The Seventh International Conference of the Journal of International Accounting Research (JIAR)

June 27-29, 2019

Saguenay, Quebec, Canada

Program Organizer

American Accounting Association, International Accounting Section

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Contents

Welcome

As Senior Editor of the Journal of International Accounting Research, I would like to welcome you to the Seventh Journal of International Accounting Research Annual Conference in Saguenay, Quebec, Canada. To promote international accounting research and visibility of JIAR, we started the JIAR Conference in 2011 in Xiamen China. Over the past years, the JIAR Conference has been well-received and held in different countries and regions such as Hong Kong, Sao Paulo, Augsburg, Adelaide, and Venice.

We are pleased to have received 34 submissions for the plenary sessions and 156 papers for the concurrent sessions. I would like to thank the Planning Committee, Organizing Committee, Editors, and reviewers for their hard work. My special thanks goes out to Imen Latrous and Samir Trabelsi, our Co-chairs, for their great efforts and coordination. I believe you will enjoy not only a high-quality conference and interactions with researchers from different countries but also beautiful Saguenay and the magnificent scenery of the Saguenay Fjords.

I look forward to seeing you in Saguenay.

Joanna Ho, Senior Editor, *Journal of International Accounting Research*

Welcome

On behalf of the International Accounting Section, we welcome you to the *Seventh Journal of International Accounting Research Annual Conference*. We are delighted to have you join us in Saguenay, one of Canada's best locations for those who love the beauty of the outdoors, for a stimulating and exciting experience.

The conference starts with a doctoral consortium where more than thirty doctoral students coming from several countries will be exposed to issues and problems involved in planning and performing international accounting research, early career issues, and planning, as well as writing up and publishing results.

The editorial board of *the Journal of International Accounting* selected five papers for presentation at the plenary sessions exploring very interesting and timely topics. Our call for concurrent session papers resulted in a record-setting number of submissions. We received 156 submissions with mora than 90 papers scheduled for presentation. Do explore this extensive variety of papers, from many different disciplines using a range of methodologies. Besides engaging speakers, lively discussions, thought provoking ideas, and networking opportunities, our program includes two keynote addresses. The first keynote address by Professor Dan Simunic reviews the "current thinking" on the market for audit services and will discuss several papers that examine the roles of transactions costs, market concentration, and joint fixed costs in shaping audit service markets. The second keynote address by Professor Terry Shevlin provides an overview of academic tax accounting research with example: U.S. multinational taxation. Finally, in our editors' panel, our panellists speak from their own experience to identify and highlight what is going right and what is going wrong in the reviewing process.

We thank all of the sponsors for the generous support, specifically University of Quebec at Chicoutimi (UQAC) for its support of the Seventh JIAR Annual Conference. We would also like to recognize tireless efforts and never-ending dedication of the AAA Staff, Kelli (Gouwens) Rickrode.

Thanks also go out to the many volunteers that have dedicated their time and efforts to making this conference a reality. This includes reviewers and moderators. We would like to specifically thank everyone for reviewing research papers in order to maintain our double-blind review process. We are also grateful to all the International Accounting Section Officers for their support and encouragement.

Welcome to the Seventh JIAR Annual Conference.

Imen Latrous and Samir Trabelsi, Seventh JIAR Annual Conference Co-Chairs

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The University of Tennessee

Amna Chalwati
The Hong Kong Polytechnic University

The *Seventh International Conference* of the *Journal of International Accounting Research* (JIAR) June 27-29, Saguenay, Quebec, Canada **Schedule Overview**		
Day/Room	**Time**	**Event**
Wednesday, June 26, 2019		
H1-1110	**6:00 p.m. - 7:30 p.m.**	**Doctoral Consortium Registration and Reception**
Thursday, June 27, 2019		
P0-5000	8:00 a.m. - 2:30 p.m.	Doctoral Consortium
	4:00 p.m. -5:30 p.m.	**Saguenay Fjord Cruise**
	6:00 p.m. -7:30 p.m.	**Welcome Reception**
Friday, June 28, 2019		
P0-5000	**8:30 a.m. - 4:00 p.m.**	**Registration Desk Open**
P0-5000	9:00 a.m. - 9:15 a.m.	Welcome Address
P0-5000	**9:15 a.m. - 10:45 a.m.**	**Keynote speaker 1**
Centre Social	10:45 a.m. -11:00 a.m.	Coffee Break
P1-4270	11:00 a.m. - 12:00 a.m.	Plenary Paper 1
P1-4280	11:00 a.m. - 12:00 a.m.	Plenary Paper 2
Centre Social	**12:00 p.m. - 1:30 p.m.**	**Lunch**
	1:30 p.m. - 3:00 p.m.	Concurrent sessions 1
Centre Social	**3:00 p.m. - 3:15 p.m.**	**Coffee Break**
P1-4280	3:15 p.m. - 4:15 p.m.	Plenary paper 3
P0-5000	4:15 p.m. - 5:30 p.m.	**Editors' Panel**
	7:00 p.m. - 7:30 p.m.	**Cultural Event - Québec Folk Dance**
	7:30 p.m. - 9:30 p.m.	**Gala Dinner**
Saturday, June 29, 2019		
P0-5000	**8:30 a.m. - 4:30 p.m.**	**Registration Desk Open**
P1-4270	9:00 a.m. – 10:00 a.m.	Plenary paper 4
P1-4280	9:00 a.m. - 10 :00 a.m.	Plenary paper 5
Centre Social	**10:00 a.m. - 10:30 a.m.**	**Coffee Break**
P0-5000	**10:30 a.m.- 12:00 p.m.**	**Keynote speaker 2**
P0-5000	**12:00 p.m. - 1:30 p.m.**	**Lunch & Luncheon Speaker**
	1:30 p.m. - 3:00 p.m.	Concurrent sessions 2
Centre Social	**3:00 p.m. - 3:15 p.m.**	**Coffee Break**
	3:15 p.m. - 4:45 p.m.	Concurrent sessions 3
UQAC sport pavilion	**5:30 p.m. - 7:00 p.m.**	**Soccer Game**

Ahmad J. AlQatan, University of Portsmouth
Mark Anderson, University of Calgary
Muhammad Arslan, Lincoln University
Steven Balsam, Temple University
Fatima Baalbaki Shibly, American University of Kuwait
Kee-Hong Bae, York University
Joel Barber, Florida International University
Chiraz Ben Ali, Concordia University
Imen Ben Slimene, Upper Alsace University
Nadia Ben Yahia, IHEC Carthage
Francesco Bova, University of Toronto
WooDy Vuttisit Boonprasurtsuk, The Autonomous University of Barcelona
Greg Burton, Brigham Young University
Amna Chalwati, The Hong Kong Polytechnic University
Liqiang Chen, Saint Mary's University
C.S. Agnes Cheng, The Hong Kong Polytechnic University
Travis Chow, Singapore Management University
Kai Cheung Chu, The Hong Kong Polytechnic University
Rabeb Dabbebi, Sfax University
Claire Deng, Ryerson University
Monika Dhochak, Goa Institute of Management
Prince Doliya, T. A. Pai Management Institute
Guylaine Duval, Université du Québec à Chicoutimi (UQAC)
Peter Easton, University of Notre Dame
Chaik Saif Eddine, University of Rabat
Said Elfakhani, American University of Beirut
Luminita Enache, University of Calgary
Sónia Fernandes, Instituto Universitário de Lisboa
Rim Frini, Manouba University
Giorgio Gotti, University of Texas at El Paso
Ammar Hafeez, IIT Roorkee
Joanna Ho, University of California, Irvine
Khawla Hosni, Sfax University
Fangfang (Freida) Hou, The Hong Kong Polytechnic University
Kiridaran Kanagaretnam, York University
Naoyuki Kaneda, Gakushuin University
Sabra Khajehnejad, ESSEC Business School
Mariem Khalifa EP Sanna, The Hong Kong Polytechnic University
Shahid Khan, Penn State University – Berks
Abdul Khizer, Indian School of Business
Oksana Kim, Minnesota State University - Mankato
Minjae Koo, University of Houston
Holy Kwabla Kportorgbi, GIMPA Business School
Imen Latrous, Universite du Quebec a Chicoutimi
Dongyoung Lee, McGill University
E. Jin Lee, Florida International University
Daniel Lemay, Universite du Quebec a Chicoutimi
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Volkan Muslu, University of Houston
Linda Myers, University of Tennessee-Knoxville
Jeffrey Ng, The Hong Kong Polytechnic University
Hamza Nizar, Carthage University
Oliver Okafor, Ryerson University
Grace Pownall, Emory University
Ashna Prasad, Monash University
Yetaotao Qiu, Concordia University
Asheq Rahman, Auckland University of Technology
Joseph Rakestraw, Florida Atlantic University
Bruno Salotti, University of Sao Paulo
Ziyao San, York University
Sarath Bharat, Rutgers University
Josef Schroth, Bank of Canada
Timothy Seidel, Brigham Young University
Galen Sevcik, Georgia State University
Terry Shevlin, University of California-Irvine
Justin Short, Emory University
Xiaofei Song, Saint Mary's University
Xuan (Sean) Sun, Massey University
Tanya Tang, Brock University
James Thewissen, Katholieke Universiteit Leuven
Feng Tian, The Hong Kong Polytechnic University
Samir Trabelsi, Brock University
Christophe Van Linden, Illinois State University
Sandra Vera Munoz, University Of Notre Dame
Changjiang Wang, University of Cincinnati
Kean Wu, Rochester Institute of Technology
Qiang Wu, Rensselaer Polytechnic Institute
Rebecca Villman, Financial Reporting and Insurance Standards
Neslon Waweru. York University
Jianqun Xi, Beijing Normal University-Hong Kong Baptist University
Chen Xiaoqi, Hong Kong Polytechnic University
Xiaoyan Ying, The University of Newcastle
Hesham A. Yousef, HEC Montreal
Changqiu Yu, York University
Zhimin Yu, University of Houston Downtown
Weihuan ZHAI, Hong Kong Polytechnic University
Janus Jian Zhang, Hong Kong Polytechnic University
Jin Zhang, Monash University
Yaping Zheng, McGill University
Chen Zhu, McGill University

2019 JIAR Conference Doctoral Consortium		
Day	**Time**	**Event**
Wednesday, June 26, 2019		
	6:00 p.m. - 7:30 p.m.	**Doctoral Consortium Registration & Reception**
Thursday, June 27, 2019		
P0-5000	8:00 a.m. – 8:10 a.m.	**Please sit at your "Session 1" table** **Welcome and Opening Remarks** Linda Myers, *University of Tennessee*
P0-5000	8:10 a.m. – 9:00 a.m.	**Panel Session - Advice for Doctoral Students** Francesco Bova, *University of Toronto* Christina Lewellen, *North Carolina State University* Tim Seidel, *Brigham Young University*
P0-5000	9:00 am – 9:30 a.m.	**Break out session 1** *Suggested discussion topics: PhD program and early career success – teaching/research tradeoffs, impression management, routines or practices that encourage success*
Centre Social	**9:30 a.m. - 9:45 a.m.**	**Refreshment break**
P0-5000	9:45 a.m. – 10:30 a.m.	**Keynote talk - "Writing an Introduction"** Linda Myers, *University of Tennessee*
P0-5000	10:30 a.m. – 11:20 p.m.	**Please move to your "Session 2" table** **Panel Session - Managing Your Academic Career** Luminita Enache, *University of Calgary* Giorgio Gotti, *University of Texas at El Paso* Albert Tsang, *York University* Sandra Vera-Munoz, *University of Notre Dame*
P0-5000	11:20 a.m. – 12:35 p.m.	**Lunch & Presentation "How Academic Research Can Influence Standard Setting"** Speaker: Rebecca Villmann, *CPA, CA, CPA (IL), Director, Reporting Initiatives and Research, Financial Reporting & Assurance Standards Canada*

