THE INCREMENTAL VALUE RELEVANCE OF GEOGRAPHIC SEGMENT DISCLOSURES: CANADIAN EVIDENCE

Recent changes to segment reporting standards in the U. S. and Canada have served to downplay the importance of geographic segment reporting in favour of segment reporting based on the internal decision-making structure of firms. Building on recent studies of the “Quebec discount” on firm values, we investigate the value-relevance of information related to the extent of firm operations within the province of Quebec. We find that variables proxying for extent of operations in Quebec are associated with market-to-book valuation multiples on book value and earnings, even after controlling for location of corporate headquarters.

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