for the Pricing of Audit Services? Tournament Incentives versus Managerial Power Perspective

Authors: Wenxia Ge*, University of Manitoba; Jeong-Bon Kim, City University of Hong Kong & University of Waterloo

Discussant: Changjiang Wang, University of Cincinnati

Using a sample of U.S. firms from the period 2003-2014, this study examines whether and how the pay gap between the CEO and the next layer of senior managers affects audit pricing for firms with different extent of R&D spending and for firms with different level of institutional ownerships. First, we find that executive pay gap s positively as ociated with audit fees, and increases in gar Rag to higher av dit fe

of executive pay gar of audit pr is weaker for R&D-intensive firms than for firms with less R&D spending, and this effect is also attenuated by higher institutional ownership. These results suggest that audi-

These wilds kay in each the potential risk related is

<u>in</u> firms with <u>we</u>aker external monitoring. Furthermore, **များနှာ** t**han** th**e effrat/တစ်နေ**ecutive pay gap on audit fees is more pronounced following the 2010 Dodd-Frank Act and the 2012 PCAOB's call for identification of audit risk related to executive compensation. Overall, our findings can be viewed as evidence supporting the managerial power item (and the property of the context of audit pricing, especially for firms with

Revitalization, respite, and refreshimment all engagements. Further, the fees

Is the Availability of Qualified Personnel Associated with **Local Office Audit Quality?**

Authors: Albert Nagy, John Carroll University; Matthew Sherwood, University of Massachusetts Amherst; Aleksandra Zimmerman*, Northern Illinois University

Discussant: Jian Cao, Florida Atlantic University

This study examines how having a higher concentration of more qualified auditors affects office audit outcomes. Specifically, we hypothesize that the availability of more CPA-certified personnel in audit firm offices enhances audit quality primarily due to the audit teams being comprised of and supervised by competent and experienced audit personnel. Consistent with our expectations, the ment workload across more qualified personnel deliver

higher quality audits as measured by the lower likelihood of restatements and lower performance-adjusted dismble ASAK AYANdE of Sality I ONONE pool For UR LASTANTESS S season audits than non-busy season audits and that our results are not driven by office size. This study contributes to a developing stream of literature investigating audit quality indicators and the determinants of office-level audit quality.

Market Power and Competition in Audit Markets Authors: Ping Zhang, Minlei Ye*, University of Toronto;

Dan A. Simunic, University of British Columbia; Ling Chu, Wilfrid Laurier University

Discussant: Yutao Li, University of Lethbridge

This study investigates the impact of audit firms' market power on audit fees in MSA-Industry audit markets. We a. Deposit the convertion mach MSA-Industry market consists of two components. The first component is less Sathending and for June we fee exercity a manuform of the parket power over their clients, monitoring. and the second is the audit firms' relative competitive positions to each other. We argue that the concentration of the market is positively associated with the audit firms' collective market power over their clients that increascharged by an audit firm are a function of its relative competition position in the market Wetel sument that the audit fees increase in market concentration and decrease



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as the audit firm's relative size to the largest audit firm in the market. Given the fact that a negative relationship between audit fees and market concentration is often documented in the literature, this paper advances our understanding of the impact of audit market concentration on competition in audit markets from both theoretical and empirical perspectives.

4B: Earnings Management II Colonial Room

Moderator: Rucsandra Moldovan, Concordia University

What Incentivizes Managers to Engage in Financial Misreporting? An Analysis of Stock Delta, Option Delta and Vega

Authors: Jay Junghun Lee*, Bo Xu, University of Massachusetts Boston

Discussant: Wenxi Yan, HEC Montreal

Previous research has used the aggregate delta of the manager's equity portfolio including both stock and option holdings to measure equity incentives, but documented mixed evidence on the relation between equity incentives and financial misstatements. We hypothesize and find that the mixed results are attributable to the measurement error in aggregate delta because option compensation causes a manager's incentive structure to be convex while stock compensation makes it linear. Splitting the portfolio delta into stock delta and option delta, we provide evidence that option delta has a dominating effect over stock delta and vega in explaining the likelihood and extent of financial misstatements. We also find that the positive association between option delta and misreporting variables is mainly driven by the effect of CEO's option delta rather than that of CFO's. Our findings contribute to the literature by revealing the differential effects of stock delta, option delta, and vega on providing managers with incentives for financial misreporting.

The Real Effects of Cutting Advertising to Manage Earnings: Evidence from Trademark Data

Authors: Frederick L. Bereskin, University of Delaware; Po-Hsuan Hsu, Ke Na, University of Hong Kong; Wendy Rotenberg, University of Toronto

Discussant: Rucsandra Moldovan, Concordia University

This paper examines the relation between reductions in advertising expenditures to meet earnings targets and the attrition of newly launched trademarks. We use the trademark dataset from the U.S. Patent and Trademark Office to measure the survival rate of newly launched trademarks. We find that abnormal reductions in advertising expenditures lead to a lower survival rate of newly launched trademarks, while other advertising cuts do not exhibit this pattern. This finding is more pronounced for industries with high advertising expenditures, and is robust to controlling for investment opportunities, managers' abilities, corporate governance, and market competition. Collectively, our finding highlights a novel consequence of earnings management through real activities.

Tax Avoidance in Family Firms - The Role of Corporate Social Responsibility

Authors: Alexander Brune*, Martin Thomsen, Christoph Watrin, University of Muenster

Discussant: Rahat Jafri, University of Calgary

Family business research at the interface of corporate social responsibility and tax avoidance is scare and produces conflicting predictions and ambiguous results. Using a sample of U.S. public firms for the period from 2009 to 2016, we investigate whether family firms, compared to non-family firms, exhibit a systematically different association of tax avoidance with engagement in tax-related corporate social responsibility. We analyze tax-related corporate social responsibility engagement by developing a tax sustainability index. Our results suggest that tax-related corporate social responsibility in family firms seems to have substantially different implications regarding tax avoidance than in non-family firms.

4C: Environmental, Social, and Governance II Spanish Room

Moderator: Irene Gordon, Simon Fraser University

Detecting Carbon Emission Disclosure Management

Authors: Thomas Kaspereit*, Universite du Luxembourg; Kerstin Lopatta, University of Oldenburg

Discussant: Irene Herremans, University of Calgary

This paper measures empirically the extent to which firms manipulate their carbon emission disclosures. Whereas many studies provide empirical evidence for earnings management, the quantitative literature is silent with respect to firms' intention to manage non-financial disclosures. We fill this gap and develop an empirical model to evaluate whether firms manipulate carbon disclosure in their favor after having incurred environmental controversy costs. Our analyses are based on all firms for which carbon emissions data are available in the Asset4 database. We measure carbon emission disclosure management in two ways: 1) as the (in)consistency between the sign of changes in cost of goods sold (input) and changes in carbon emissions (output), and 2) as the residual from a regression of changes in reported carbon emissions (outputs) on changes in cost of goods sold, depreciation, selling and general administrative expenses, and other operating expenses (inputs). We find support for our hypothesis that firms engage more frequently in decreasing emission disclosure management around years in which they incurred environmental controversy costs. We find no evidence that assurance of sustainability reports prevents environmental disclosure management. Thus, external assurance is not able to mitigate the problem of biased environmental disclosures. We attribute this finding to the limited assurance of sustainability report audits. Our findings have implications for the audit profession, which should revise its practice of providing only limited assurance levels on CSR reports and ought to start to transition from a mere labelling to a thorough auditing process. Our results imply that investors and other stakeholders should treat carbon emission disclosures with caution.

The Market Relevance of Greenhouse Gas Emission Disclosures by Canadian Firms

Authors: Carol Pomare*, Mount Allison University; David H. Lont, University of Otago; Paul A. Griffin, University of California, Davis

Discussant: Jing Lu, University of Guelph

This study examines the relevance to investors of greenhouse gas emission (GHGE) disclosures by publicly traded firms in Canada. While prior research shows that investors in Australia, Europe, and the United States price GHGE as a significant off-balance sheet liability, that evidence may not apply to Canada. We report two main results on the GHGE disclosures of Canadian firms. We first show a relation between actual or estimated GHGE per share and the market value of the firm's GHGE off-balance sheet liability. Second, using a short event window, we show that a change in the GHGE off-balance sheet liability occurs contemporaneously with disclosures. Unlike the earlier studies, however, these valuation effects are much smaller and mostly reside with emission-intensive firms.

CEO's Style of Sustainability Reporting: The Adverse Effect on Cost of Equity Capital

Authors: Kerstin Lopatta, Sebastian Andreas Tideman, University of Oldenburg; Thomas Kaspereit*, Universite du Luxembourg

Discussant: Irene Gordon, Simon Fraser University

This paper connects the reporting style of CEOs with sustainability reporting on firm-level and analyses the joint effect of CEO reporting styles, sustainability reporting and sustainability performance on cost of equity capital. We find empirical evidence that increases in the quality of sustainability reporting are positively associated with cost of equity capital increases for specific ranges of simultaneous increases in sustainability performance. This association is even more pronounced for firms employing CEOs with a tendency towards sustainability reporting. Our findings are in line with the argument that investors perceive extensive reporting on sustainability as a sign for an inefficient use of a firm's resources. Our results highlight the importance of CEOs in shaping a firm's sustainability reporting behavior.

4D: Management Accounting Tudor Room

Moderator: Han-Up Park, University of Saskatchewan

How Does Employment Change with Changes in Sales Activity?

Authors: Fangjun Wang, Junqin Sun, Xi'an Jiaotong University; Mark C. Anderson*, University of Calgary

Discussant: Nattavut Suwanyangyuan, Simon Fraser University

This paper examines how employee numbers change with changes in sales activity. The arguments that, when sales decline, managers retain employees with higher levels of human capital or who have closer relations with managers are important to the literature on cost stickiness. However, there is no direct empirical evidence supporting these arguments. Using Chinese listed companies' data, we document that labor is sticky - managers increase labor quantity to a larger extent when sales activity increases than they decrease labor quantity when sales activity decreases. Our empirical evidence also demonstrates that, when firms experience sales declines, managers retain more salespeople, technicians, accountants, and administrators, who possess higher levels of human capital or are closer to managers, than production personnel who are paid less. We also investigate whether labor stickiness varies with different ultimate ownership. Labor stickiness in state-owned enterprises (SOEs) is higher than that in non-SOEs, consistent with greater empire building incentives in SOEs and lower earnings management incentives relative to non-SOEs.