P0-5000	12:35 p.m. – 1:05 p.m.	**Break out Session 2** *Suggested discussion topics: work-life balance, advancing from Assistant to Full professor, defining success, finding your own path to success, networking*
P0-5000	1:05 p.m. – 1:50 p.m.	**Please move to your "Session 3" table** **Keynote talk - "Crossing the Finishline - Taking Your Research from Idea to Publication"** Joanna Ho, *University of California-Irvine*
P0-5000	1:50 p.m. – 2:20 p.m.	**Break out Session 3** *Suggested discussion topics: generating research ideas, building a stream of research, integrating research and practice, surviving the review process, research ethics*
P0-5000	2:20 p.m. – 2:30p.m.	**Closing Remarks and Dismissal** Samir Trabelsi, *Brock University*
	4:00 p.m. - 5:30 p.m.	**Saguenay Fjord Cruise**
	6:00 p.m. - 7:30 p.m.	**Welcome Reception**

 Linda Myers *University of Tennessee* ***Consortium Leader***	Linda A. Myers, Ph.D., is the Haslam Chair of Business and Distinguished Professor of Accounting in the Department of Accounting and Information Management at the University of Tennessee. She is also the Director of the Ph.D. Program in Accounting. Myers graduated from the University of Michigan in 2001 and has published in The Accounting Review, Journal of Accounting and Economics, Journal of Accounting Research, Contemporary Accounting Research, Review of Accounting Studies, Accounting Organizations & Society, Auditing: A Journal of Practice & Theory, Journal of Accounting, Auditing, and Finance, Journal of Accounting and Public Policy, Accounting Horizons, Journal of Business Finance & Accounting, and Review of Quantitative Finance and Accounting. Myers also serves as an Editor for Contemporary Accounting Research, Auditing: A Journal of Practice & Theory, Accounting Horizons, and the Journal of International Accounting Research, and as an Associate Editor for the Journal of Accounting, Auditing, and Finance. She also serves on the Editorial Board of The Accounting Review and previously served on the Editorial Board of the Journal of International Business Studies.
 Rebecca Villmann *Financial Reporting & Assurance Standards Canada*	Rebecca Villmann, CPA and CPA (Illinois), became the Director of Reporting Initiatives and Research in 2018 after supporting the Canadian Accounting Standards Board (AcSB) for 15 years. In this new role, Rebecca leverages her extensive background and specific standard-setting skillset to work across the Canadian standard-setting boards. Rebecca focuses on leading initiatives to enhance the relevance of financial reporting, including the AcSB's Framework for Reporting Performance Measures. As well, she is building out a research program for the Accounting, Public Sector Accounting and Auditing and Assurance Standards Boards. The research program includes engaging academics in standard setting to enhance the relevance and extent of evidence the Boards consider when making decisions.

<table>
<tr><td></td><td>Rebecca previously led the AcSB staff team and oversaw a range of standard-setting projects to influence the development of IFRS Standards and develop domestic standards.</td></tr>
<tr><td>
Joanna Ho
University of California-Irvine</td><td>Professor Joanna Ho specializes in corporate governance (ownership structure, board independence) and performance-based contracts at both employee and executive levels. Dr. Ho has also received numerous faculty and teaching excellence awards. She has served as the president of the Chinese Accounting Professor’s Association of North America (CAPANA), secretary of Chinese American Faculty Association-Southern California (CAFA), Vice President for Sections and Regions at the American Accounting Association (AAA), and Hong Kong Research Grants Council member. She is currently Senior Editor of Journal of International Accounting Research.

Dr. Ho has received the KPMG Peat Marwick Research Opportunities in Auditing Grant and her work has been published in journals such as Accounting Horizon, Accounting Organizations and Society, Auditing: A Journal of Practice & Theory, Behavior Research in Accounting, Contemporary Accounting Research, Information Systems Research, Journal of International Accounting Research, Journal of Management Accounting Research, Organizational Behavior and Human Decision Processes, Journal of Behavioral Decision Making, Journal of Risk and Uncertainty, Strategic Management Journal and others. She has made numerous presentations at conferences and workshops held in the States and around the world.</td></tr>
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Doctoral Consortium Panellists

<table>
<tr><td>
Luminita Enache
University of Calgary</td><td>
Giorgio Gotti
University of Texas at El Paso</td></tr>
<tr><td>
Albert Tsang
York University</td><td>
Sandra Vera-Munoz
University of Notre Dame</td></tr>
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<tr><td>
Francesco Bova
University of Toronto</td><td>
Christina Lewellen
North Carolina State University</td><td>
Tim Seidel
Brigham Young University</td></tr>
</table>

Doctoral Consortium Participants

Name	School	Country
Changqiu Yu	York University	Canada
CHEN, ZHU	McGill University	Canada
Ming Liu	McGill University	Canada
Nancy Michaud	Université du Québec à Rimouski	Canada
Yaping ZHENG	McGill University	Canada
Ziyao San	York University	Canada
Yetaotao Qiu	Concordia University	Canada
Peng Wang	McGill University	Canada
Mahmoud Rahman	Brock University	Canada
Hesham A. Yousef	HEC Montreal	Canada
Sabra Khajehnejad	ESSEC Business School	France
Holy Kwaba Kportorgbi	GIMPA BUSINESS SCHOOL	Ghana
Chen Xiaoqi	Hong Kong Polytechnic University	Hong Kong
Fangfang Hou (Freida)	Hong Kong Polytechnic University	Hong Kong
Janus Jian Zhang	Hong Kong Polytechnic University	Hong Kong
Muhabie Mekonnen Mengistu	Hong Kong Polytechnic University	Hong Kong
Weihuan (Sophia) Zhai	Hong Kong Polytechnic University	Hong Kong
Ammar Hafeez	IIT Roorkee	India
Chaik Saifeddine	University of Rabat	Morocco
Muhammad Arslan	Lincoln University	New Zealand
Xuan (Sean) Sun	Massey University	New Zealand
WooDy Vuttisit Boonprasurtsuk	The Autonomous University of Barcelona	Spain
Hamza Nizar	Carthage University	Tunisia
Khawla Hosni	Sfax University	Tunisia
Nadia Ben Yahia	Carthage University	Tunisia
Rabeb Dabbebi	Sfax University	Tunisia
Rim Frini	Manouba University	Tunisia
Rym Mabrouk	Carthage University	Tunisia
Ahmad J. AlQatan	University of Portsmouth	UK
E. Jin Lee	Florida International University	USA

Friday, June 28, 2019		
P0-5000	**8:30 a.m.- 4:00 p.m.**	**Registration Desk Open**
P0-5000	9:00 a.m. - 9:15 a.m.	Welcome Address
P0-5000	**9:15 a.m. - 10:45 a.m.**	**Keynote speaker 1**
Centre Social	10:45 a.m. - 11:00 a.m.	Coffee Break
P1-4270	11:00 a.m. - 12:00 a.m.	Plenary Paper 1
P1-4280	11:00 a.m. - 12:00 a.m.	Plenary Paper 2
Centre Social	**12:00 p.m. - 1:30 p.m.**	**Lunch**
	1:30 p.m. - 3:00 p.m.	Concurrent sessions 1
Centre Social	**3:00 p.m. - 3:15 p.m.**	**Coffee Break**
P1-4270	3:15 p.m. - 4:15 p.m.	Plenary paper 3
P0-5000	4:15 p.m. - 5:30 p.m.	**Editors Panel**
	7:00 p.m. - 7:30 p.m.	**Cultural Event - Québec Folk Dance**
	7:30 p.m. - 9:30 p.m.	**Gala Dinner**

Friday, 9:00 a.m. - 10:45 a.m.
Keynote Speaker and Welcome

Friday, June 28, 2019	
8:30 a.m. - 4:00 p.m.	**Registration Desk Open – P0-5000**
9:00 a.m. - 9:15 a.m. **Room P0-5000**	**Welcome to the Seventh JIAR Conference** Samir Trabelsi, *Conference Co-Chair* Réal Daigneault, *Vice-President Research, UQAC* Joanna Ho, *Senior Editor Journal of International Accounting Research* Imen Latrous, *Conference Co-Chair*
9:15 a.m. - 10:45 a.m. **Room P0-5000**	**Keynote speaker** Dan Simunic, *University of British Columbia* Moderator: C. S. Agnes Cheng, *The Hong Kong Polytechnic University* **The Market for Audit Service** Issues concerning the market for audit services have been the subject of regulatory debate since the 1970's (e.g. is the market sufficiently competitive?) and are the basis for a considerable body of academic research. Despite this work, I don't think that audit service markets are well understood. In this presentation, I will review the "current thinking" on this topic and discuss several papers that examine the roles of transactions costs, market concentration, and joint fixed costs in shaping audit service markets.
	**Dan Simunic** is currently Professor of Accounting at Simon Fraser University and Professor Emeritus of Commerce and Business Administration at the University of British Columbia. He has also served as Visiting Professor at various universities around the world. Dan's research interests are in the economics of auditing and in international auditing. He has published research papers in numerous scholarly journals, including the Journal of Accounting Research, Journal of Accounting & Economics, The Accounting Review, Contemporary Accounting Research, and Auditing: A Journal of Practice & Theory. Dan obtained a Ph.D. in economics and accounting from the Graduate School of Business, University of Chicago in 1979. He worked in the Chicago office of Ernst & Ernst (now Ernst & Young) and served for 10 years as a technical advisor from Canada to the International Auditing Practices Committee (now the International Auditing & Assurance Standards Board) of the International Federation of Accountants. Dan is a U.S. CPA (State of Illinois) and a former FCGA (British Columbia). Dan served as Co-Editor of Contemporary Accounting Research from 1997 to 2000, and as the Editor of Auditing: A Journal of Practice and Theory from 2005-2008 and is currently a Co-Editor of the Journal of Contemporary Accounting & Economics.
10:45 a.m. -11:00 a.m.	**Coffee Break**

11:00 a.m. - 12:00 p.m. **Room P1-4270**	**Plenary paper 1** Moderator: Joanna Ho, *University of California - Irvine* **Do Locally-Based Independent Directors Reduce Corporate Misconduct? Evidence from Chinese Listed Firms** Claire Deng, *York University* Kiridaran (Giri) Kanagaretnam, *York University* Zejiang Zhou, *Anhui University* Discussant: Grace Pownall, *Emory University* **Abstract:** This paper explores the influence of geographic, social and cultural proximity of independent directors on reducing Chinese listed firms' fraudulent and noncompliant practices. Our choice of using local versus non-local independent directors as a focus of study is motivated by the relevance of geographic proximity in the prior literature on auditing, analysts' reporting, and institutional investing. Through the analyses of A-share listed firms in China between 2007 and 2013, we find that local independent directors reduce both the frequency and magnitude of the misconduct in listed firms. Furthermore, we find that political connections of independent directors reduce the effect of local independent directors' monitoring function, whereas the higher ratio of female independent directors enhances the monitoring effect. Our findings have the following policy implications: 1) geographic, social and cultural proximity should be considered when hiring independent directors because local directors have the potential to improve corporate governance; 2) political connections should be controlled in order to limit their negative effect on the performance of independent directors; 3) Gender diversity should be promoted when hiring local independent directors. We contribute to the literature on corporate governance by introducing the relevance of geographic, social and cultural proximity to corporate misconduct through corporate governance and highlighting the moderating effect of political connections and gender diversity.

11:00 a.m. - 12:00 a.m. **Room P1-4280**	**Plenary paper 2** Moderator: Greg Burton, *Brigham Young University* **Lost in Translation? Analysts' Forecasts of Cross-Listed Firms** Kwon Cho, *Sejong University* Volkan Muslu, *University of Houston* Minjae Koo, *University of Houston* Discussant: Peter Easton, *University of Notre Dame* **Abstract:** The level of difficulty in the native language of a cross-listed firm increases U.S. analysts' forecast errors as well as abnormal returns around the forecasts. The association is exacerbated when analysts cover more firms and forecast more frequently, and mitigated when analysts accumulate experience with the cross-listed firm. However, analysts' general experience, industry experience, and employment by top brokers are not helpful in mitigating this association. Furthermore, this association is mitigated among large firms and firms that adopted IFRS. Overall, our findings extend the prior literature about the information costs of language difficulty in capital markets.
12:00 p.m. - 1:30 p.m.	**Lunch**

1:30 p.m. - 3:00 p.m.	Concurrent sessions 1
Room P1-6340	**1A : Capital Markets** Moderator: Yaping Zheng, *McGill University*
	The Level of Greenwashing and Cost of Equity Capital Amna Chalwati*, *The Hong Kong Polytechnic University* C.S Agnes Cheng, *The Hong Kong Polytechnic University* Sadok El Ghoul, *University of Alberta* Samir Trabelsi, *Brock University* ***Abstract:*** Under increased pressure to report positive environmental performance, some firms engage in greenwashing to create an impression of accountability and transparency while hiding their true performance. This study aims to assess whether greenwashing is costly by examining the impact of greenwashing on the cost of equity capital. Using a sample of 5,617 U.S. firm-year observations, we find that firms engaging in greenwashing exhibit higher equity financing. After controlling for multiple risk factors in our main regression model and performing additional tests, which aim to control for correlated omitted variables and endogeneity concerns, the results still hold. Our findings contribute to the debate on whether greenwashing is priced by showing that the market can capture greenwashing since it increases a firm's cost of equity capital. First, to the best of our knowledge, this is the first study examining the association between cost of capital and the extent of greenwashing. This examination is critical as it sheds light on how the market values greenwashing and furthermore, there is yet little consensus on how to measure and identify greenwashing. Second, limited and imperfect information about firms' environmental performance contributes to greenwashing, and therefore affects the cost of capital. Finally, seeing that prior research highlights the importance of social performance for firm valuation and access to external investment, our study suggest that greenwashing is also important to firms as it has power to explain a firm's cost of equity beyond other risk factors. **Disclosure Quality, Societal Trust and Market Reactions to Form 20-F Filings of Foreign Firms Listed in the U.S.** Minkang Lu*, *Zhongnan University of Economics and Law* Hongping Tan, *McGill University* **Abstract:** The literature shows that the societal trust affects investors' information utilization. We examine the societal trust's impacts on the text specificity in MD&A and forward looking disclosures and its subsequent market reaction around the release of annual report. The evidences support that the level of societal trust is negative related to the quantity of specificity, and the market jointly reacts significantly higher on the

	information released from high trust societies, even controlling the effect of U.S. investors' trust difference on other 9 societies. In addition, replacing the proxy of societal trust with investors' trust difference to redo tests, no significant evidence is found, implying that investors' trust difference is not the driving factor of our findings. We explain the findings from 2 prospects of valuation and quantity effects. One side, due to the force of social norm and complement to formal institutions, the information's valuation-relevant effect is high in a high trust society. Another side, the societal trust changes firms' incentives and possibilities, then alters their voluntary disclosures. These findings suggest that in the scenario of information disclosure and utilization, the societal trust is a kind of trustworthiness instead of the relationship of trust from investors to societies or firms. **Information dissemination of media and the Pricing of Earnings News** Hongping Tan, *McGill University* Yaping Zheng*, *McGill University* **Abstract** Using a large sample of media coverage of US firms, we compare the contents of news articles with those of earnings releases to capture media's roles in information dissemination and analysis. We find that information dissemination by media mitigates earnings mispricing. The media's information dissemination effect is driven by providing distinguished news, rather than reprinted news. And this effect is more pronounced for small firms and for days with clustered earnings announcements. Overall, our study contributes to a better understanding about the role of media in incorporating information into stock prices.
Room P1-6350	**1B :Audit and Practice I** Moderator: Jianqun Xi, *BNU-HKBU United International College*
	Mandatory Audit Partner Rotation and Internal Control Quality: China Evidence Zhimin Tian, *BNU-HKBU United International College* Jianqun Xi*, *BNU-HKBU United International College* **Abstract:** This paper investigates whether mandatory engagement audit partner rotation and mandatory review audit partner rotation can impact the client firms' internal control quality. Previous studies have conflicting views on the effect of mandatory audit partner rotation. We take advantage of the regulation of mandatory audit partner rotation in China and the comprehensive internal control index which consists five important aspects of internal control system in China. Using 16,790 firm-year observations from 2,388 public firms over the period 2004 – 2014, we find that mandatory review partner rotation helps improve internal control quality, implying that mandatory review partner rotation leads to a positive peer review

effect on the audit and internal control quality. Our further tests show that the effect of mandatory review partner rotation on internal control quality is more effective in large firms, firms in second-tier cities, and firms audited by non-Big4 auditors. This is the first study to examine the impact of mandatory audit partner rotation on internal control quality. The study has policy implications on the adoption of mandatory auditor partner rotation since there are limited papers examining the effect of mandatory audit partner rotation mechanism. By investigating the mandatory but not the voluntary audit partner rotation, we can also reduce the endogenous problem.

Superiors' Influences on Auditors' Skeptical Judgments: Chinese Evidence

Sammy Xiaoyan Ying, *The University of Newcastle*

Abstract: Professional skepticism (PS) remains one of the most important and underexplored topics in auditing. We contribute to the literature on PS by examining the influence of superiors on Chinese auditors' skeptical judgments. China provides a unique national setting, because its rigid hierarchical cultural values, which emphasize the importance of subordination, obedience, and loyalty towards superiors, differ significantly from the cultural values dominant in Anglo-American countries. Our hypotheses development based on these cultural values together with social contingency theory, suggests that auditors are likely to be under intense pressure to align their judgments with superiors' views. Our results from an experiment with practicing auditors show that both a high emphasis on PS and unknown views of superiors, lead to auditors being more skeptical in their judgments, and that a low superior emphasis on PS leads to auditors being less skeptical. Furthermore, we measure the intensity of auditors' perceived pressure, and examine the influence of such pressure on their skeptical judgments. The results show that a high (low) intensity of perceived pressure strengthens (weakens) the influence of superiors' known views on skeptical judgments. Our findings have implications for both international and Chinese regulators, as well as audit firms either operating in China or employing auditors with Chinese cultural background.

Do auditors care about corporate ownership?

Ben Ali Chiraz, *Concordia University*

Abstract: Following the surprising findings of Holderness (2009) about ownership concentration of U.S firms, we examine ownership structure as a determinant of audit fees and auditor choice by disentangling managerial and controlling shareholding effects. Auditors' effort (measured by audit fees) decreases in firms where auditors perceive lower audit risk; and audit demand is used by managers and controlling shareholders to signal good corporate governance and transparency. Using a sample of 4,584 firm-year

	observations representing U.S. listed firms over the period 2006-2008, our results show that audit fees and high-quality audit demand (1) are negatively associated with managerial ownership and (2) positively associated with blockholders ownership. We also show that the impact of blockholders ownership is more complex than presumed and evidence a curvilinear relation (inverted U-shape) between blockholders ownership and audit fees.
Room P1-5050	**1C : Executive Compensation** Moderator: Xiaofei Song, *Saint Mary's University*
	The impact of the use of cross-border compensation peers: The case of Canadian companies using U.S. peers Steven Balsam*, *Temple University* Hong Fan, *Saint Mary's University* Amin Mawani, *York University* Daqun Zhang, *Texas A&M University – Corpus Christi* **Abstract:** CEO compensation in Canada is significantly lower than that in the U.S. In this paper we examine the choice of, and impact on Canadian CEO Compensation, of using U.S. firms in their compensation peer groups. Using a two-stage model to control for endogeneity, while we find the choice of peers associated with labor market factors, we still find that the use of US peers positively associated with higher Canadian CEO compensation. This finding is after controlling for the traditional determinants of CEO compensation, as well as use of domestic peers. While this result holds for all components of the compensation package, we also find that having U.S. peers is associated with a greater proportion of equity in the compensation package. Our results are robust to various formulations including change models, and using an earlier time period when peer disclosure was voluntary. **Executive-Employee Pay Gap and Academic Directors – A Chinese Study** Hong Fan, *Saint Mary's University* Xiaofei Song*, *Saint Mary's University* Lei Zhou, *Anhui University of Finance and Economics* **Abstract:** This study investigates the impact of professor-directors on the executive-employee pay gap in public Chinese firms. University professors are generally believed by the public to have higher standards of ethical and social responsibility. Consistent with this view, we find that there is a negative relationship between the executive-employee pay gap and the presence of professor-directors on a board. This result is mainly driven by administrative professor-directors. The strong political connections of administrative professor-directors give them both the additional incentive and power to advocate for an executive-employee pay gap reduction. The

empirical evidence also seems to suggest that administrative professor-directors are successful in promoting employee pay while curbing executive compensation hikes, resulting in a smaller executive-employee pay gap. On the other hand, the presence of non-administrative professor-directors is associated with both higher executive compensation and higher employee pay, resulting in little change in the pay gap.

A Profession at an Inflection Point: Implications of Organizational-Professional Conflict among Valuation Service Providers

Dereck Barr-Pulliam, *University of Wisconsin-Madison*
Stephani A. Mason*, *DePaul University*
Kerri-Ann Sanderson, *Bentley University*

Abstract: In this study, whether a valuation-specific professional ideology exists and, if so, consequences of valuation service providers' (specialists, hereafter) association with that ideology. We specifically explore whether alignment of specialists' professional and organizational identities result in an identity conflict that we specify as organizational-professional conflict (OPC). Using a survey of 222 specialists with extensive valuation experience and who represent a cross section of sub-specialties, organizational structures, and career paths to valuation, we identity four primary findings. First, consistent with our expectations, we find that OPC is highest (lowest) when specialists' professional and organizational identities are both low (high) due to an identity conflict. Second, we find that specialists employed by private and public companies reported significantly higher OPC relative to specialists employed by either accounting or independent valuation firms. Third, we find that specialists who report lower versus higher professional identities and who primarily value financial instruments also reported significantly higher perceptions of OPC. We find no difference in professional attitudes among specialists who primarily value non-financial instruments. Lastly, supplemental analyses show that our professional ideology measure is robust to alternative specifications; that specialists who experience higher OPC were associated with more negative job outcomes such as higher turnover intentions; and that specialists at higher ranks reported lower OPC. Our study includes a discussion on implications of these findings for audit and financial reporting quality and should be of broad interest to specialists, auditors, financial statement preparers, regulators, and standards setters.

Room P1-5070	**1D: Financial Reporting** Moderator: Imen Ben Slimene, *University of Bourgogne-Franche Comté*
	Foreign Frankness An International Comparison of Financial Disclosure Tone Elaine Henry, *Stevens Institute of Technology* James Thewissen, *KU Leuven* Wouter Torsin, *KU Leuven* **Abstract:** This paper examines differences across the tone of earnings press releases of foreign firms cross-listed on U.S. stock exchanges. We find that culturally and institutionally more distant firms are generally less positive in their disclosures, relative to U.S. firms. This tone conservatism is more pronounced for firms from home-countries where the culture has greater long-term orientation and uncertainty avoidance, whereas tone positivity is increasing in the home-country cultural dimensions of masculinity and individualism. Furthermore, we also find that the tone of cross-listed firms' earnings announcements is more informative than U.S. firms in predicting future firm performance and in explaining market reaction to earnings announcements. In addition, tone informativeness increases with the cultural and institutional distance of the home-country from the U.S. Overall, in a context of home bias theory, our findings are consistent with cross-listed firms using aspects of disclosure narratives to alleviate potential mistrust arising from lack of familiarity and to overcome investors' home bias by employing more cautious, but more informative language in their voluntary disclosures. **Did IFRS Affect Corporate Tax Avoidance?** Oliver Nnamdi Okafor*, *Ryerson University* Akinloye Akindayomi, *The University of Texas Rio Grande Valley* Hussein Warsame, *University of Calgary* **Abstract:** This paper investigates whether the adoption of the International Financial Reporting Standards (IFRS) affected corporate tax avoidance in Canada. Based on 3,200 firm-year dataset of 400 publicly listed Canadian firms that adopted IFRS and 400 listed US firms, matched one-to-one using a propensity score matching, our regression results show that IFRS adoption was followed by a decrease in corporate tax avoidance. Our study finds a significant increase in cash tax paid in the post-adoption period by Canadian firms that adopted IFRS compared with US firms that used the US GAAP. Additional regression results based on a small control sample of Canadian firms that did not adopt IFRS present collaborative evidence. We further test specific tax payer attributes and accounting issues identified on Canada Revenue Agency (CRA) internal memo suggesting that IFRS may increase the risk of tax avoidance. While we find evidence the IFRS firms that engaged in accrual management paid more taxes in the post-adoption, we find no evidence of statistically significant relationships between IFRS adoption and