Classification Shifting and Cost Stickiness

Author: Dan Gong*, University of Alberta

Discussant: Walid Ben-Amar, University of Ottawa

I examine whether classification shifting to enable managers to meet or beat benchmarks affects observed cost stickiness. I find that, in instances where managers are targeting "Street" earnings rather than bottom-line GAAP

earnings to meet or beat the analysts' consensus forecast, they shift SG&A costs into the restructuring charge category, with the result that SG&A costs appear to be less sticky. I further confirm that the decrease in observed cost stickiness is not due to accelerated cuts to SG&A expenditures. Overall, my findings suggest that financial market pressure can influence managers to distort the reporting of SG&A cost behavior through their use of classification shifting.

Performance Implications of Misalignment Among Business Strategy, Leadership Style, Organizational Culture and Management Accounting Systems

Authors: Johnny Jermias*, Simon Fraser University; Lindawati Gani, University of Indonesia; Christina Juliana, Universitas Atmajaya

Discussant: Han-up Park, University of Saskatchewan

The purpose of this study is to examine the performance consequences of misalignment among business strategy, organizational configurations and management accounting systems. Based on a questionnaire surveys conducting in publicly held manufacturing companies listed in Indonesia Stock Exchange, we hypothesize and find that misalignments among business strategy, leadership style, organizational culture and management accounting systems are negatively associated with both financial and non-financial performance. The findings of our study suggest that product differentiation companies should employ transformational leaders, promote flexible organizational culture, and use broad-focused management accounting systems. By contrast, cost leadership companies should employ transactional leaders, promote controlled organizational culture and use narrow-focused management accounting systems.

Education Session 5A

Marquis Room

Case Writing 101

Presented by Sylvie Deslaurier, Université du Québec à Trois-Rivières

This session is intended for teachers who want to create case studies. What are the key parameters? How to build a plausible scenario? and How to determine the content and duration? The session presents tips and basic ideas that will help formalize your ideas in order to reach your goals. It presents also different ways to create different scenarios from a basic situation. The meeting will conclude with a group discussion. Ready to create a great case?

Education Session 5B

Turner Valley Room

PREP, PEP and "Mastering the Right Side of Change": Faculty and Accredited Program Round Table

Presented by Jamie Aldcorn, Seneca College

Come share your experiences - the good, the bad and the challenges, with preparing students for the CPA Preparatory and PEP programs, ... the CPA Way? We will discuss what we are doing to teach the CPA competency areas and where to get teaching resources, and explore some approaches to increasing student success on the CFE. The session will be of interest to accredited program faculty and faculty who are interested in finding out what other schools are doing.

Education Session 5C Oval Room

Boost Engagement and Encourage Students to Be More Accountable for Their Own Learning, Facilitated by Wiley Publishing

Facilitated by Wiley Publishing

Join the discussion as faculty from various post-secondary institutions will share best practices of how they use their homework management system. Learn tips and tricks on how to create meaningful connections with students.

Panelists join us from SAIT, MacEwan University, University of Calgary, Mount Royal University, and University of Lethbridge.

Concurrent 5: Education

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Education Session 5C

Oval Room

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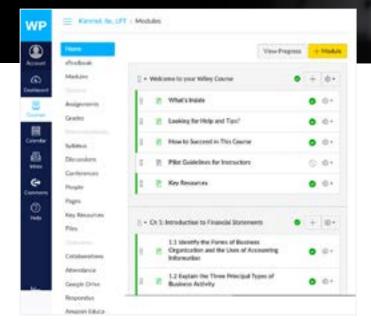
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Concurrent 5: Education

5A: Capital Markets II Corral Room

Moderator: Sandra Chamberlain, University of British Columbia

A Faculty and Undergraduate Student Collaboration: Are Banks' Changes in Held-to-Maturity Securities Related to Incoming Capital Requirements?

Authors: Joseph P. Faello*, Michael Costa, Mississippi State University

Discussant: Kyung Yun Lee, Purdue University

This research paper represents the culmination of a joint faculty and undergraduate student collaboration that sheds light on comments in the financial press asserting banks are categorizing a greater percentage of their debt investments as held-to-maturity (HTM) rather than available-for-sale (AFS) in preparation of the complete implementation of the Basel III Accord regulations. On the one hand, HTM securities are recorded at amortized cost which means that changes in the securities' market values do not impact the banks' total capital ratios for regulatory purposes. On the other hand, changes in the market value of AFS securities affects banks' reported total capital ratios. An alternative explanation for banks increasing their share of HTM securities is to increase their liquidity in response to the tightening of monetary policy. Results support the alternative explanation as banks are likely responding to the tightening of monetary policy.

Economic Policy Uncertainty, Monetary Policy Uncertainty, and Bank Earnings Opacity

Authors: Justin Yiqiang Jin, McMaster University; Kiridaran (Giri) Kanagaretnam*, York University; Yi Liu, State University of New York; Gerald J. Lobo, University of Houston

Discussant: Cynthia (Shunyao) Jin, Michigan State University

Using a sample of U.S. banks and indices for economic policy uncertainty and monetary policy uncertainty developed by Baker et al. (2016), we investigate whether these two sources of policy uncertainty affect bank earn-

ings opacity. When economic and monetary policies are relatively uncertain, it is easier for bank managers to distort financial information, as unpredictable policy changes make assessing the existence and impact of hidden "adverse news" more difficult for external stakeholders such as investors and creditors. Policy uncertainty also increases the fluctuation in banks' earnings and cash flows, thus providing additional incentives and opportunities for bank managers to engage in earnings management. Our results show that uncertainty in economic policy and monetary policy are positively related to earnings opacity, proxied by the magnitude of discretionary loan loss provisions and the likelihood of just meeting or beating the prior year's earnings, and negatively related to the level of accounting conservatism (i.e., the timeliness of recognition of bad news relative to good news). Collectively, our results suggest that economic policy uncertainty and monetary policy uncertainty lead to greater earnings opacity. We also find that the impact of policy uncertainty on financial reporting distortion is less pronounced for stronger banks (i.e., banks with high capital ratios).

Fundamental Analysis Conditioned on Sales Change

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

Discussant: Sandra Chamberlain, University of British Columbia

Fundamental analysis is a technique that examines fundamental accounting information such as earnings, to determine the value of corporate securities. A financial variable (signal) used in fundamental analysis may have different implications for a company's performance under different circumstances. In this study, we investigate how interpretations of financial signals differ depending on the direction of both prior and current periods' changes in sales. We find evidence supporting the argument that fundamental signals are more informative when sales increase than when sales decrease. We also find that a simple trading strategy based on fundamental signals conditioned on the pattern of sales change is effective in separating winners from losers in terms of excess stock returns. Our findings provide insights about the use of accounting data in evaluating firms.

5B: Governance Leduc Room

Moderator: Xiangyun Lu, Xian Jiaotong-Liverpool University

Director Compensation and Related Party Transactions

Authors: Ross Lu*, University of Waterloo; Ole-Kristian Hope, University of Toronto; Sasan Saiy, University of Waterloo

Discussant: Suresh Radhakrishnan, University of Texas at Dallas

This paper examines whether independent directors' compensation is associated with related party transactions (RPTs). We focus both on directors' total compensation and on their equity-based compensation. Employing hand-collected data for S&P 1500 firms, we find that independent directors' compensation is significantly associated with the occurrence of RPTs. Specifically, we predict and find that level of compensation (equity-based compensation) is positively (negatively) associated with the occurrence of RPTs. Next, we decompose the compensation measures into "market" (i.e., predicted) level and "excessive" components and find that the results are driven by the excessive components. These findings suggest that overcompensating the directors reduces their independence and their board monitoring efficacy. In additional analyses we find that the effects of director compensation on RPTs are stronger for RPTs with directors compared with RPTs with non-directors, and for non-business RPTs compared with business RPTs. Last, we find that our results are stronger for directors who have authority to approve RPTs. Specifically, we find that for firms that delegate the RPT approval authority to the Audit Committee, the compensation of the Audit Committee independent directors is more strongly associated with the occurrence of RPTs than that of non-Audit Committee directors.

Earnings Opacity and Corporate Governance for Chinese Listed Firms: The Role of the Board and External Auditors

Authors: Wing Him Yeung, Camillo Lento*, Lakehead University

Discussant: Duane Kennedy, University of Waterloo

This paper investigates the relationship between corporate governance and earnings opacity in China. Two corporate governance mechanisms form the basis of the analysis: i) the board of directors and ii) the external audit function. Employing a large sample from 2000 to 2014 with 20,235 firm-year observations, we provide evidence that corporate governance is effective at reducing earnings opacity for Chinese listed companies. Furthermore, we show that the role of corporate governance in constraining earnings opacity improved after the IFRS/ISA and Split-Share Structure Reforms. We contribute to the literature that seeks to understand the board function for Chinese listed companies by showing that, contrary to western economies, both CEO duality and gender uniformity are associated with higher levels of earnings quality. We also contribute to the audit quality literature by showing that an effective external audit function is an important governance mechanism for Chinese listed companies. Overall, these findings have regulatory implications by arguing that improved board and audit quality should enhance corporate reporting for Chinese listed companies; however, regulators must proceed with caution as not all western approaches to corporate governance are transferrable to the Chinese setting.

Do Corporate Insiders Trade on Future Stock Price Crash Risk?

Authors: Guanming He*, Durham University; Helen Ren, Richard Taffler, University of Warwick

Discussant: Xiangyun Lu, Xian Jiaotong-Liverpool University

Whether insiders trade on future stock price crash risk depends on both their ability to anticipate future crash risk, and whether the expected payoff is greater than the expected costs associated with potential reputation loss and threat of litigation. We find that insider sales are positively associated with future stock price crash risk, suggesting that insiders exploit their information advantage for personal gain. We also provide evidence to suggest

that managers take advantage of high information opacity to profit from the crash-risk-based insider sales, but are restrained in capitalizing on this in the case of financial constraints or post-SOX. Additional analysis reveals that insider sales can predict future crash risk at least three years ahead. Our results suggest that market participants can use insider sales in ex ante assessing future stock price crash risk, and in appraising the likelihood and extent of the insider bad news hoarding which induces crash risk.

5C: Financial Analysts III Spanish Room

Moderator: Yun Ke, Brock University

Analyst Teams

Authors: Bingxu Fang*, Ole-Kristian Hope, University of Toronto

Discussant: Changqiu Yu, York University

This paper examines the impact of teamwork on sell-side analyst forecasting performance. Using a hand-collected sample of over 50,000 analyst research reports, we find that analyst teams issue more than 70% of annual earnings forecasts. In contrast, most prior research implicitly assumes that forecasts are issued by individual analysts. We further document that analyst teams generate more accurate earnings forecasts than individual analysts and that the stock market reacts more strongly to forecast revisions issued by teams. Analyst teams also cover more firms, issue earnings forecasts more frequently, and issue less stale forecasts. Among analyst teams, we show that team size and team member ability are significantly associated with forecast accuracy. Moreover, using detailed analyst background information from LinkedIn, we find that forecast accuracy is positively associated with team diversity based on sell-side experience, educational background, and gender.

Do Financial Analysts Fully Incorporate the Future Earnings Implications of Really Dirty Surplus into Their Earnings Forecasts?

Authors: Thomas D. Dowdell, North Dakota State University; Sangwan Kim, University of Massachusetts; Steve C. Lim*, Texas Christian University

Discussant: Kwangjin Lee, Michigan State University

This paper investigates whether sell-side equity analysts fully incorporate the future earnings implications of really dirty surplus (RDS) into their earnings forecasts. RDS refers to gains or losses from contingent equity transactions settled at prices other than the fair value. We find that analysts' earnings forecasts are over-optimistic for firms with large RDS losses, RDS over-optimism is lower for firms with higher analyst following, and the over-optimism carries over to stock recommendations. Our findings suggest that the lack of fair value information in accounting records about the off-market settlement drives the RDS-related analyst over-optimism.

Does Sell-Side Debt Research Have Investment Value?

Authors: Sunhwa Choi, Sungkyunkwan University & Lancaster University; Robert Kim*, University of Massachusetts

We examine whether debt research has investment value for debt investors. Specifically, we examine the event-time and post-event bond price reactions around the issuance of debt analysts' recommendations and find that both the levels of and changes in recommendations are associated with the event time abnormal bond return, while the price reaction is stronger for changes in recommendations. We also find that changes in recommendations are associated with a significant post-event bond price drift, suggesting that the initial bond market reaction is incomplete. The calendar time portfolio approach shows that buying (selling) bonds following upgrades (downgrades) generates significant abnormal bond returns. We also document that debt analysts' coverage of debt securities is non-random and that the information in their bond-specific recommendations is incremental to that in the firm-level recommendations. Overall, our results suggest that debt analysts' reports have investment value.

5D: Information Transfer Colonial Room

Moderator: Theo Stratopoulos, University of Waterloo

Do Technology Spillovers Affect the Corporate Information Environment?

Authors: Phuong-Anh Nguyen, Ambrus Kecskes*, York University

Discussant: Peter Oh, McGill University

Technology spillovers across firms affect firm innovation, productivity, and value, according to prior research, so information about them should matter to investors. We argue that technology spillovers increase the complexity and uncertainty of value relevant information about the firm, which makes information processing more costly, discourages it, and thereby increases information asymmetry between managers and investors. We find that not only does information asymmetry increase, but institutional ownership and analyst coverage both decrease, and uncertainty increases. We also find that investors underestimate long-term earnings, consistent with the positive abnormal stock returns that we also find.

The Consequences of Private Meetings During Nondeal Road Shows

Authors: Emily Jing Wang, Ira Yeung, Jenny Li Zhang*, University of British Columbia

Discussant: Ambrus Kecskes, York University

Private meetings between management and institutional investors can occur at public conferences, investors' offices (also known as road shows), or corporate headquarters. Using a new dataset that covers corporate access events, we examine whether private interactions at road show meetings convey information to participating investors and whether this information improves their investment decisions. We find that road show trips are associated with significant abnormal stock price variability and trading volume. In addition, this market reaction is concentrated among firms with weaker information environments. Fur-

ther corroborating our market reaction tests, we find that investors located at road show destinations tend to trade in a more correlated fashion than investors located in other cities. Finally, we show that road shows are associated with greater absolute changes in local investors' ownership, but only local hedge funds earn abnormal trading gains. Overall, our results suggest that private communications during road show meetings improve the investment decisions of selected investors, potentially at the expense of small investors, who are kept in the dark about the occurrence of these meetings.

Shocks to Product Networks and Post-Earnings Announcement Drift

Authors: Bok Baik, Seoul National University; Gerard Hoberg, University of Southern California; Jungbae Kim, New York University; Peter Oh*, McGill University

Discussant: Theo Stratopoulos, University of Waterloo

This paper examines whether shocks to less visible product market network peers explain industry level post-earnings announcement drift (IPEAD). On the real-side, we find that peer earnings shocks propagate slowly through the peer network, creating a complex and conditional autocorrelation structure in earnings shocks. This impacts the financial-side, and IPEAD arises only when shocked peers are less visible in the network and when shocks are driven by persistent supply-side shocks to expenses rather than by demand-side shocks to sales. In addition, IPEAD is particularly strong when 10-K expense disclosures are opaque. Collectively, our results suggest that inattention to less visible peers, complex autocorrelation in earnings shocks, and a poor informational environment on the expense side are likely channels that generate IPEAD. IPEAD returns are economically large in subsamples motivated by this explanation.

5E: Stewardship

Moderator: Radwa Magdy, Cairo University

The Alignment between Stewardship and Valuation Roles of Revenues

Authors: Hanni Liu, Manhattan College; Anup Srivastava, Dartmouth College; Jennifer Yin*, University of Texas at San Antonio

Discussant: Heather Li, Nanyang Technological University

In this study, we examine the alignment between the stewardship and the valuation functions of revenues. We identify two settings in which revenue conveys value relevant information to investors and also plays a significant role in the executive compensation: when expenses are poorly matched with current revenues and when firm size is the key determinant of survival and profitability. Firms that display these characteristics increase over time with the arrival of newer cohorts of listed firms. We contribute to compensation literature by showing that managers are increasingly incentivized to achieve topline growth instead of earning profits. We contribute to financial accounting literature by demonstrating a high degree of symmetry between the stewardship and the value relevance roles of revenues, similar to that for earnings.

The Pay-for-Performance Sensitivity and CD&A Readability Before and After Say-on-Pay Regulations

Authors: Tzu-Chun Chen, Chih-Hsien Liao, Shu-Ling Wu*, National Taiwan University

Discussant: Yue Yang, University of British Columbia

We investigate how Say-on-Pay (SOP) regulations affect firms' pay-for-performance sensitivity (PPS) and Compensation Discussion & Analysis (CD&A) readability. We find that firms' PPS has increased on average since SOP was implemented. Also, the increase in PPS is more significant in companies with higher quasi-index institutional ownership. Because prior literature had shown that quasi-in-

dex institutional investors had an only limited influence on companies' PPS before SOP, our results suggest that SOP is useful in strengthening shareholders' monitoring effect on executive compensation. Moreover, we find that CD&A has become harder to read after SOP, and this decrease in CD&A readability is more significant in firms with higher institutional ownership concentration and more dedicated institutional ownership. The more detailed requirement on CD&A disclosures in recent years and institutional investors' demand for information for the SOP voting purposes might lead to our findings.

Balance Sheet Strength and Strategic Management in the Oil and Gas Industry

Authors: Mark C. Anderson, Yan Ma*, University of Calgary; Rajiv D. Banker, Temple University; Han-Up Park, University of Saskatchewan

Discussant: Radwa Magdy, Cairo University

We investigate how accounting can support strategic decision-making in the dynamic context of cyclical industries where risk is the nature of business. We conduct our analysis in the context of the Canadian Oil and Gas (O&G) Industry. Based on our discussions with industry leaders, analysis of company disclosures, and reviews of industry reports, business and academic articles, we identify two strategies that are prevalent in the O&G industry – an aggressive strategy that invests heavily in growth periods and a conservative strategy that invests less in growth periods to build and sequester resources for decline periods. We use a long-term measure of balance sheet strength based on cash flows to debt to discriminate across these two strategies. We find that companies that are more conservative (lower debt to cash flows over time) achieve higher operating efficiency in general and that their efficiency advantage is greater in post-crisis periods following sharp price declines. We also document that conservative firms invest more in post-crisis periods and that their acquisitions yield significantly more reserve quantities per dollar of investment than other companies, especially in the post-crisis periods.

The Craft of Accounting Education Workshop

Turner Valley Room 1:30 pm to 5:00 pm

The Craft of Accounting Education Workshop: Teaching Accounting Students Big Data Skills

Presented by The CPA Profession

Have you wondered how to teach big data skills in a course or throughout the accounting curriculum? This workshop is for all accounting educators interested in integrating the skill sets for discovery, extraction, organization, enrichment and analysis of (big) data into their courses and will address both curriculum – what we should teach–and pedagogy–how we should teach–issues. Specific topics that will be discussed include: skills accounting students need to survive in the new data environment, integration of real-world cases, and integration of Big Data tools in accounting courses.