	tax avoidance arising from revenue management, ownership of foreign operations, industry membership, profitability and impairment losses/write-offs. Taken together, our study presents a preliminary but strong empirical evidence that IFRS adoption is associated with a decrease in corporate tax avoidance, at least in the short run. **Why Pay Extra Taxes? The Interaction of Social Approval Incentives and Compensation Incentives in Chinese SOEs** Hong Fan, *Saint Mary's University* Liqiang Chen*, *Saint Mary's University* **Abstract:** This study investigates the interaction effects of material incentives (i.e., CEO compensation) and non-pecuniary incentives (i.e., CEO promotion) for tax planning in the context of Chinese state-owned enterprises (SOEs). Fehr and Falk (2002) noted the critical roles of the interaction between the two types of incentives in understanding economic behaviors, as non-pecuniary incentives may enhance or reduce the effects of material incentives. We find that cash effective tax rates (ETRs) are positively associated with the interaction between CEO promotion and CEO compensation. We also find that cash ETRs are positively associated with the promotion and level of CEO compensation.
Room P1-5090	**1E : Stock Price Crash Risk** Moderator: Elizabeth H. Turner, *University of Texas Rio Grande Valley*
	Do Auditors and Institutional Investors Neutralize Entrenched Managers in Managing Earnings? Vijaya Subrahmanyam, *Mercer University* Abdul Khizer*, *Indian School of Business* Abdul_Khizer@isb.edu **Abstract:** This study examines the relationship between managerial entrenchment and earnings quality. Consistent with prior research, we measure earnings quality by the magnitude of absolute discretionary accruals based on the standard Jones (1991) model and the modified Jones model proposed by Dechow et al., (1995). Using governance data from Institutional Shareholder Services (ISS) database, we create an entrenchment index based on Bebchuk et al., (2008) methodology. We document an increase in discretionary accruals by 7.02% on average, for a unit increase in managerial entrenchment. This relationship is robust to firm, auditor and institutional investor characteristics. Moreover, we document an exacerbation of managerial entrenchment impact on earnings quality, in presence of larger ownership by short term (high turnover) institutional investors, and a non-linear impact of institutional investor concentration on mitigation of entrenchment driven earnings manipulation.

The Relationship Between Audit Partner Identification and Characteristics, and Foreign Public Issuers: Early Evidence of the Informativeness of Form AP on Audit Fees and Earnings Quality

Michael Dugan, *Augusta University*
Elizabeth H. Turner, *University of Texas Rio Grande Valley*
Clark Wheatley*, *Florida International University*

Abstract: We examine the effects on audit fees and earnings when foreign firms that are cross-listed on U.S. stock exchanges choose to have a U.S. versus foreign educated and/or U.S. versus foreign based firm as their principal auditor. We find that the choice of a U.S.-based audit firm is associated with higher audit fees and higher quality audits. We also find that if the engagement partner was educated at a non-U.S. university, the audit fees are higher and the audit is of even higher quality. We find that U.S. educated engagement partners at non U.S.-based audit firms charge lower audit fees than U.S. based firms, and produce audits of lower quality as measured by discretionary accruals. We find that female auditors are associated with higher audit fees, but without a significant increase in audit quality. We also find the additional information that includes the names of other audit partners and other audit firms who participated in the audit (and the extent of their contributions), while not affecting the results relative to educational background of the engagement partner and the location of the audit firm, is statistically significant and negatively associated with changes in earnings quality for all three groups in our sample. This result implies that the involvement of outside auditors is detrimental to perceived audit quality.

Do Firms Change their Dividend Distribution in Response to Tax Rate Change?

Naoyuki Kaneda*, *Gakushuin University*
Hiroki Yamashita, *Aoyama Gakuin University*

Abstract: We examine the dividend payment of Japanese companies after the statutory tax rate on dividend payment is increased. Our main finding is that abolishment of lower tax on dividends and higher tax on retained earnings reduces dividend payment. The results might have policy implication in the United States and European countries that higher tax on retained earnings and lower tax might induce more efficient use of capital and economic growth. Multivariate analysis reveals that earnings and previous fiscal year dividend payment positively affect dividend payment in the current fiscal year. We also found that larger firms pay smaller amount of dividend contrary to our expectation. We also provide evidence that smaller leverage, higher book-to-price ratio and larger shareholding by banks and financial companies make firms pay larger dividend.

ROOM P1-4270	**1F : Analysts** Moderator: Changqiu Yu, *York University*
	Foreign Analyst Superiority in Risk Assessment Changqiu Yu*, *York University* **Abstract:** Using textual analysis for a large sample of analyst reports covering firms from 44 countries, I find that risk discussions made by analysts in their reports reflect the underlying firms' fundamental risks. Foreign analysts present a larger number of risk discussions and are more superior in the risk assessment than local analysts. The foreign analysts' superiority is especially higher for analysts with richer experience of analyzing foreign firms, for firms with good information environment, and for firms located in countries with stronger institutions and more open market. **Which Analysts to Believe? Societal Trust and the Informativeness of Analyst Research** Kee-Hong Bae, *York University* Kiridaran Kanagaretnam, *York University* Hongping Tan*, *McGill University* **Abstract**: Using a large sample of analysts from around the world, we find that the societal trust of the analysts' domicile countries enhances the market reaction to their recommendations and earnings forecast revisions. The level of trust in the country in which a firm is located enhances the value of analyst forecasts due to the availability of higher quality information. The analyst trust effect persists even in the presence of perceived analysts' conflicts of interest. Our study suggests that societal trust serves as an informal mechanism in enhancing the credibility of analyst research, which we attribute to analyst trust effect over and above the effect of trust on firm supplied disclosures. We contribute to international business research by identifying societal trust as an important informal mechanism that enhances usefulness of both analyst and firm generated information. **Why are CEOs allowed to talk to investors?** Josef Schroth, *Bank of Canada* **Abstract:** This paper studies the role of voluntary disclosure in crowding out independent research about firm value. In my model, when firm owners make it easier for investors to obtain inexpensive biased information from the manager, then investors rely less on costly unbiased research. Investors are better informed as a result—because they anticipate manager manipulation in equilibrium—but managers are also tempted to manipulate more. An increase in stock-price informativeness therefore has to be trade

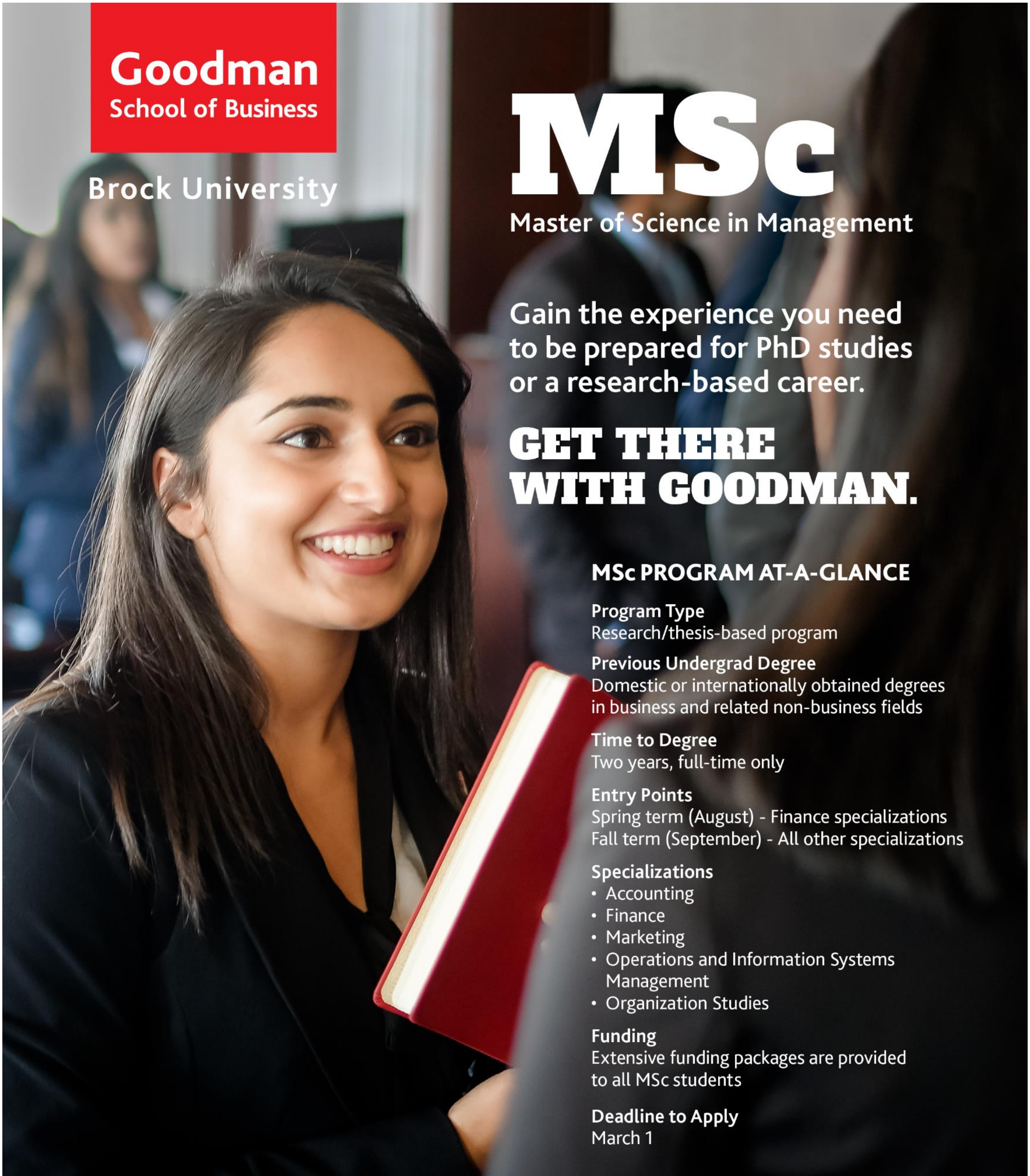
	off against an increase in resources wasted on manipulation. I find that firm owners grant investors more access to management if managers are more risk averse or if liquidity of the firm stock is lower. The main cross-sectional prediction is that, surprisingly, firm owners grant investors more access to managers that manipulate more strongly.
3:00 p.m. - 3:15 p.m.	**Coffee Break**

3:15 p.m. - 4:15 p.m. Room P1-4280	**Plenary paper 3** Moderator: Francesco Bova, *University of Toronto* **Inside The "Black Box" of Ownership Structures in Russia: Evidence from Stock Price Synchronicity** Mohay Uddin Khan Khattak, *Federal Urdu University of Arts, Science & Technology* Asheq Rahman*, *Auckland University of Technology* Ahsan Habib, *Massey University* Discussant: Jeff Ng, *The Hong Kong Polytechnic University* **Abstract:** The objective of this paper is to penetrate the "black box" of ownership structures in Russian corporations and examine the effects of four salient aspects of ownership settings peculiar to Russian corporations on the information content of stock prices (stock price synchronicity). The four aspects of ownership examined are cash-flow rights, control-ownership divergence and opacity in the control structures resulting from the use of nominees and foreign off-shore companies, and the simultaneous participation of the state and oligarchs in the ownership structure. Using a sample of companies listed on Moscow exchange, the paper finds that synchronicity is positively (negatively) associated with cash-flow rights (control-ownership divergence). These results are consistent with the belief that ultimate owners with a large fraction of cash-flow rights (control-ownership divergence) avoid (pursue) expropriatory behavior, which encourages (discourages) them to produce and share more and better-quality firm-specific information with outsiders. Further, the paper finds that the pervasive use of nominees and foreign companies in control structures by non-transparent oligarchs results in opaque ownership structures that prevent outside investors from finding the true ultimate owners and obstructs them from policing and assessing the self-serving opportunistic behavior of insiders: ownership opacity leads to information opacity. Finally, the paper reports a positive association between synchronicity and absolute discretionary accruals (a proxy for the quality of firm's fundamental information), which provides assurance that synchronicity works well as a measure of firm-specific information in an emerging capital market like Russia.