Guido Geerts University of Delaware

Guido Geerts is a Professor at the Lerner College of Business, University of Delaware, where he teaches accounting information systems and big data technologies. He is the former chair of the Technology Task Force for the Pathways Commission Recommendation #4 (Curriculum and Pedagogy) and he currently serves on the AICPA Pre-certification Education Executive Committee (PcEEC). Guido earned his Ph.D. from the Free University of Brussels.

President's Lunch

Welcome

Duane Kennedy
University of Waterloo
CAAA President 2018-2019

Opening Remarks CPA Canada

Keynote Presentation A Critical View of the Evolution of the Accounting Professoriate

Professor Zeff discusses the ways in which the emphasisof accounting programs in North America has changed since the late 1950s, from a culture of heavy teaching loads and a modest expectation of publication, to one of light teaching loads coupled with an enforced, high expectation of top-flight research in the best journals.

The rise of the empirical study drawing on computerized databases; the corresponding decline of other methodologies in the leading journals; and the formalization of tenure requirements prioritizing research over teaching and service have led to the narrowed state of accounting research today: one that emphasizes richness of data over interesting questions and understates the value of critical thinking skills in students. Professor Zeff explores this trajectory and gives recommendations for improvements in the teaching and research of accounting.

Stephen Zeff Rice University

Stephen A. Zeff is the Keith Anderson Professor of Accounting at Rice University. The author or editor of 30 books and over 150 commentaries and articles, he has been Editor of The Accounting Review and President of the American Accounting Association. He was the coauthor of the three-part article series on the history of the Ontario Securities Commission's role in accounting and auditing from the 1960s to 2008, published in Accounting Perspectives between 2019 and 2014.

Professor Zeff serves on the editorial board of more than a dozen research journals edited in ten countries, and has been a visiting professor in numerous US and international universities. In 2009, he was made an honorary member of the Institute of Chartered Accountants in England and Wales, only the fourth such distinction the Institute has conferred and the first to an American. He was inducted into the Accounting Hall of Fame in 2002.

We thank the DeGroote School of Business for its generous support of the President's Lunch Speaker.

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BRIGHTER WORLD





Concurrent 6: Education

6A: Financial Reporting II Corral Room

Moderator: Feng Chen, University of Toronto

Insider Trading and Voluntary Nonfinancial Disclosures

Author: Guanming He*, Durham University

Discussant: Maggie Hao, University of Houston Clear Lake

Voluntary nonfinancial disclosure of product and business expansion plans occurs frequently in practice and is an important vehicle by which managers convey corporate information to outsiders, but little is known about how managerial opportunistic incentives affect the choice of such nonfinancial disclosures. This study examines whether managers strategically time, and make selectivity in, their voluntary nonfinancial disclosures for self- serving trading incentives. I find strong and robust evidence that managers manipulate the timing and selectivity of their nonfinancial disclosures to maximize trading profits. Specifically, managers tend to disclose bad (good) news on product or business expansion information before purchasing (selling) shares. I also find that such strategic behavior is more pronounced when the price impact of the disclosures is expected to be greater. However, I do not find evidence that such strategic disclosure and trading behavior is weaker for firms with higher institutional stock ownership; this is consistent with the notion that insiders' exploitation of disclosure opportunities for personal trading gain is at the expense of outsiders that are inclusive of institutional investors. Overall, my results contribute to understanding managers' use of nonfinancial disclosure strategies for fulfilling personal trading incentives, and should be of interest to boards of directors, which monitor and restrict opportunistic disclosures and insider trading within a firm.

The Spillover Effect of Accounting Quality on Debt Contracting: Evidence from the Supply Chain

Authors: Jingjing Xia, University of Southern California; Jingjing Zhang*, McGill University; Sanjian Bill Zhang, California State University Long Beach

Discussant: Feng Chen, University of Toronto

We examine whether customers' financial reporting quality has spillover effects on suppliers' loan contracts through information risk con-

tagion. Using Sarbanes-Oxley internal control weakness (ICW) to identify negative shocks to perceived accounting quality, we find significant effects of customers' ICW disclosures on their suppliers' debt contracting. After customers report an ICW, lenders impose higher interest spreads, reduce loan maturity, and increase the likelihood of collateral on suppliers. Cross-sectional tests reveal that spillover effects are concentrated when borrowers are more reliant on ICW customers or when lenders are more sensitive to borrowers' information uncertainty. Further analysis indicates that subsequent to customers' ICW disclosures, suppliers experience an increase in analyst forecast dispersion but no change in operating performance. Overall, our empirical evidence is consistent with lenders incorporating customers' accounting quality through the information risk channel as opposed to the wealth channel.

Market Reaction to Rules Governing Disclosure of Nonfinancia Information: Evidence from Pharmaceutical Companies

Authors: Maggie Hao*, University of Houston, Clear Lake; Dana A. Forgione, University of Texas at San Antonio; Liang Guo, California State University; Mina Pizzini, Texas State University, San Marcos; Maggie Hao

Discussant: Dongning Yu, University of Calgary

Over the past twenty years, both governmental and private institutions have enacted laws and standards requiring pharmaceutical manufacturers to report information about their clinical trials on a public website (ClinicalTrials. gov) for public health reasons. Compliance with these requirements, however, has been low (Niven, 2005; Saito

& Gill 2014; Rice, 2015). Controversy over reporting clinical trials centers on the trade-off between the potential public health benefits associated with mandatory reporting of clinical trials and the costs that such requirements impose on firms (Williams, 2007). To gain insight into the potential costs clinical trials reporting requirements impose on pharmaceutical firms, we examine the U.S. stock market's reaction to proposed and enacted laws and policies affecting the amount of information companies disclose about clinical trials. We calculate cumulative abnormal returns for 329 firms corresponding to 11 events related to potential and actual changes in clinical trial disclosure requirements. On average, we find significant market reactions for these events, indicating that nonfinancial disclosure rules affect investors' assessments of firms' future cash flows. Moreover, investors react positively (negatively) to events increasing (decreasing) clinical trials transparency, suggesting that investors do not perceive that clinical trials reporting requirements impose overly burdensome costs on pharmaceutical firms. This study also extends the literatures on nonfinancial disclosure and regulation by showing that investors react to the implementation of standards and laws governing the disclosure of nonfinancial information outside of mandatory SEC filings.

Do Creditors Value Greenhouse Gas Emissions Reduction and Disclosure?

Authors: Dongning Yu, Irene M. Herremans, University of Calgary; Fereshteh Mahmoudian, Jamal A. Nazari*, Simon Fraser University; Jing Lu, University of Guelph

Discussant: Gordon Richardson, University of Toronto

Using a sample of North American companies reporting to the CDP (formerly Carbon Disclosure Project), we investigate the relationship between companies' greenhouse gas (GHG) emissions reductions strategies and their cost of debt. Our interest is to determine not only if creditors value emissions reductions but also what characteristics in companies' management control systems are associated with companies' successful emissions reductions. Our findings suggest that companies achieving the highest performance in GHG emissions reductions use their carbon reporting for insight into the most cost-effective activities for emissions reductions. As well, involving multiple functional areas in emissions reduction strategies provides greater risk diversification and a broad range of

technical expertise to help achieve emissions reduction targets. These companies are thus rewarded with lower cost of debt capital.

6B: Audit IV Oval Room

Moderator: Stephani A. Mason, DePaul University

Client Relationship-Building and Audit Quality

Authors: Joshua Ronen, New York University; Minlei Ye*, University of Toronto

Discussant: Steve Fortin, McGill University

This paper analyzes the impact of an independence rule on audit quality. Specifically, this rule prohibits auditors from engaging in relationship-building with clients, for the purpose of maintaining auditor independence. Conventional wisdom suggests that independent auditors provide higher audit quality because they are more objective; one example based on such reasoning is the recent sanction on Ernst & Young and its former partners. To the contrary, this paper shows that forbidding auditors from engaging in client relationship-building in order to maintain auditor independence in appearance can result in lower audit quality. We argue that less relationship-building increases the marginal cost of audit effort, inducing the auditor to choose a lower level of audit effort, and hence leading to less precise audit evidence. Moreover, we show that managers who enjoy the benefits of relationship-building are more likely to agree on a truthful report if their utility gains from relationships are greater than or equal to the gains from issuing a higher financial report. Prohibiting relationship-building takes away this possibility, and increases the likelihood of an auditor accepting an inaccurate, higher report. This is the first study analyzing the impact of client relationship-building on audit quality.

Related Party Transactions and Audit Fees

Authors: Steven Balsam, Richard Gifford, Temple University; Harrison Liu*, University of Texas at San Antonio

Discussant: Songlan Peng, York University

We examine the association between related party transactions (RPT) and audit fees over time and across firms. Examining 2002 through 2012, a window that included revised SEC RPT disclosures, passage of International Standard on Auditing 550: Related Parties, and deliberations leading to adoption of AS No. 18: Related Parties (AS 2410), we initially do not find an association between RPTs and audit fees. However following the SEC's 2006 promulgation "Executive Compensation and Related Person Disclosure" we find RPTs positively associated with audit fees. Further we find that the association increased significantly subsequent to the effective date of International Standard on Auditing 550, Related Parties. We also find that the association between RPTs and audit fees varies across firms, i.e., the association between RPTs and audit fees is greater in the presence of indicators of poor governance, as well as when client firms are financially constrained.

Does Corporate Labor Investment Raise a Red Flag in Audit Engagements?

Authors: Jian Cao*, Xin Luo, Florida Atlantic University; Wenjun Zhang, Dalhousie University

Discussant: Alex Lyubimov, Concordia University

While auditing standards indicate that auditors should consider using operations-based nonfinancial measures during the risk assessment process, there is little empirical evidence that managerial operational decisions are indeed informative to auditors. This study examines whether suboptimal labor investment decisions, specifically, under- and over-investment in labor are indicative of financial reporting "red flags" that may lead auditors to plan more effort and/or seek a higher premium. We find that under-investment in labor is associated with greater incidences of subsequent restatements, accounting irregularities, and accounting-related lawsuits, and generally requires additional audit effort evidenced by higher audit fees and longer audit report lags. Over-investment

in labor is associated with subsequent restatements and longer audit report lags, but it does not predict fraud and is not explicitly considered in the determination of audit fees. Overall, our results provide empirical evidence suggesting managerial labor investment decisions provide useful nonfinancial information for auditors to consider the different types of misstatements that may occur.

Are Important Clients Less Likely to Receive a Going Concern Opinion? Partner Level Evidence from the U.S.

Authors: Gopal V. Krishnan, Bentley University; Changjiang (John) Wang*, University of Cincinnati

Discussant: Stephani Mason, DePaul University

We provide empirical evidence on the relation between client importance to an individual audit partner and the likelihood of issuing a going concern opinion for U.S. clients. To the best of our knowledge, no prior study has examined whether client importance to the audit partner is a determinant of going concern opinion for U.S. clients. We measure client importance based on audit fees, total fees, and client revenue. We find that the likelihood of issuing a going concern opinion is negatively related to the importance of a client to the auditor partner for all measures of client importance. This effect is economically significant. Further, the negative relation between client importance and going concern opinion is found only for the Big 4 audit partners. Finally, client importance measures at the audit firm or office levels are not associated with going concern opinions. Our findings underscore the importance of examining client importance at the audit partner level and are potentially relevant to the PCAOB and others.

6C: Financial Reporting III Leduc Room

Moderator: Ziyao San, York University

Audited Financial Reporting and Voluntary Disclosure: International Evidence on Management Earnings Forecasts

Authors: Rubing Liu, Guangdong University of Foreign Studies; Xiangting Kong, Sun Yat-sen University; Ziyao San*, Albert Tsang, York University

Discussant: Robert Kim, University of Massachusetts Boston

In this paper, we extend prior research on the link between audited financial reporting and voluntary disclosure by examining international differences in the relationship between commitment to higher levels of audit verification of actual financial outcomes and management earnings forecasts (our proxy for voluntary disclosure), using firm-level data from 30 non-US countries. Our evidence that commitment to higher levels of audit verification (proxied by the choice of a Big 4 auditor, the amount of audit fees, and excess audit fees) is positively associated with the incidence and frequency of management forecasts, and with stock market reactions to such forecasts, supports the notion that audited financial reporting and voluntary disclosure of managers' private information are complements in countries around the world. We further find that the relation between audited financial reporting and management earnings forecasts is weaker for firms in countries with relatively stronger capital market development or with higher levels of investor protection, suggesting that audited financial reporting plays a more important complementary role in voluntary disclosure in countries with less developed institutions. Overall, our findings suggest that firm-level commitment to better audited financial reporting and the strength of country-level institutional characteristics play substitute roles in corporate voluntary disclosure decisions.

Does Board Turnover Enhance Firm Performance? A Contingency Approach

Authors: Kevin Koh*, Yen H. Tong, Sze-Sze Wong, Nanyang Technological University; Qiang Wei, Lingnan University

Discussant: Daehyun Kim, University of Toronto

Calls for more regular board turnover have become more common among investors and the corporate governance community. However, board turnover may not be as beneficial as its proponents suggest because it can engender both positive and negative effects on firm performance. Using a sample of U.S. firms from 2000 to 2013, we find that board turnover has a negative association with two accounting-based measures of future firm performance. Our results are robust using different time periods to measure future firm performances and after addressing for endogeneity. Our findings suggest that in general, disruption of group processes arising from board turnover limits the board's effectiveness in advising and monitoring firms. However, we also find that the negative impact of board turnover on firm performance is attenuated by board diversity and corporate diversification. These findings suggest that when boards are better positioned to handle the impact of board turnover on firm performance when they already have the capacity and experience to cope with complex information-processing and decision-making.

Customer Concentration and Employment Risk in Supplier Firms

Authors: Yanan Zhang, Central University of Finance and Economics (CUFE); Yun Ke*, Brock University, Woo-Jong Lee, Seoul National University

Employment risk is an important type of operational risk in the supply chain. Based on a sample of supplier firms that disclose their major customers, we posit and find that supplier firms' employment risk increases with customer concentration. The evidence suggests that both customer firms' strategic outsourcing and supplier firms' relationship-specific considerations play a role in driving the relation. Cross-sectional analyses reveal that the adverse impact is pronounced mainly when suppliers have

Saturday, 1:30 pm - 3:30 pm

Concurrent 6: Research

less bargaining power, a less complex business, more customer-specific investment, greater operational uncertainty, and a poor information environment. We also provide some evidence that employment risk associated with customer concentration yields poor firm performance. Our results are robust to alternative measures of employment risk and potential endogeneity concerns.

Do the SEC Whistleblower Provisions of Dodd-Frank Deter Aggressive Financial Reporting?

Authors: Christine I. Wiedman*, Chunmei Zhu, University of Waterloo

Discussant: Ziyao San, York University

The stated goal of the 2011 SEC Whistleblower (WB) Program introduced as part of the Dodd-Frank Act was to strengthen investor protection through greater deterrence of securities law violations and more effective regulatory enforcement. While the SEC has articulated the success of the program for detecting and prosecuting violations, there is no evidence on the effect of the program in deterring violations. In this paper, we consider the deterrent effect by examining the impact of the Program on aggressive financial reporting by U.S. firms. Despite ongoing challenges, including the high number of tips received and efforts by some managers to circumvent the new rules by muzzling whistleblowers, we document a significant reduction in abnormal accruals following the introduction of the regulation. In a difference-in-differences design, we also find that reductions in aggressive reporting are significantly greater for U.S. firms than for Canadian firms. Using a sample of firms with ratings of internal reporting program quality just prior to the introduction of WB Program, we find that reductions in aggressive reporting are greater for firms with weaker internal programs. We also find that the reporting of internal control weaknesses decreased significantly in the years following the introduction of the Program. Collectively, these findings provide important evidence of significant benefits of the SEC WB Program of Dodd-Frank Act for deterring financial reporting fraud.

6D: Board Composition Colonial Room

Moderator: Yan Ma, University of Calgary

Mitigating the Negative Effect of CEO Duality on Financial Reporting: Overlapping Committee Members

Authors: Min Jeong Hong*, Joyce Tian, University of Waterloo

Discussant: Na Li, Singapore Management University

Boards of directors often have overlapping committee members serving on different committees. Assigning dual tasks to a director can lead to insufficient monitoring due to limited time commitment. On the other hand, overlapping committee members can facilitate coordination between committees, leading to more efficient decisions. Our study shows that the effect of having overlapping members is situation dependent. In particular, we investigate the effect of having overlapping members between the audit committee and the compensation committee (hereafter, overlap) on financial reporting quality. The effect of overlap is contingent on whether or not CEO duality exists. Prior literature shows that monitoring effectiveness is often compromised in the presence of CEO duality (e.g., Finkelstein and D'Aveni 1994; Tuggle et al. 2010). We find that when CEO duality does not exist, the cost of overlap dominates its benefit: it increases earnings management. When CEO duality exists, overlap constrains earnings management when there exists greater demand for board monitoring and when the firm's information environment is poor. Our findings highlight the importance of considering relevant situational factors in evaluating the effects of governance mechanisms.

Employees on Boards, Accounting-Based Performance Pay, and Firm Risk: Evidence from Germany

Authors: Dorothee Feils*, Florin Sabac, University of Alberta

Discussant: Samir Trabelsi, Brock University

We provide evidence that, when employees directly participate in corporate governance, as is the case with employees represented on supervisory boards in Germany: (1) executive performance pay is determined to a larger degree by accounting-based measures; (2) both the participation of employees in corporate governance and the degree to which long-term executive performance pay is determined by accounting-based measures are negatively related to corporate risk; and (3) long-term executive performance pay is determined by accounting-based measures to a larger degree after the Act on the Appropriateness of Management Board Compensation was enacted. The evidence supports the hypothesis that accounting-based performance measures provide managers with incentives to pursue less risky policies. When employees can influence managerial incentives, they can use accounting measures to lower corporate risk, consistent with their interest in a firm's sustainability as a going concern.

Parity Codetermination and Investment Efficiency

Authors: Joseph Comprix, Syracuse University; Kerstin Lopatta, Johann Trenkle*, University of Oldenburg

Discussant: Yan Ma, University of Calgary

This study investigates the investment behavior of German firms with parity codetermination. Firms that have more than 2,000 employees must establish a codetermined supervisory board with equal representation of employees and shareholders. We test for and find that firms with codetermined boards invest more efficiently and have less over- and under-investment. In addition, we use a difference-in-difference research design to test for changes in investment efficiency after employee representatives attain 50 percent of the voting seats on the supervisory board. Our analyses reveal that firms that introduce parity codetermination on the supervisory board have higher investment efficiency. Further, we find that parity codetermination mitigates under-investment and over-investment.

The Effects of Incentive Contract Type and Group Identity on Sabotage When Relative Performance Information is Provided

Authors: Khim Kelly, University of Central Florida; Weiming Liu*, Athabasca University

Discussant: Johnny Jermias, Simon Fraser University

Organizations often provide relative performance information (RPI) to heighten competition and thereby increase employee effort. However, heightened competition may create a negative side-effect when employees sabotage their co-workers so as to outperform them. Using an experiment, we predict and find that when non-incentivized RPI is provided, sabotage is higher under a pay-for-performance piece rate incentive contract than a flat wage contract. This result suggests that organizations which use pay-for-performance incentive contracts in conjunction with RPI to motivate effort should also consider the potential negative ramifications on sabotage. We also find counteracting positive and negative effects of strengthening group identity on sabotage, and thus suggest that the effectiveness of using group identity to curb sabotage may be more nuanced than prior literature suggests. Lastly, we find the type of incentive contract and the strength of group identity has no significant interaction effect on sabotage.