4:15 p.m. - 5:30 p.m. **Room P0-5000**	**Editors' Panel** Moderator: Rebecca Villmann, *Financial Reporting & Assurance Standards Canada*
	Thoughts and Advice from Editors Our panelists speak from their own experience to identify and highlight what is going right and what is going wrong in the reviewing process. Joanna Ho, Editor - *Journal of International Accounting Research* Linda Myers, Editor - *Contemporary Accounting Research* Peter Easton, Editor - *Review of Accounting Studies* Bharath Sarath, Editor - *Journal of Accounting Auditing and Finance*
	Professor Joanna Ho specializes in corporate governance (ownership structure, board independence) and performance-based contracts at both employee and executive levels. Dr. Ho has also received numerous faculty and teaching excellence awards. She has served as the president of the Chinese Accounting Professor's Association of North America (CAPANA), secretary of Chinese American Faculty Association-Southern California (CAFA), Vice President for Sections and Regions at the American Accounting Association (AAA), and Hong Kong Research Grants Council member. She is currently Senior Editor of Journal of International Accounting Research.
	Professor Peter Easton is Notre Dame Alumni Professor of Accountancy and Academic Director of Center for Accounting Research and Education at University of Notre Dame. Professor Easton is also honored as Distinguished Professor at Limperg Institute and is elected as Member of Academic Advisory Board at Northern Trust Global Investments. He holds dual B.S. degree from University of Adelaide, Diploma from University of South Australia and University of New England, Ph.D. from University of California Berkeley. Professor Easton's research interest mainly lies in corporate valuation and financial statement analysis, cost analysis and earnings forecasts, enterprise operations strategy from accounting and financial perspective. His abundant research papers has been published on the leading journals such as Journal of applied corporate finance, Journal of Financial Reporting, Journal of Accounting Research, etc., several

	of his working papers is forthcoming. Besides, Professor Easton is the author of four books, which are all financial, accounting-related and are published by Cambridge Business Publisher. He is now serving as Editor-in-chief for Review of Accounting Studies, associate editor for another five leading and influential journals, including Journal of Accounting Research, Accounting and Business Research, Accounting and Finance, Journal of Business Finance and Accounting, Journal of Accounting Auditing and Finance. What's more, he is also nominated as ad hoc reviewer for around ten journals. Professor Easton is very prestigious and strong in the research area. Have been invited as the visiting Professor for several times at a number of different business school including University of Adelaide, University of New South Wales, University of Technology, he serves as consultant and gives executive education in many large companies including cornerstone research, Bain and Company, IBM (Australia), Charles River Associates, etc.
	Professor Bharat Sarath graduated with honors in Mathematics from the University of Cambridge, England. He subsequently received a PhD in Mathematics from the University of Calgary, Alberta, Canada, and a PhD in Accounting from Stanford University. Dr. Sarath's PhD thesis in accountancy dealt with theoretical models of auditor malpractice and the role of insurance in affecting litigation patterns. He has published widely in Economics, Accounting, Mathematics and Physics journals and is currently on the editorial board of two leading accounting journals. Dr. Sarath is currently vice-chair of the Accounting and Information Systems Department at Rutgers University, New Brunswick. He teaches accounting at all levels (Undergraduate, Masters and PhD) at Rutgers and has conducted executive education classes in accounting at many leading financial firms including Citibank and Credit Suisse and managerial accounting at the United Nations. Dr. Sarath has experience both as a management consultant and in litigation support. He has provided consulting advice to several large organizations including the United Nations, The New York Board of Education and Horizon Blue Cross of New Jersey.
	Linda A. Myers, Ph.D., is the Haslam Chair of Business and Distinguished Professor of Accounting in the Department of Accounting and Information Management at the University of Tennessee. She is also the Director of the Ph.D. Program in Accounting. Myers graduated from the University of Michigan in 2001 and has published in The Accounting Review, Journal of Accounting and Economics, Journal of Accounting Research, Contemporary Accounting Research, Review of Accounting Studies, Accounting Organizations & Society, Auditing: A Journal of Practice & Theory, Journal of Accounting, Auditing, and Finance, Journal of Accounting and Public Policy, Accounting Horizons, Journal of Business Finance & Accounting, and Review of Quantitative Finance and Accounting.

	Myers also serves as an Editor for Contemporary Accounting Research, Auditing: A Journal of Practice & Theory, Accounting Horizons, and the Journal of International Accounting Research, and as an Associate Editor for the Journal of Accounting, Auditing, and Finance. She also serves on the Editorial Board of The Accounting Review and previously served on the Editorial Board of the Journal of International Business Studies.
7:00 p.m. - 7:30 p.m.	**Cultural Event - Québec Folk Dance**
7:30 p.m. - 9:30 p.m.	**Gala Dinner**



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Saturday, June 29
Overview

Saturday, June 29, 2019		
P0-5000	**8:30 a.m. - 4:30 p.m.**	**Registration Desk Open**
P1-4270	9:00 a.m. – 10:00 a.m.	Plenary paper 4
P1-4280	9:00 a.m. - 10 :00 a.m.	Plenary paper 5
Centre Social	**10:00 a.m. - 10:30 a.m.**	**Coffee Break**
P0-5000	**10:30 a.m. - 12:00 p.m.**	**Keynote speaker 2**
	12:00 p.m. - 1:30 p.m.	**Lunch**
	1:30 p.m. - 3:00 p.m.	Concurrent sessions 2
Centre Social	**3:00 p.m. - 3:15 p.m.**	**Coffee Break**
	3:15 p.m. - 4:45 p.m.	Concurrent sessions 3
	5:30 p.m. - 7 :00 p.m.	**Soccer Game**

Saturday, June 29, 2019	
8 :30 a.m. - 4:00 p.m.	Registration Desk Open
9:00 a.m. - 10:00 a.m. **Room P1-4270**	**Plenary paper 4** Moderator: Travis Chow, *Singapore Management University* **CFO Social Networks and Tax Avoidance** Ming Fang, *New Jersey Institute of Technology* Bill Francis, *Rensselaer Polytechnic Institute* Iftekhar Hasan, *Fordham University* Qiang Wu*, *Rensselaer Polytechnic Institute* Discussant: Albert Tseng, *York University* **Abstract:** Despite the importance of social networks in determining firm behavior, research on the impact of social networks on firm tax avoidance is scarce. In this paper, we construct social networks of CFOs of U.S. companies based on their employment history, education, and non-professional activities. We find that firms with more socially connected CFOs have lower effective tax rates (ETR) than firms with less socially connected CFOs. Moreover, the ETR of a firm decreases if the CFO centrality increases. We do not find similar results for the connectedness of the boards of directors. Further, firm pairs have similar ETRs if their CFOs are socially connected, suggesting tax related information exchange among CFOs through their social networks. We also find that past ETRs of firms with central CFOs predict the ETRs of firms with non-central CFOs. This suggests that less socially connected CFOs follow more socially connected CFOs for their tax planning. Overall, our findings suggest that more socially connected CFOs have more relevant information and resources with regard to tax planning which lead to the adoption of more aggressive tax strategies than less socially connected CFOs.

9:00 a.m. - 10:00 a.m. **Room P1-4280**	**Plenary paper 5** Moderator: Chiraz Ben Ali, *Concordia University* **The Effect of Audit Duality on Audit Quality** Lawrence Chui, *University of St. Thomas* Oksana Kim*, *Minnesota State University, Mankato* Byron Pike, *Minnesota State University, Mankato* Discussant: Tim Seidel, *Brigham Young University* **Abstract:** The Russian regulatory environment offers a unique situation in which public companies receive two separate audits: one on financial statements prepared in accordance with local Russian Accounting Standards (RAS) and the other in accordance with International Financial Reporting Standards (IFRS). This presents an audit duality feature. Although there are likely efficiencies from engaging the same audit firm, this also presents a possible independence threat whereby the firm may be more willing to acquiesce to management's preferences to maintain both revenue streams. We assess whether auditor duality influences audit quality, measured by modifications to the standard unmodified audit opinion. Using a sample of public Russian companies from 1999 to 2016, we find that the duality of performing both audits significantly reduces auditors' propensity to modify the audit opinions for both RAS and IFRS audits as compared to companies that engage a different audit firm for each audit. This reduction, however, in audit quality is mitigated when the company is in a loss position. Contrary to our expectations, having a Big N firm as the dual auditor does not diminish the observed deterioration of audit quality. In fact, Big N firms appear to exhibit lower independence when performing RAS-based audits of financially distressed companies.
10:00 a.m. - 10:30 a.m.	**Coffee Break**

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<tr>
<td>10:30 a.m. - 12:00 p.m.
Room P0-5000</td>
<td>Keynote speaker
Terry Shevlin, University of California, Irvine

Moderator: Mark Anderson, University of Calgary

An Overview of Academic Tax Accounting Research with Example: U.S. Multinational Taxation

Professor Shevlin will provide an over of the Scholes and Wolfson tax planning framework before discussing recent research on the effects of U.S taxation of U.S. multinationals. He will conclude with some thoughts on the implications of the TCJA 2017</td>
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<td></td>
<td>Professor Terry Shevlin is a professor of accounting, Paul Merage Chair in Business Growth, Associate Dean of Research and Doctoral Programs at the UCI Paul Merage School of Business. He earned his PhD from Stanford University in 1986 and joined the faculty at the University of Washington where he worked for 26 years until joining UCI in the summer of 2012. He visited the University of Iowa in 1991-92. He held the Paul Pigott/Paccar Professor of Business Administration from 2004-2012. While at Washington he held various administrative position: faculty director of the PhD Program 1998-2006 and Accounting Department Chair from 2006-2012. He has served as editor on three academic journals: Journal of the American Taxation Association (1996-1999), Senior Editor, The Accounting Review (2002-2005) and Co-editor, Accounting Horizons (2009-2012) and on numerous editorial boards (including the top four accounting journals). He has published over 45 articles in the very top accounting and finance journals.

He has received a number of awards for his research and mentoring of PhDs the most recent being named the American Accounting Association Outstanding Educator for 2012. He was also named the American Taxation Association 2005 Ray M. Sommerfeld Outstanding Tax Educator. He has won the American Taxation Association Tax Manuscript Award four times (in 2017, 2004, 1995, and 1992) and twice won the AAA Competitive Manuscript for young scholars (1990 and 1987). He was awarded the UW Business School Dean’s Faculty Research Award four times.

His research interests are broad and include the effect of taxes on business decisions and asset prices, capital markets-based accounting research, earnings management, employee stock options, research design and statistical significance testing issues.</td>
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	His teaching interests: financial accounting, taxes and business decisions, empirical research methodology. He has spoken at numerous doctoral consortiums.

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<tr><td>12:00 p.m. - 1:30 p.m.