6E: Tax II Spanish Room

Moderator: Falko Weiss, University of Muenster

Corporate Tax Planning, Managerial Power, and the Effect of Canadian Tax Policy on Executive Equity Grants

Author: Khin Phyo Hlaing*, University of Waterloo

Discussant: Kiridaran Kanagaretnam, York University

This study examines how differences in the Canadian tax treatment of corporate tax-deductible restricted share units and employee tax-favoured stock options affect the extent of their use in executive equity compensation packages among public firms. I collect executive compensation data of 143 top non-financial Canadian firms

traded on the Toronto Stock Exchange for the 2005-2015 period. I find that firms expecting a high tax rate increase the proportion of executive equity compensation via corporate tax-deductible RSUs compared to firms expecting a low tax rate at the vesting year, and the results are more pronounced for a subsample of non-family firms. My tests also are consistent with managers demanding a higher level of employee tax-favoured options in their total equity compensation when they have power to influence the executive compensation. The findings suggest that current Canadian tax policy that artificially distinguishes among types of equity compensation affects executive equity compensation design.

Industry Product Market Competition and Efficiency of Corporate Tax Management

Author: Tina Wang*, University of Texas at Austin Discussant: Linda Chen, University of Idaho

Economic theory suggests that product market competition should enhance firm performance. However, relatively little empirical evidence supports this long-held belief. We use the U.S. corporate tax management setting to test the relationship between product market competition and firm performance. We find that firms in competitive industries manage their taxes more efficiently than their counterparts in non-competitive industries. Specifically, we document that firms in competitive industries exhibit lower effective tax rates than their noncompetitive counterparts. Furthermore, we find that the positive link between competition and tax management efficiency is much stronger for firms with lower cash flow volatility and for firms with fewer industry investment opportunities. Finally, we find that increased regulation and tax enforcement do not weaken the effect of competition on the efficiency of tax management. Further analysis reveals that firms in competitive industries resort mainly to tax planning strategies other than abusive tax sheltering to manage taxes.

Touchdowns, Sacks and Income Tax – How the Taxman Decides Who Wins the Super Bowl

Author: Matthias Petutschnig*, Vienna University of Economics and Business

Discussant: Falko Weiss, University of Muenster

This paper analyses the 23-year history of salary cap regulations in the National Football League (NFL). While the aim of the salary cap is to ensure a level playing field this paper finds that the regulations are imperfect and the playing field is tilted towards teams in low-tax states. The results show a significant negative relation between the amount of the net (after-tax) salary cap represented by the personal income tax rate of the teams' home states and the success of the teams. Over the sample period (1994-2016), teams in high tax states win on average every season 0.2 games less per each percentage point of tax differential. A team from California (highest average tax rate) wins 2.75 games less per year than a team located in a no-tax state such as Florida or Texas. While the main focus of this paper is the salary cap regime of the NFL, the results of this research also draw inferences onto the corporate world where salary cap regulations have been introduced more frequently into the policy debate over the last several years. Previous literature however has largely ignored binding maximum wage rules and their effects on the regulated firms' performance.

The Fair Amount of Taxes – Relative Tax Planning

Authors: Christoph Watrin, Falko Weiss*, University of Muenster

Discussant: Harun Rashid, University of Calgary

Prior literature primarily identifies tax aggressive companies via an analysis of the underlying effective tax rate (ETR) or variations of it. However, several disadvantages go along with this traditional measure like the interpretation of negative values and single-year outliers. Henry and Sansing (2014) point out that a mismeasurement of corporate tax avoidance stems from truncating ETRs. In this paper, we develop a new measure trying to overcome the shortcomings of the traditional tax avoidance measure. Furthermore, we present a descriptive comparison of the new measure with the already established longrun CashETR. Also, we manually seed artificial tax planning activity and evaluate in a logistic regression, which measure better identifies additionally seeded tax avoidance. The paper provides evidence that a classification based on the new measure might be a better indicator to identify tax avoiding firms than the CashETR or long-run CashETR. Therefore, the contribution to the wide stream of tax avoidance literature is not only the development of a new measure but also a comparison with a widely

accepted measure. The findings should be relevant for researchers in the field of tax avoidance and should be considered for further research

6F: Accounting Conservatism Marquis Room

Moderator: Jay Junghun Lee, University of Massachusetts, Boston

Universal Demand Laws and the Monitoring Device Role of Accounting Conservatism

Authors: Feng Chen*, University of Toronto; Qingyuan Li, Wuhan University; Li Xu, Washington State University, Vancouver

Discussant: Haihao Lu, University of Waterloo

Existing literature offers mixed empirical findings on the relationship between corporate governance strength and accounting conservatism. Since shareholder litigation rights are positively associated with corporate governance strength, we examine how an exogenous shock to shareholder litigation rights can affect conditional accounting conservatism by exploiting staggered enactments of the universal demand (UD) laws in 23 states over 16 years. The UD laws raise procedural hurdles for shareholders to file derivative lawsuits against executives and directors who allegedly breach their fiduciary duties. When derivative suits cannot serve as an enforcement mechanism for directors and managers to fulfill their fiduciary duties, we predict that directors will possess weaker monitoring incentives, thereby reducing the monitoring device role of accounting conservatism. Moreover, deteriorating corporate governance following UD law adoptions provides managers with greater opportunities to engage in aggressive accounting. Consistent with our prediction, we find a significant decrease in conditional conservatism following the enactment of UD laws. The decline in conditional conservatism is exacerbated for firms in which institutional investors hold smaller stakes or for firms that operate in non-litigious industries. Our findings are robust to potentially confounding legal changes, the exogeneity assumption, the assumptions

for the difference-in-difference research design, alternative samples, alternative conditional conservatism measures, and alternative explanations.

Does Accounting Conservatism Affect Capital Market Demand for Value Relevant Information? Evidence from Voluntary Disclosure of Non-GAAP Earnings

Authors: Ross Jennings, Tina Wang*, University of Texas at Austin

Discussant: Joseph Faello, Mississippi State University

We study whether accounting conservatism affects capital market demand for value relevant information. Specifically, we examine the relation between accounting conservatism and firms' voluntary disclosure of non-GAAP earnings in quarterly press releases. Using two accounting-based measures of conservatism, we find that conservatism reduces the persistence and the predictive power of GAAP earnings. We also find that firms with greater conservatism are more likely to supply non-GAAP earnings in quarterly press releases. Our analysis further reveals that the difference in magnitude between GAAP earnings and non-GAAP earnings is increasing with the extent of conservatism. Our study suggests that accounting conservatism reduces the decision usefulness of GAAP earnings for investors in assessing firms' economic prospects. Disclosing non-GAAP earnings in quarterly press releases is a low-cost channel for firms to meet investors' demand for alternative value relevant performance measures.

Stakeholder Orientation and Accounting Conservatism: Evidence from a Natural Experiment

Authors: Suresh Radhakrishnan*, University of Texas at Dallas; Ke Wang, University of Alberta; Zheng Wang, City University of Hong Kong

Discussant: Jay Junghun Lee, University of Massachusetts Boston

We examine the effect of the staggered adoption of state-level constituency statutes on stakeholder demand for accounting conservatism. The adoption of state-level constituency statutes allows directors to consider stakeholder interests when making business decisions, thereby exogenously increasing a firm's stakeholder orientation. Using a difference-in-differences analysis, we find that the increase in stakeholder orientation due to the adoption of the constituency statutes leads to a significant decrease

Saturday, 1:30 pm - 3:30 pm

Concurrent 6: Research

in accounting conservatism. In other words, as firms pay more attention to stakeholder interests, accounting conservatism decreases. Our cross-sectional analyses show a more pronounced decrease in accounting conservatism for firms with ex ante higher stakeholder demand for conservatism as proxied by higher transient institutional investor ownership and lower liquidation values and for firms with more powerful stakeholders who have the ability to influence a firm's financial reporting policy ex ante. Our findings suggest that 1) stakeholders demand for accounting conservatism as a mechanism to protect their interests and 2) stakeholder orientation substitutes for accounting conservatism in protecting stakeholder interests.

An Accountant in the C-Suite: Chief Accounting Officers and Accounting Conservatism

Authors: Robert Kim*, Jay Junghun Lee, University of Massachusetts Boston; Yongtae Kim, Santa Clara University; Bryan Byung-Hee Lee, University of Macau

Discussant: Brian Wenzel, McGill University

We examine whether adding an accounting chief to the top management team increases the level of accounting conservatism, a unique accounting phenomenon. Using the hand-collected data of S&P 1500 firms over 16 years, we find that the presence of a Chief Accounting Officer (CAO) is positively associated with the level of accounting conservatism and this positive relation is more pronounced when the CFO lacks accounting expertise. The results are robust to the propensity score matching and the difference-in-differences analysis. Our results are largely driven by CAOs with relatively greater power within the top management team. We also find that the influence of CAOs with an accounting background is greater when CFOs lack accounting expertise, but CAOs with a weak accounting background need a support of CFOs with accounting expertise. Collectively, our evidence suggests that the structure of the C-Suite executives has a significant effect on the financial reporting practice.

6G: Diversity I Tudor Room

Moderator: Philippe Lassou, University of Guelph

The Effect of Gender on Investors' Judgements and Decision Making

Authors: Yi Luo*, Steven Salterio, Queen's University

Discussant: Sara Wick, University of Guelph

We examine whether an unsophisticated investor's own gender and the sell-side analyst report writer's gender jointly affect investor's judgments about potential investments. Prior archival research has shown no gender-based differences in the quality of the investment advice provided by sell-side analysts, suggesting there is no real-world basis for a differential reaction. However, prior archival research has also shown that an investor's gender affects his (her) personal investment decisions both directly and via the investment set their advisors recommend. These findings are consistent with the broad, psychology-based literature, which finds that males and females react differently to perceived risks, and both males and females project these gender-based risk differences to others. We extend this research into the realm of third-party information provider's gender (i.e. analyst's gender). We predict and find the sell-side research report writer's gender and the unsophisticated investor's gender jointly influence the investor's likelihood of investment. This effect occurs in the relatively more risky "sell" recommendation condition. Specifically, in the sell condition we find that male and female investors react the same to a male analyst's report whereas male investors, relative to female investors, underweight the otherwise identical information in a female analyst's report. We discuss implications of this gender-based information processing bias on investors' decision-making and on the career prospects of female analysts.

Gendering Merit: Challenging the Discourse of Merit in Corporate Disclosures Related to Women on Boards

Authors: Walid Ben-Amar, Philip McIlkenny, University of Ottawa; Merridee L. Bujaki, Carleton University; Bruce J. McConomy*, Wilfrid Laurier University

Discussant: Oliver Okafor, Ryerson University

There has been pressure on corporations to increase the representation of women on Boards of Directors. In Canada, legislation (for years ending on or after December 31, 2014) requires publicly traded corporations to disclose their policy related to increasing the representation of women on their boards. Corporations without such a policy need to explain why they do not have one. We examine the first diversity disclosures of companies on the Toronto Stock Exchange (the TSX6o). We find many companies report their policy is to appoint 'on merit', rather than to have a formal diversity policy. In this paper we expose the gendered nature of the merit argument and look in detail at the rhetoric used to discuss merit. We take an explicitly critical stance towards the construction of 'merit' and find a lack of consistency in the conceptions of both merit and diversity as used by TSX60 corporations. We argue that including multiple dimensions of diversity in corporate disclosures suggests an attempt to obfuscate. To explore this possibility we compare the readability and tone of disclosures made by corporations that do and do not refer to merit and find corporations invoking merit have less readable diversity disclosures and a tone that includes more Blame variables. The tone of those with no mention of merit rates higher in terms of Human Interest variables. We conclude that until the gendered roots of the language of merit-based policies are challenged, corporations will have little incentive to engage substantively with issues of diversity.

One Small Step for Women; No Giant Leap for Humankind - A Textual Analysis of Board Gender Diversity Disclosures in Canada

Authors: Walid Ben-Amar*, Philip McIlkenny, University of Ottawa; Merridee L. Bujaki, Carleton University; Bruce J. McConomy, Wilfrid Laurier University

Discussant: Karel Hrazdil, Simon Fraser University

We extend prior work on corporate impression management by examining whether firms employ self-serving biases in the thematic content of their disclosures regarding board gender diversity. Specifically, we contend that the degree of bias in these narratives varies systematically with the firm's commitment to board diversity following new disclosure rules. We hypothesize that the disclosures of boards less committed to gender diversity exhibit significantly less "optimism" and more "certainty" than boards more committed to gender diversity. We test our two hypotheses using a cross-sectional sample of the diversity disclosure practices of TSX listed firms. We use Diction to analyze the disclosure for the semantic features of Optimism and Certainty. This study provides the first qualitative evidence on firm board gender diversity disclosure by investigating the bias employed in the thematic content of the disclosure as a means of managing outsiders' impressions and by finding empirical support for this role.

Evidence on the Economic Consequences of Marriage Equality and LGBT Human Rights

Authors: Jessie Y. Zhu, Wally Smieliauskas*, University of Toronto

Discussant: Philippe Lassou, University of Guelph

The recent wave of same-sex marriage legalization marks the most significant human rights progress in decades. Nevertheless, the valuation effects on corporate America are unclear. While the arguments supporting marriage equality are largely in the domain of law and sociology, many prominent business leaders are actively engaged in campaigns advocating marriage equality. This suggests that the LGBT civil rights movement of our generation might have valuation implications for corporate America beyond human rights equality. This paper investigates the market perception of state-level same-sex marriage legalization by examining the short-window market reactions to firms headquartered in a state. We find weak positive market reactions to firms headquartered in states that legally recognize marriage equality. Further, we find that the market views companies more favorably in: (1) first-mover states before the Supreme Court ruling of United States v. Windsor, (2) states that have more established anti-discrimination laws for the LGBT community, and (3) companies that have LGBT-friendly policies

Saturday, 1:30 pm - 3:30 pm

Concurrent 6: Research

in place. Our findings complement prior research that focuses on the economic consequences of firm-level LGBT human rights policies. Such firm level policies represent a new dimension to management control systems that can have a market impact.

7A: Organizational Culture Tudor Room

Moderator: Luo He, Concordia University

Management Control in Not for Profit Organizations: The Importance of Individual Differences

Authors: Krista J. Fiolleau, University of Waterloo; Theresa Libby, University of Central Florida; Linda Thorne*, York University

Discussant: Staci Kenno, Brock University

In response to public and donor pressure to encourage honesty and transparency in the not for profit (NFP) sector, increasingly, for-profit management controls are applied to NFP organizations. These attempts to make NFPs more "business like" by using for-profit solutions have been met with mixed results. Nevertheless, a selection-socialization perspective suggests that, given the different values promoted by NFP organizations as compared to their for-profit counterparts, the individual characteristics of managers in these organizations would be different. Prior research identifies characteristics of individuals employed by NFP organizations including, for example, their values orientations and their high degree of intrinsic motivation, altruism and organizational commitment. We build on this literature to obtain specific insights into how the NFP managers differ from for-profit managers to allow us to identify potential pitfalls of applying for-profit controls into the NFP environment. We find NFP managers tend to be lower on the Dark Triad traits (driven mainly by narcissism) and lower in terms of psychological entitlement than managers in the for-profit sector. In addition, we find NFP managers are less long-term oriented, less likely to avoid uncertainty, less extroverted and slightly less conscientious than managers in the for-profit sector. Finally, NFP managers score lower on so-called "masculine" traits and exhibit a more external than internal locus of control than managers in the for-profit sector. Our research shows that NFP organizations attract and retain individuals with significantly different individual characteristics from that of for-profit organizations suggesting the importance of tailoring control systems for NFP organizations.

Do Sources of Occupational Community Impact Corporate Internal Control? The Case of CFOs in the High Tech Industry

Authors: Junli Yu, Jing Li, Shanghai Lixin University of Accounting and Finance; Shelagh Campbell*, Zhou Zhang, University of Regina

Discussant: Luo He, Concordia University

This paper builds on existing management theory on top management teams by exploring the role of occupational communities (OC) as sources of shared values and behavioral norms with specific focus on the high tech industry. Different sources of OC are proposed and their influence on decision making with respect to corporate internal control is addressed. The sample of 1573 firm/ year observations includes high-tech firms listed on the NYSE, AMEX and NASDAQ exchanges during the period 2006-2011 and was developed using data from 5 distinct databases. Findings illustrate that different sources of OC show varying impacts on reported internal control weaknesses. In combination, multiple OCs show evidence of compound and counteracting effects on internal control. OC that arises in the high-tech industry makes a measurable difference in the quality of internal control in firms. This study adds a new perspective to CFO decision making and illustrates the explanatory power of occupational communities.

7B: Politics and Corruption Executive Suite

Moderator: Guanming He, Durham University

Shielding from Political Corruption and the Choice between Public and Private Debt: Theory and Evidence

Authors: Eunhee Kim, Albert Mensah*, Cheong Yi, City University of Hong Kong

Discussant: Justin Nguyen, Victoria University of Wellington

Based on a simple model of debt choice, we investigate how firms increase their leverage when they face high expropriation risk. Due to timely observability of public debt, we find that firms choose public over private debt when public corruption surges, suggesting that public debt is useful in deterring a corrupt public official's potential expropriation. Cross-sectional variation tests reveal that firms' shielding behavior tends to be stronger for firms with enormous resources, and those having external and internal governance mechanisms in place. The results are robust to the use of alternative specifications and proxies, accounting for potentially omitted state-level confounds, and the use of instrumental variable analysis, propensity score matching estimation and a quasi-natural experiment based on high-profile corruption-related political scandals. Our study is incremental to literature on the determinants of debt choice, public debt as a communication device, and corporate disclosure relating to debt.

The Value of Political Connections for Cross-Listed Firms Author: Justin Mindzak, State University of New York at Fredonia

Discussant: Guanming He, University of Durham

The extant literature has demonstrated that both political connections and cross-listing can benefit firms in various aspects, such as superior stock returns and a lower cost of capital. This paper examines whether cross-listed firms can obtain incremental financial benefits by also being politically connected. 142 Canadian cross-listed firms are examined to determine the extent

of their political connections and to assess whether any incremental benefits are gained in politically connected cross-listed firms. The results show that politically connected cross-listed firms have higher analyst following, higher market valuations and greater market liquidity.

7C: Auditor and Investor Behaviour Marquis Room

Moderator: Matthew Sooy, University of Western Ontario

How Reliable are the Hurtt Professional Skepticism Scale and the Rotter Interpersonal Trust Scale for Audit Experimental Research?

Authors: J. Efrim Boritz*, Katharine Elizabeth Patterson, University of Waterloo; Kristian Rotaru, Carla Wilkin, Monash Business School

Discussant: Yi Luo, Queens University

This study uses an experimental context to test the respective reliability (stability) of two well accepted scales that have been designed to measure stable personality traits - the Hurtt Professional Skepticism Scale (HPSS) and the Rotter Interpersonal Trust Scale (RITS). Recently, the RITS has been proposed as a substitute for the HPSS on the assumption that Trust is the inverse of Skepticism (Quadackers et al. 2014). To test this assertion, we created three case scenarios involving three different auditing tasks adapted from current literature. For each scenario, we administered both scales and varying orders of scale administration. Our findings indicate that HPSS and RITS measures of skepticism and trust, respectively, vary by case presented and order of risk tolerance measurement. Skepticism as measured per the HPSS is not affected by the order of HPSS administration; however, it is affected by case and order of risk tolerance measurement. Trust as measured by the RITS, is affected by order of RITS administration. Specifically, measured Trust decreases when the scale is administered after the case is completed compared to the level when it is measured before the case is completed. RITS is also marginally affected by case and order of risk tolerance measurement. This study contributes to our understanding of the HPSS and RITS, challeng-

es the stability of both scales, supports order stability for the HPSS, but not the RITS. HPSS and RITS do not appear to be substitutes for one another. As well, the study questions whether lack of trust (the inverse of RITS) is synonymous with skepticism as measured by the HPSS.