Room P0-5000</td><td>Lunch

Luncheon Speaker
Rebecca Villmann, Financial Reporting & Assurance Standards Canada

Evidence-informed standard setting: Opportunities for academics to influence practice

While investors and lenders rely on financial statements, they are increasingly considering other types of information when making capital allocation decisions. There is a call to improve the relevance and quality of financial reporting provided by companies today, including by leveraging academic research when setting and evaluating standards. During the presentation, Rebecca will explain how the Canadian Standards Boards are working to leverage academic findings in projects, including the development of the AcSB’s Framework for Reporting Performance Measures. She will share ideas of how we can work together and upcoming topics of interest.</td></tr>
<tr><td></td><td>Rebecca Villmann, CPA and CPA (Illinois), became the Director of Reporting Initiatives and Research in 2018 after supporting the Canadian Accounting Standards Board (AcSB) for 15 years. In this new role, Rebecca leverages her extensive background and specific standard-setting skillset to work across the Canadian standard-setting boards. Rebecca focuses on leading initiatives to enhance the relevance of financial reporting, including the AcSB’s Framework for Reporting
Performance Measures. As well, she is building out a research program for the Accounting, Public Sector Accounting and Auditing and Assurance Standards Boards.
The research program includes engaging academics in standard setting to enhance the relevance and extent of evidence the Boards consider when making decisions.
Rebecca previously led the ACSB staff team and oversaw a range of standard-setting projects to influence the development of IFRS Standards and develop domestic standards.</td></tr>
</table>

1:30 p.m.- 3:00 p.m.	Concurrent Sessions 2
Room P1-4270	**2A :Earnings Quality** Moderator: Ken Chu, *Hong Kong Polytechnic University*
	Accruals and Forecasting Ken Chu*, *Hong Kong Polytechnic University* Jim Ohlson, *Hong Kong Polytechnic University* **Abstract:** Sloan (1996), Richardson et al. (2005, 2006) examine firms' accruals relation to subsequent financial performance. They identify a negative correlation and attribute it to accruals lack of reliability. This paper considers the issue from a different starting point: we forecast sales and expenses separately and argue on prior grounds that accruals are generally informative about their changes. Two accruals variables serve as the primary predictors, year-to-year changes in operating assets and operating liabilities. This framework thus implies 2 forecasting equations, the RHS of each comprising 2 accrual variables, plus controlling variables. To derive the 2x2 load-factors' expected relative magnitudes we apply traditional accounting constructs. Further, this framework leads to the hypothesis that accruals have a negative effect on the expected ROA and earnings, consistent with the literature. While these findings support the accruals' negative effects hypothesis, a closer look shows refinements. First, liability accruals are notably more informative than asset accruals. Second, while both accrual variables forecast ROA robustly, results are weaker when the forecasting shifts to earnings. Third, the 2 accrual variables are more informative in case of smaller firms. The empirics also bring out differences between operating accruals versus changes in financial assets and liabilities. **Auditor Alignment and the Internal Information Environment** Eva Labro, *University of North Carolina Chapel Hill* Caspar David Peter, *Erasmus University* Jochen Pierk, *Erasmus University* Christophe Van Linden*, *Illinois State University* **Abstract:** We investigate the impact of auditor alignment, i.e. the use of an auditor affiliated with the same global audit firm network at the group's parent and the subsidiary, on the quality of the internal information environment of groups and their subsidiaries. We evaluate its effect on the outcomes of the firms' decision making and performance management processes. We argue that auditor alignment improves internal information quality by improving information coordination and overview across the

	group and lowering internal information asymmetry between parent and subsidiaries. Using a large sample of European groups and their subsidiaries provided by Bureau van Dijk and collecting time-variant auditor information, we find that auditor alignment benefits both the subsidiaries as well as the group. Auditor alignment improves both the subsidiary's as well as the group's responsiveness to investment opportunities. At the subsidiary level, auditor alignment decreases the loss-making likelihood. At group level, auditor alignment additionally facilitates tax planning. In cross-sectional tests, we find that auditor alignment impacts decision-making outcomes more when groups face higher coordination needs because of their large number of subsidiaries, their extensive use of intangible assets or having operations in many different industries. Furthermore, subsidiaries benefit more from auditor alignment if there is both substantial internal information asymmetry between them and their parent, such as when they are located in a different country or operate in a more corrupt institutional environment, as well as high coordination needs. We use the introduction of the revised ISA 600, which was incorporated in the applicable audit standards in the different countries in our international sample at different times as a shock that increases the likelihood that a subsidiary's auditor will be aligned, to address endogeneity, correlated omitted variables and reverse causality concerns. Our contribution is of interest to regulators who consider group audits a priority topic, and to practitioners and academics alike by demonstrating the benefits of an important audit characteristic, auditor alignment, for the internal decision-making and performance management processes of the firm. We hope our paper encourages further research on the promising interface between auditing and managerial accounting. **Does Credit Information Sharing Benefit Firm Innovation?** *Fangfang Hou, The Hong Kong Polytechnic University* **Abstract:** In this study, we investigate how credit information sharing among lenders affects borrowers' innovation activities. Constructing a novel firm-patent panel dataset from 30 countries, we find that credit information sharing through the introduction of public credit registries (PCRs) is positively associated with firms' innovation outcomes. This positive effect operates through credit information sharing's implicit contracting role in lowering firms' overall cost of credit and facilitating capital allocation efficiency among firms. Our findings are robust to alternative measures, various specifications and controlling for other concurrent economic reforms. Cross-sectionally, we find the positive effect is greater among less transparent firms, suggesting PCRs' important role in improving lenders' information set. Firms from economies with dispersed banking systems and more power in enforcing contracts generate more innovation after the establishment of PCRs as well. These findings are consistent with improvements in lenders' information sets leading to borrowers' better financing opportunities and enhanced innovation portfolios.

Room P1-6340	**2B : International Governance** Moderator: Jin Zhang, *Monash University*
	Sharing the Same Language: From the Globalization of Accounting Standards to the Pursuit of Global Recognition in Product Development Peng-Chia Chiu, *The Chinese University of Hong Kong* Po-Hsuan Hsu, *The University of Hong Kong* Feng Tian*, *The Hong Kong Polytechnic University* Long Yi, *Hong Kong Baptist University* **Abstract:** In this paper, we examine how the convergence of accounting standards internationally affects firms' operations from the perspective of product development. Using a difference-in-differences analysis, we find that winning the prestigious design award, our proxy for a firm's globally recognized product development, is positively related to a firm's mandatory adoption of IFRS in 2005. We examine two channels through which the IFRS mandate changes firms' incentive to pursue global recognition in product development. We find that, after IFRS adoption, firms attract more international institutional investors who can better monitor and have greater demand for globally recognized product development. Furthermore, we document that IFRS adoption is positively related to a firm's expansion of international sales that rely on globally recognized product development. Overall, this study highlights the real effect of the IFRS mandate on product market development in a global setting. **Political Corruption and Accounting Choices** Huai Zhang, *Nanyang Technological University* Jin Zhang*, *Monash University* **Abstract:** We examine how political corruption affects firms' accounting choices. We hypothesize and find that firms headquartered in corrupt states manipulate earnings downwards, relative to firms headquartered elsewhere. Our findings are robust to alternative corruption measures, restatement-based earnings management measures, the instrumental variable approach and the difference-in-differences analysis. Consistent with the motive to depress earnings, we find that firms headquartered in more corrupt states are more likely to choose the accelerated depreciation method, report higher LIFO reserve and depreciation reserve, and have a lower depreciable life estimate. Finally, we find that the effect of corruption on earnings management is more pronounced for firms whose operations concentrate in their headquarter states and for firms without political connections. In sum, our findings suggest that firms respond to corruption by lowering their accounting earnings.

	An Investigation of Tax-Related Corporate Political Activity in China: Evidence from Bribery Consumption Tanya Tang, *Brock University* **Abstract:** This paper investigates the occurrence and outcomes of tax-related corporate political activity through bribery. Specifically, it examines the extent to which firms bribe government officials through gift giving, banqueting, and entertaining activities and the extent of payoffs that firms gain from these bribery practices. Using a large hand-collected dataset of Chinese listed firms for the period from 2009 to 2014, we find that firms that spend more on entertainment and travel activities exhibit a significantly lower tax burden. This negative association is mainly driven by small size firms, non-state-owned and weak politically connected state-owned firms. Further evidence shows that the tax benefits from bribery are more apparent in more corrupt, less economically developed and less liberalized regions. We also find that the implementation of China's anti-corruption campaign in 2012 has effectively curtailed tax bribery and corruption. Our findings have policy implications for governments to optimize investment environments and increase tax revenue by curbing power-for-money deals.
Room P1-6350	**2C : Conservatism** Moderator: Sónia Fernandes*, Polytechnic Institute of Setúbal
	Determinants of the classification of the share of profit or loss of equity investments Isabel Lourenço, *Lisbon University Institute* Sónia Fernandes*, *Polytechnic Institute of Setúbal* Manuel Castelo Branco, *University of Porto* José Dias Curto, *Lisbon University Institute* **Abstract:** This paper examines the determinants of European Union companies' classification choices of profit or loss of associates and joint ventures accounted for using the equity method within or outside the operating income. Based on a sample of 242 firms from 20 European countries that apply IFRS, we found that firms from Anglo-Saxon and Nordic countries are significantly more likely to choose to classify this share of profit or loss as operating income than their counterparts. In addition, we found that companies presenting a positive amount in the line item pertaining to the share of the profit or loss, companies with higher leverage, with higher annual change in revenues and companies audited by Big 4 audit firms are more likely to classify the share of profit or loss as operating income.

The Effect of Loan Loss Recognition Timeliness in the Banking System on Firms' Investment Efficiency

Muhabie Mekonnen Mengistu*, *The Hong Kong Polytechnic University*
Jeffrey Ng, *The Hong Kong Polytechnic University*
Walid Saffar, *The Hong Kong Polytechnic Universit*

Abstract: In this study, we examine whether the timely recognition of loan losses by banks affects firms' investment efficiency. The timely recognition of loan losses serves as an early warning mechanism of a bank's problem loans, which, in turn, triggers earlier scrutiny of the banks by various stakeholders. Such scrutiny increases banks' incentives to closely monitor and advise client firms about their investment decisions. Using data from over 50 countries across 21 years, we document that more timely recognition of loan losses by banks reduces firms' investment inefficiencies (underinvestment/overinvestment). We further find that the reduction in investment inefficiencies is more pronounced in countries with stringent bank supervision, and in firms that are more opaque and have fewer investment opportunities. Overall, our study offers new insights by showing that the accounting system used by one party (lenders) can affect the real economic decisions of the other contracting party (borrowers).

The Effect of SSAP 101 on Loss Provisioning by Property-Casualty Insurers

Jiang Cheng, *Lingnan University*
Travis Chow*, *Singapore Management University*
Tzu-Ting Lin, *National Taiwan University*
Jeffrey Ng, *The Hong Kong Polytechnic University*

Abstract: This paper examines whether the adoption of the Statement of Statutory Accounting Principles (SSAP) 101, a new accounting standard that significantly limits management's discretion in both the recognition and measurement of tax contingencies, affects the loss provisions of property-casualty (PC) insurers. We find that PC insurers significantly reduce their loss provisions after SSAP 101 adoption, particularly those with greater ex ante exposure to SSAP 101, consistent with reduced incentives to establish loss reserves for tax purposes. Additionally, PC insurers with greater exposure to SSAP 101 show increased earnings persistence and decreased returns on asset volatility, suggesting improved insurer transparency and an improved overall risk profile via tax avoidance mitigation. Overall, our study offers important insight into the economic effects of accounting standards in the insurance industry.

	Media Coverage and Accounting Conservatism Mariem Khalifa EP Sanaa*, *The Hong Kong Polytechnic University* C.S. Agnes Cheng, *The Hong Kong Polytechnic University* Samir Trabelsi, *Brock University* **Abstract:** We investigate whether high media coverage decreases accounting conservatism. On one hand, we predict that media creates pressure for managers to provide conservative financial reporting, suggesting that media plays an important corporate governance role in the financial reporting process. On the Other hand, we posit that the media may impose short-term earnings pressure on managers, which induces them to be less conservative. Two main findings follow. First, we find that firms followed by high media coverage provide less conservative financial reporting. Second, we find that the negative association between media coverage and accounting conservatism is stronger in firms with weak corporate governance mechanisms. Overall, the evidence is consistent with our prediction that media news coverage may impose short-term price pressure on managers and drive them to be less conservative. This study adds to the literature on the determinants of accounting conservatism and to the debate on the potency of the U.S. media.
Room P1-5050	**2D : Auditing and Practice III** Moderator: Shahid Ali Khan, *The Pennsylvania State University*
	Potential Prison Time and Earnings Management Claire Costin, *University of Portland* Joseph R. Rakestraw*, *Florida Atlantic University* **Abstract:** We examine the association between accruals-based and real activities-based earnings management and the maximum potential prison time a director may receive from a self-serving transaction that is neither disclosed nor approved. We hypothesize and find a negative (positive) relation between potential prison time and accruals-based (real activities-based) earnings management. Further, we show that the negative (positive) relation between potential prison time and accruals-based (real activities-based) earnings management is stronger in countries where the population has more confidence in the police system and the court system. These findings suggest that potential prison time serves as a powerful disincentive to use accruals-based earnings management but highlights that firms may employ real activities-based earnings management as a substitute when the costs of accruals-based earnings management are high.

Auditors' Civil Liability Regulation and Its Impact on Audit Costs

Ben Slimene Imen, *University of Bourgogne-Franche Comté*

Abstract: Liability should encourage auditors to invest in cost-effective measures to monitor managers and reduce the risk of misstatements in financial reporting, thereby allowing auditors to offer and invoice the quality of care for which shareholders, creditors, and investors are willing to pay. This study aims to verify whether, and how, the regulatory specificities concerning auditors' liability in EU member countries affect the audit fees that European firms pay. My main results show that, in a regime in which auditors face more rigid liability (the index of responsibility), they also charge higher audit fees. In the event that the auditor's liability is strong, the auditor will consider a significant risk of litigation. The fees are higher when the auditor's liability is tort, not just contractual. Unlimited liability leads auditors to strengthen their control and thus increase their fees.

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

Mark Anderson, University of Calgary*
Rajiv Banker, Temple University
Yan Ma, University of Calgary
Han-Up Park, University of Saskatchewan

Abstract: 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 Industry. Based on our discussions with industry leaders, 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 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 achieve higher operating efficiency in general and that their efficiency advantage is greater in post-crisis periods. 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.

Room P1-5060	**2E : Auditing and Practice IV** Moderator: Said Elfakhani, *American University of Beirut*
	Designing an integrated decision support system for auditor's decision making in FVM auditing Prince Doliya*, T. A. *Pai Management Institute* Jatinder P. Singh, *Indian Institute of Technology Roorkee* Monika Dhochak, *Goa Institute of Management* **Abstract:** There has been a paradigm shift to fair value-based accounting in recent pronouncements of accounting regulatory bodies across the globe. Accordingly, fair value measurements (FVM) have now become an essential part of contemporary financial reporting scenario. However, FVM turns out to be an immensely complex in several instances, particularly wherein multifactor and multi criteria decision making are concerned. The auditor's role in such environments also translates from one of "conventional and mechanized verification of tangible evidences" to that of a holistic evaluator of various subjective and complex estimates and other inputs provided by the entity's management. This paper attempts to adapt the Analytic Hierarchy Process (AHP) decision making framework to formulate a decision support system to assist auditors in FVM auditing process by prioritizing the FVM audit factors and sub factors. It also carries out a sensitivity check of the robustness of model. It aims to add on to the existing scientific decision-making models that can be adapted for use in the accounting profession. Nevertheless, the work is pioneering insofar as analysis of FVM auditing through AHP goes. Besides, their direct use by auditors in enhancing the quality of audits undertaken by them, this work will also provide valuable inputs for regulators in coming up with pronouncements based on a strong quantitative, scientific and rational basis. **Audit Fee Levels and the Impact of Tighter Regulations on Internal Control Audit over Financial Reporting** Said Elfakhani*, *American University of Beirut* Abdeljalil Ghanem, *American University of Beirut* Bassima Hout, *American University of Beirut* **Abstract:** This study investigates whether the new required ICFR test of internal control accompanying the release of annual audit report increases or decreases the audit fees. This paper examines such an association after controlling for fifteen variables, and after aggregating them into six blocks of factors - risk, operational complexity, corporate governance, gender differentiation, financial strength and firm size. Our sample consisted of 697 US companies (363 from S&P 500 list and 334 from NASDAQ) with 5,197 sampling points over the 2000-2016 period. We find evidence that ICFR explains over 30% of the increase in auditing fees suggesting an improvement in audit control quality. This relationship is consistent with

	the substitution approach where higher planned detection risk (PDR), proxied by audit fees, compensate the auditor for substantive tests of internal controls. We also find that compliance with ICFR is accompanied by a 19% reduction in consulting-like (non-auditing) services fees, thereby putting pressure on the external auditor to be less independent. Further, there is a significant negative relationship between the effectiveness of management internal control report (required by SOX 2002-404a) and auditing fees. These emerging relationships are supplemented by reductions in risk and tightened corporate governance policies especially for larger firms, implying that increased auditing fees is driven not only by external auditors wanting to ensure the impact of regulations on a firm's internal controls, but also by these three factors as well. These are important outcomes for regulators to consider when designing policies to enhance transparency, resources allocation and maintaining stakeholders' interests. **Group Audits and Earnings Informativeness** Johannes Impink, *University of Florida* Alex Lyubimov*, Concordia University Ashna Prasad, *Monash University* **Abstract:** The PCAOB cited investors as the main stakeholder group requesting greater disclosure about the involvement of auditors other than the group auditor. In this study we investigate the following: 1) if (any) differences in investor perceived earnings quality (earnings informativeness) are associated with whether or not the component auditor belongs to the same network as the group auditor; 2) whether or not earnings informativeness is affected by the new revised US group audit standard, AU-C Section 600, which increases the responsibility of the group auditor and; 3) whether or not the aforementioned associations are affected by the location of the client. We find that earnings informativeness is lower for group audits conducted by audit firms related by a global network. However, this finding is only pertinent for non-US domiciled companies. Following the implementation of the revised group audit standard, earnings informativeness of non-US companies increases.
Room P1-5070	**2F : Taxation** Moderator: Joel R. Barber, *Florida International University*
	Corporate social performance of U.S.-listed firms headquartered in tax havens Dongyoung Lee*, *McGill University* **Abstract:** Using 138 firm-year observations for 46 U.S.-listed firms headquartered in tax havens from 2004 to 2013, this study documents that the level of corporate social performance (CSP) is relatively lower for firms with tax haven headquarters (HQ) than for firms with U.S. HQ. This result

is robust to the use of firms' philanthropic spending as an alternative proxy for CSP. A poor relationship with stakeholders in society at large is the main source of the negative association between CSP and the presence of HQ in offshore tax havens. Overall, the findings are consistent with the notion that when corporations contribute little to society in the form of taxes, they also largely forgo the opportunity to make social contributions to local communities, despite the greater availability of economic resources from offshore tax savings.

Yield-Neutral Taxation of Bonds

Joel R. Barber, *Florida International University*

Abstract: A neutral tax code is desirable because investment decisions are based solely on their economic merits. The tax code plays no role in investments decisions. Unfortunately, the specification of a country's tax code that is neutral is highly restrictive and unlikely to be implemented. This paper determines a less restrictive form of neutrality for bonds that substantially reduces the benefits of tax-motivated trading. A tax code is defined to be yield-neutral if the ranking of bonds by after-tax yield is the same for all investors, regardless of their tax brackets. We show that a tax code is yield neutral if only if taxes are computed based on the economic accrual method. For bonds purchased between payment dates, the economic accrual method is impractical and at odds with how taxes are typically computed. However, a commonly used method of taxation based on linear accrual of interest between payments dates is approximately yield neutral.

Effects of IRS Monitoring on Financial Reporting: A New Evidence on Slack-Building

Akinloye Akindayomi, *The University of Texas Rio Grande Valley*
Oliver Nnamdi Okafor, *Ryerson University, Toronto*
Hussein Warsame*, *University of Calgary*

Abstract: This study examines the effects of IRS enforcement activities on annual and interim financial reporting over an extended period (1994 – 2012). Our study presents empirical evidence that while IRS monitoring and enforcement activities may be curtailing corporate tax avoidance, these enforcement activities tend to create unintended consequences by encouraging managers to build GAAP effective tax rate (ETR) slacks in their interim financial statements. This suggests that the positive impact of IRS monitoring on annual financial reporting may not extend to the interim financial reporting. In addition to the inadvertent outcome of IRS audits in creating a bias in the interim estimates of annual GAAP ETR, we argue that such managerial slack-building behaviors contribute to the volatility of interim financial report in a way synonymous to earnings management effects and that this could be costlier for investors in the long-run. Our study also presents additional evidence that the IRS monitoring effect is

	more pronounced among *suspect* firms that are more likely to be tax avoiders. This study extends the literature on the effects of IRS monitoring to include slack-building in interim financial reports.
Room P1-5090	**2G: Accounting Issues in Emerging Economies** Moderator: Muhammad Arslan, *Lincoln University*
	Corporate Governance in a Developing Economy: Barriers, Drivers and Implications Muhammad Arslan*, *Lincoln University* Sazali Abidin, *Lincoln University* **Abstract:** The study identifies the barriers and drivers of good CG practices in the distinct context of Pakistan. The findings of multiple hierarchal regression analysis reveal that the CGI score has a significant positive relationship with both return on assets (ROA) and return on equity (ROE). Hence, CG practices can increase firm performance of PSX listed firms. This study emphasizes the necessity to revisit the foundation of institutional and agency theories in the environment of developing countries. It also suggests the reassessment of the implication of executives in agency theory literature concerning developing countries, relying on the general lack of knowledge by shareholders with respect to their rights. **Accruals Quality at the onset of the GFC 2007-08 : Did the opportunists' grab their chances well** Ammar Hafeez*, *Indian Institute of Technology Roorkee* Sugata Kar, *Indian Institute of Technology Roorkee* **Abstract:** The present study examines whether changes in the macroeconomic environment fluctuate the level of engagement of firms in earnings management practices. The Global Financial Crisis of 2007-08 was used as the ideal scenario that could represent changes in the business cycle. Income smoothing and accruals quality metrics were tested on a sample of 980 firm-year observations representing the BSE 500 companies over a 4 year period between 2006 and 2009. On the lines of Graham et al. (2000), Ho et al. (2001), Davis-Friday et al. (2006), the results reported that during the crisis period, the listed Indian firms registered low accruals quality, implying high involvement in financial reporting manipulations.

	IFRS effects on Reliability and Relevance a decade after adoption in France Itidel Ben Saad, *LAMIDED, Sousse University* Faten LAKHAL, *University Paris-Est* Samir Trabelsi*, *Brock University* **Abstract:** Improving earnings quality is one of IFRS goals during the mandatory transition in 2005. Ten years later, and after an immersion period with this new accounting philosophy, it is of great interest to study the effect of IFRS on earnings quality and particularly on the reliability and relevance of earnings (IASB, 2010). Based on 244 French firms during 2002-2015, the findings show a significant improvement in earnings reliability and a decrease in its relevance. This accounting big bang is able to minimize managerial discretion and produce better quality earnings. Nevertheless, the famous fair value, supposed to improve the informational content of the net income, has been the source of its own deterioration. Our results confirm the debates around this fair value, especially since one decade after IFRS adoption has not achieved the desired utility. We further investigate whether this effect is homogeneous among French firms. Based on a cluster analysis, the findings show that firms with strong incentives to prepare a high-quality reporting were able to mitigate the decline in relevance measured by value relevance compared to those with lower incentives. However, these firms have not benefited importantly from the improved reliability of their earnings. **Financial Distress among Indian firms: An application of static logit and dynamic hazard model** Ammar Hafeez*, *Indian Institute of Technology Roorkee* Sujata Kar, *Indian Institute of Technology Roorkee* **Abstract:** The present work undertakes financial data of 292 BSE listed firms for the period 2005-2016 to identify important financial variables that could highlight financial distress. 54 financial variables were examined using two modeling techniques - logit model and the hazard model. The logit model had eight significant financial ratios whereas the hazard model had six. Three variables were common to both, namely total debt to total assets, sales to total assets and current liabilities to total assets. The present work extends the literature of credit risk management, in particular the theme of financial distress. The article accepts the proposition that the financial ratios found significant in studies conducted on advances economies for differentiating financially distressed firms from the healthy ones hold explanatory importance with respect to the emerging economies as well.
3:00 p.m. - 3:15 p.m.	**Coffee Break**

3:15 p.m. - 4:45 p.m.	Concurrent sessions 3
Room P1-4270	**3A :Risk Taking** Moderator: Sabra Khajehnejad, *ESSEC Business School*

Business Ethics Practices and Disclosure in Sub Saharan Africa

Nelson M Waweru, York University

Abstract: The main objective of this paper was to examine the business ethics practices and the relationship between business ethics disclosure and corporate governance variables in SSA. Using data obtained from 95 listed companies operating in Ghana, Kenya, Nigeria, Zimbabwe and South Africa we find that the most common business ethics policies employed by the responding companies were statement on corruption/bribery, conflict of interest policy, policies and practices in relation to fraud and corruption, and statement on gifts and entertainment by outsiders, probably responding to the fight against corruption in the SSA region. The findings also show that corporate governance variables (including proportion of government ownership, board independence, board gender diversity and director share ownership) are positively and significantly related to business ethics disclosure.