Alternative Accounting Measurement Bases and Price Efficiency in Laboratory Asset Markets: Does Marking-to-Market Matter?

Authors: Nigel J. Barradale, Barradale Asset Management; Brian M. Goodson, University of Cincinnati; Matthew Sooy*, University of Western Ontario

Discussant: Lev Timoshenko, University of Calgary

Policymakers and academics have reopened debate on the possible link between accounting measurement bases and underlying economic fundamentals. Using laboratory markets where accounting regimes can be directly compared with otherwise equivalent economic parameters, we test whether and how two accounting measurement bases - historical cost accounting and mark-to-market accounting - influence investor perceptions and asset price bubbles. We predict and find that investors perceive stronger links between performance and market price changes in the mark-to-market regime, and also perceive weaker links between their performance and dividends. This corresponds with greater market-level mispricing in the mark-to-market regime. In supplementary analysis, we observe that investors in mark-to-market regimes prefer information about future market prices, but investors in historical cost regimes prefer information about future dividends. Our study provides theory and evidence supporting the possibility that accounting methods may contribute to asset price bubbles, incremental to market economics.

7D: Environmental, Social and Governance III

Leduc Room

Moderator: Darren Henderson, Wilfrid Laurier University

The Signaling Effect of Disclosure Regulation: Evidence from Mandatory Carbon Reporting

Author: Jyothika Grewal, Harvard University
Discussant: Bruce McConomy, Wilfrid Laurier University

I examine the change in environmental performance following the introduction of an environmental reporting regulation affecting publicly traded firms in the United Kingdom (UK). Focusing on the subset of firms that voluntarily disclosed the mandated information prior to the regulation, I study whether managers improve environmental performance when environmental disclosures are mandated, and why. This is an important question given the recent trend towards requiring firms to disclose environmental, social and governance (ESG) information, both in the United States and abroad, despite voluntary reporting of ESG data being at an all-time high. Using a difference-indifferences approach, I document that affected firms improved environmental performance by an average of 10% in the years following the regulation relative to matched firms outside of the UK that continued to disclose voluntarily. Using survey data, I find that UK managers assessed the risks relating to environmental regulation as being more imminent and more likely to occur, suggesting a signaling effect of disclosure regulation. I show that affected firms modified control systems by incentivizing more senior organizational members to improve environmental performance. I also document that affected firms made building retrofits, sourced clean energy and invested in programs to change employee behavior in order to achieve emissions reductions.

Relationship Among Sustainability Control System Components And Sustainability Outcomes

Authors: Fereshteh Mahmoudian, Jamal A. Nazari, Simon Fraser University; Irene M. Herremans, University of Calgary

Discussant: Darren Henderson, Wilfrid Laurier University

We use the disclosure of auditor partner permit number in Quebec audit opinions to measure whether there is a partner-level audit quality impact. Our sample is from 2008-2017. We use losses, small earnings increases, and discretionary accruals as measures of audit quality. We document a significant improvement to these audit quality models when adding audit partner fixed effects and find many individual auditor effects to be significant. This research contributes to the literature on determinants of audit quality by using archival North American data at the individual auditor level.

7E: Supply Chain Relationships/ Employee Engagement Corral Room

Moderator: Weiming Liu, Athabasca University

The Effect of Relative Performance Information on Knowledge Sharing Among Employees

Christian Schnieder, University of Muenster, Friedrich Sommer, University of Bayreuth & Arnt Wöhrmann, University of Giessen

Discussant: Weiming Liu, Athabasca University

This study explains the effect of relative performance information (RPI) on knowledge sharing among employees. Additionally, we investigate whether knowledge sharing depends on the observability of employees' individual knowledge sharing decisions. Furthermore, we ask whether the effect of RPI on knowledge sharing differs when employees can observe each other's knowledge

sharing decisions. We argue based on behavioral theory that RPI affects knowledge sharing among employees negatively, and that the observability of individual knowledge sharing decisions has a positive impact on knowledge sharing. We find arguments for both a reinforcing as well as a weakening of the effect of RPI depending on the observability of individual knowledge sharing decisions. A laboratory experiment confirms our predictions, and reveals that there are interactions between RPI and observability, which cancel out each other over time.

Increased Creditor Protection in Bankruptcy and Trade Credit: Evidence from the 2005 BAPCPA

Authors: *Wenxia Ge, University of Manitoba, Caiyue Ouyang, Zhongnan University of Economics and Law, Zhenyang Shi, The Chinese University of Hong Kong & Byron Y. Song, Hong Kong Baptist University

Discussant: Albert Mensah, City University of Hong Kong

We examine whether the increased creditor protection under the 2005 Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) affects suppliers' provision of trade credit to their customers with high default risk. Employing a difference-in-differences analysis for a sample of U.S. public firms during 2002-2008, we find that suppliers whose customers have high default risk extend more trade credit after BAPCPA. We also find that this relation exists when suppliers have stronger reliance on their customers. Overall, our results indicate that the increased creditor protection in bankruptcy induces suppliers to offer more trade credit to customers with high default risk during the ordinary course of business. Our findings have policy implications given the heated debate over the BAPCPA's effect on Chapter 11 bankruptcy process.

7F: Audit Pricing and Management Guidance

Colonial Room

Moderator: Xu (Frank) Wang, Saint Louis University

Relative Performance Goals and Management Earnings Guidance

Authors: *Xu (Frank) Wang, Yan Sun & Ananth Seetharaman, Saint Louis University

Discussant: Shu-Ling Wu, National Taiwan University

In executive compensation contracts, the incentive alignment hypothesis suggests that relative performance (RP) goals align shareholder-manager interests better than do absolute performance (AP) goals. With RP goals, managers are evaluated relative to the contemporaneous performance of peer firms. Because managers are not penalized for market-wide shocks that are beyond their control, the manager-shareholder alignment incentive is stronger than otherwise. The countervailing argument is that RP goals encourage managers to sabotage the efforts of the managers of peer firms and collectively shirk to more easily meet those goals. In this study, we examine managers' earnings forecast for evidence of sabotage characteristics. We find that managers with relative performance goals (RP managers) are more likely to issue earnings forecasts than their counterparts with absolute performance goals (AP managers). However, forecasts by RP managers are more likely to be pessimistic and less accurate than those by AP managers. For firms that do not issue earnings forecasts, we find that the disclosures in Form 10-K filings are more pessimistic for RP firms than for AP firms. Furthermore, we find that RP managers perform no better than AP managers in terms of future stock returns. Overall, our evidence is consistent with the sabotage hypothesis.

The Difference among the Big 4 Firms: Further Evidence from Audit Pricing

Authors: Nattavut Suwanyangyuan, Simon Fraser University (SFU)

Discussant: Frank Wang, Saint Louis University

In this study, I provide new evidence on audit pricing differences within the Big 4 audit firms in the U.S. market. I estimate an audit fee model and consistently show that the positive coefficient for PwC is significantly larger than those of the other Big 4 audit firms. This result indicates that PwC earns above-average audit fee premiums relative to the other Big 4 audit firms. Because the industry expertise research stream argues that an audit firm with greater competency will be able to differentiate itself from its competitors in terms of within-industry market share and charge an audit fee premium for its services, I reveal that PwC has maintained its leadership position as the market share leader across most industries in the U.S. market. More importantly, I find that the evidence of an industry specialization premium is consistently observed for the group of PwC specialists, but not for the group of other (non-PwC) specialists. Together, I reinforce the importance of individual audit firm competencies and suggest that not all Big 4 firms are the same.

7G: Performance and Incentives Spanish Room

Moderator: Martin Persson, Western University

Better to Give than to Receive: The Positive Effect of Prosocial Rewards on Goal Commitment and Performance

Authors: *Adam Presslee, University of Waterloo, Leslie Berger & Lan Guo, Wilfrid Laurier University

Discussant: Thomas Vance, Colorado State University

In recent years the use of prosocial rewards in employee incentive contracts, where employees must give their reward to a charity or coworker, has become common. We use an experiment to examine a setting where

Pixiedust Tea Crystal Ballroom

individuals are assigned a performance goal and rewarded with either cash or prosocial rewards for goal attainment. We hypothesize and find that prosocial rewards result in higher goal commitment than cash rewards and that prosocial rewards positively affect performance through their positive effect on goal commitment. Moreover, consistent with theory, we find that individuals attach great er psychological importance to goal attainment when pursuing prosocial rewards than when pursuing cash rewards. These results suggest that firms may experience higher organizational performance if they incorporate prosocial rewards into employee incentive contracts.

Developing a Strategy Map for a Post-Secondary Institution Using the Balanced Scorecard Approach

Authors: Naqi Sayed, *Katelyn Stejskal & Camillo Lento, Lakehead University

Discussant: Martin Persson, Western University

Post-secondary institutions (PSI) are increasingly expected to be more accountable, efficient and fiscally responsible. As a result, performance measurement system are finding their way into the higher education sector. The purpose of this paper is to twofold. First, we aim to establish Key Success Factors (KSFs) for a publicly-funded university based on broad stakeholder input. Second, we employ the Decision Making Trial and Evaluation Laboratory (DEMATEL) method on the identified KSFs to develop a Balanced Scorecard (BSC) and strategy map. The results reveal that the Learning and Growth perspective plays the most central role as the main cause-factor among the four BSC perspectives, while the central roles among the KSF include: maintaining reputation, educational experience, quality education, and student recruitment and retention play. This paper extends the literature as it is the first known study to use a structured approach to identify causal relationships between KSFs for the purposes of strategy implementation of a PSI.

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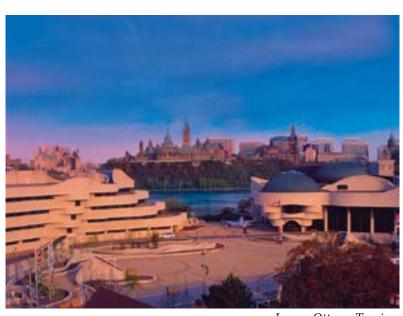


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