Lying to Signal Competence: The Effect of Status and Internal Reporting Openness on Performance Misreporting

Sabra Khajehnejad, *ESSEC Business School*

Abstract. We investigate the effect of internal reporting openness on performance misreporting and what role status plays in this relation in a flat-wage environment. Insights about image motivation, self-promotion, and expectation states theory serve us to develop propositions, which we test in a nested experiment with six conditions, where internal reporting openness and status differences are manipulated. In line with our expectations, we find that internal reporting openness increases performance misreporting, and that this effect is stronger in the group with status differences and among participants assigned to the higher status role. Results suggest that the mere publicity of performance reporting can be sufficient to motivate performance misreporting. Implementing open internal reporting particularly in groups with status differences can have detrimental effects on reporting honesty.

	Fixing the Core, Earnings Management and Sustainable Emergence from Financial Distress: Evidence from China's Special Treatment System Janus Jian Zhang*, *The Hong Kong Polytechnic University* Jiao Jing, *The Hong Kong Polytechnic University* Kenneth Leung, *The Hong Kong Polytechnic University* Jeffrey Ng, *The Hong Kong Polytechnic University* **Abstract:** Throughout their business life cycles, some firms may experience financial distress; successful emergence from such distress is important to various stakeholders. Using a sample of publicly listed firms in China that have emerged from Special Treatment (ST), we focus on the key actions such firms take prior to emergence, namely fixing the core of the business and earnings management. We examine how these actions are associated with sustainable emergence, which we define as emergence from ST without falling back into it in the next five years. Consistent with the expectation that short-cut fixes to problems are not a long term solution, we find that repairing the core of the business is positively associated with sustainable emergence, whereas earnings management is negatively associated with it. We also find that external support from stakeholders enhances the positive association between fixing the core and sustainable emergence. This evidence highlights the importance of providing certification and assistance for distressed firms that work hard to ensure sustainable emergence. Our paper adds to the limited literature that examines issues related to distressed firms' sustainable recovery.
Room P1-5050	**3B: IFRS Adoption II** Moderator: Jimmy Yu, *University of Houston*
	Non-Adoption of IFRS in the UK: Evidence from the Group and Company Accounts of Publicly-Traded Firms Irene Karamanou, *University of Cyprus* Grace Pownall*, *Emory University* Rachna Prakash, *University of Mississippi* Maria Wieczynska, *Arizona State University* **Abstract:** We revisit the question of IFRS non-adoption by companies after the EU mandated IFRS for consolidated financial reports in 2005, by examining the failure to adopt IFRS in the UK over the period from 2005 to 2016. We focus specifically on the association between the incidence of non-adoption and the factors associated with firms refusing to adopt IFRS; and the stock market effects of full adoption, partial adoption, and non-adoption. Our model comparing various attributes of the firms that adopt IFRS to non-adopters has high predictive power with AUROC of 0.95, suggesting that the variables included in the model are good at discriminating between adopters and non-adopters. Our results also suggest that measures related to audit (like audit fees and Big 4 auditor) as well as belonging to the UK finance industry are particularly good at predicting IFRS adopters vs. non-adopters, with AUROC of 0.94.

	Using hand-collected data from annual reports, we identify firms' choice to use IFRS or UK GAAP for their parent only statements while using IFRS for consolidated reports, since firms have the choice to use either IFRS or UK GAP for parent only statements. We posit that fully adopting IFRS should be associated with adopting appropriate information systems to collect events and transactions in IFRS formats, which would facilitate preparing parent statement using IFRS. Of the eight individual models we estimate examining whether the firm adopts IFRS fully (i.e., for both parent and consolidated statements) or partially (i.e., not using IFRS for parent statements), only the characteristics of the parent statements are good predictors of whether the firm is a full or partial adopter, with AUROC of 0.96. In the final analyses, we compare non-adopters to partial and full adopters. We find that our models perform well at separating non-adopters from both full and partial adopters (AUROC over 0.90), but the models do better at separating partial from full adopters. Using data from one jurisdiction, the UK, we are able to identify reporting incentives related to firms' decisions to adopt or not adopt IFRS. Since UK firms, in addition to using IFRS for consolidated reports, are also required to provide parent statements prepared using IFRS, UK (or other acceptable) GAAP, our results provide further insight into the costs and benefits of using IFRS versus local GAAP for reporting. More broadly, our paper examines the reporting choices of managers not only when managers are free to choose their reporting GAAP, but more surprisingly, when the regulations appear to leave no choice. **Do IFRS Based Earning Announcements Have More Information Content Than Chinese GAAP Based Earnings Announcements for Small and Medium sized firms in the Shenzhen stock exchange?** Shahid Ali Khan*, The Pennsylvania State University Jimmy Yu, *University of Houston* **Abstract:** This paper investigates if the adoption of International Financial Reporting Standards (IFRS) in China resulted in better information quality for small and medium sized public firms. China transitioned from local Chinese GAAP to IFRS in 2007. Mostly medium and small sized firms list in the Shenzhen stock exchange and retail investors primarily participate in this stock exchange. Using event study methodology, our paper investigates in an inter-country test if the information content of earnings announcements increased for small and medium sized firms listed in Shenzhen stock exchange as compared to firms listed in the Canadian stock exchanges after the adoption of IFRS in China. Canadian stock exchanges' listings are made up of mostly medium and small sized firms and retail investors play an active role in the Canadian stock exchanges. We argue based on prior literature that Chinese economic and political institutions are weak when it comes to providing managers incentives to be more transparent and these incentives are more likely to be weaker for small and medium based firms. Overall, our paper finds evidence that abnormal return volatility and abnormal trading volume significantly increased for

firms listed in the Shenzhen stock exchange as compared to Canadian public firms in the post-IFRS adoption period. However, based on our quartile test, we found that much of the consistent increase in the abnormal return volatility and abnormal trading volume for Shenzhen exchange firms is coming from the largest firms (quartile 4) in the post-IFRS period, consistent the argument that investors are more likely to find more comparable and value relevant information using IFRS earnings announcements for larger and medium size Chinese firms listed on the Shenzhen exchanges as they are likely to operate in the foreign markets with many comparable firms across industry and in many countries as compared to smaller sized firms which most likely operate locally.

Intelligibility vs Readability: towards a new way of measuring understandability of Financial Information

Samantha Valentim Telles*, *Faculdade Fipecafi*
Bruno Meirelles Salotti, *University of Sao Paulo*

Abstract: Decision-making is influenced by information, which must be understandable so it can be useful. However, measuring understandability is not a simple task. Previous studies use readability metrics as proxies for understandability, but readability is shown to be a shallow metric, that ignores discourse and language components. This research analyzes the notes to the financial statements using intelligibility metrics, an alternative from readability measures. Our sample comprised 44 firms that presented their notes both in Portuguese and in English from 2012 to 2015. Focusing on the notes of Financial Instruments and Provisions, we found that, for most of the indexes where firms had worse levels of readability, they showed better levels of intelligibility. This indicates that both metrics measure different things. Our results also indicated that language impacts these metrics and that firms did not improve their information quality after the guideline OCPC 07 from the Brazilian Accounting Standards Committee.

Room P1-5070

3C : Corporate Social Responsibility

Moderator: Isabel Costa Lourenço, *Instituto Universitário de Lisboa*

How is the Accounting Academy Playing the Publication Game? International Diversity and Networks in Collaborative Research

Isabel Costa Lourenço*, *Instituto Universitário de Lisboa*
Manuel Castelo Branco, *Universidade do Porto*
Renato F. L. Azevedo, *University of Illinois at Urbana-Champaign*
Jonas Oliveira, *Instituto Universitário de Lisboa*

Abstract: This study analyses the pattern of internationalization of the accounting top journals, based on the country of affiliation of the authors of each paper. The empirical study relies on 3,262 papers published in 18 accounting top journals between 2013 and 2017, which were classified in National (with authors from universities belonging to the same country) and International (with authors from universities belonging to different

countries). For the international papers we perform a social network analysis in which the nodes are the countries and the links are the (co)authorships. Overall, the findings show that the patterns of geographical distribution of the national and international (co)authorships in the accounting top journals vary across different groups of journals. The North American journals have the highest level of geographical concentration of the national papers and the USA universities/institutions contributes with almost all these papers. The networks of countries built with the international papers published in these journals are characterized by a high degree of centrality and density, in which the USA is the predominant country. The Non North American Journals have a lower level of geographic concentration of the national papers and there is a broader set of predominant countries including some Anglo-Saxon countries (USA, UK, Australia and Canada) and two Continental European countries (Germany and the Netherlands). The networks of countries built with the international papers published in these journals are characterized by a high degree of centrality and low density, in some cases, and by a low degree of centrality and high degree of density, in the others. The JIFMA is a special case with a high level of dispersion of the countries from all over the world and a low level of either centrality of diversity.

Corporate Social Responsibility and Firm Value: International Evidence on the Role of Integrated Reporting

Albert Tsang* , *York University*
Sanyun Zeng, *Guangdong University of Foreign Studies*
Gaoguang Zhou, *Hong Kong Baptist University*

Abstract: Investors and regulators worldwide have increasingly called for management disclosure that integrates financial and non-financial information. Previous studies examine whether the *act* of integrated reporting (IR) is directly associated with firm value and provide mixed results; this study extends IR research by examining in an international context a channel through which IR can affect firm value. Based on a large sample consisting of more than 25,000 observations from 42 countries during 2002-2013, our results indicate that IR has a positive but indirect effect on firm value through increasing the price that investors are willing to pay to invest in the stock of a firm with positive CSR performance. Further analyses show that the role of IR in strengthening the association between CSR performance and firm value varies with the stringency of a country's regulatory environment, the development of a country's capital market and disclosure requirements, the investors' level of CSR awareness, and a firm's perceived CSR disclosure credibility. Finally, our evidence shows that the effect of IR can be observed as early as at the end of the first year following a firm's initiation of IR, and that it appears to last thereafter. Taken together, the findings support our conjecture that integrated reporting plays an important role in reducing the agency concern and signaling the nature of firms' CSR performance, thereby leading to an increase in firm value.

	Do foreigners avoid investing in poor CSR firms? Nadia Ben Yahya*, *Carthage University* *Dorra Hmaid, Carthage University* Samir Trabelsi, *Brock University* **Abstract:** We examine the behavior of foreign institutional investors with respect to Corporate Social Responsibility (CSR). Using foreign portfolio holdings and CSR performance scores of 620 companies from 21 emerging markets and developing economies (EMDEs) during the period 2002-2016, we find that international institutions invest less in poor (overall) CSR-performing firms. We further analyze foreigners' behavior towards both poor environmental and social performance. Results suggest that weak social performance deter international institutional investments, while there is no evidence that foreign institutions avoid firms with poor environmental performance. Results on cross-sectional analysis show that international institutions consider poor CSR performance merely when firms reside in countries with low investor protection and disclosure. Our main results are robust to alternative CSR measure and foreign institutional investors' classification.
5: 30 p.m. – 7:00 p.m.	**Soccer Game**

Social Events Details

Thursday, June 27, 2019	
4:00 p.m. – 5:30 p.m.	**Saguenay Fjord Cruise** https://www.navettesdufjord.com/en Bus depart from UQAC starting at 3:15 p.m., stop at Hotel OTL Gouverneur at 3:20 p.m.
6:00 p.m. – 7:30 p.m.	**Welcome Reception, International Cruise pavilion - Bagotville Wharf (Port of Saguenay)** http://www.portsaguenay.ca/en/page/international-cruises
Friday, June 28, 2019	
7:00 p.m. - 7:30 p.m.	**Cocktails & Quebec folk dance class** Casual attire Bus departs from UQAC starting at 5:30 p.m.
7:30 p.m. – 9:30 p.m.	**Gala Dinner at L'Orée des champs** : http://www.aloreedeschamps.com/services/evenements-et-receptions
Saturday, June 29, 2019	
5:30 p.m. - 7:00 p.m.	**Soccer game at UQAC sport pavilion – The 7th JIAR Conference Cup (No need to be pro soccer player to sign in, just join and have fun!!!)**

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8th JIAR conference

June 25-27, 2020

National Taiwan University.