

Accepted Manuscript

Title: Determinants Of Bankruptcy Regime choice for canadian public firms

Author: Mohamed A. Ayadi Associate Professor Skander Lazrak Associate Professor Robert Welch Professor



PII: S0275-5319(16)30232-X
DOI: <http://dx.doi.org/doi:10.1016/j.ribaf.2017.04.043>
Reference: RIBAF 659

To appear in: *Research in International Business and Finance*

Received date: 13-8-2016
Accepted date: 26-4-2017

Please cite this article as: Ayadi, M.A., Lazrak, S., Welch, R., Determinants Of Bankruptcy Regime choice for canadian public firms, *Research in International Business and Finance* (2017), <http://dx.doi.org/10.1016/j.ribaf.2017.04.043>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

DETERMINANTS OF BANKRUPTCY REGIME CHOICE FOR CANADIAN PUBLIC FIRMS

Mohamed A. Ayadi, Skander Lazrak and Robert Welch*

Current Version: August 12, 2016

* Ayadi is an Associate Professor, Department of Finance, Operations, and Information Systems, Goodman School of Business, Brock University, St. Catharines, ON, Canada, +1 (905) 688-5550, x3917, e-mail: *mayadi@brocku.ca*. Lazrak is an Associate Professor, Department of Finance, Operations, and Information Systems, Goodman School of Business, Brock University, St. Catharines, ON, Canada, +1 (905) 688-5550, x5113, e-mail: *slazrak@brocku.ca*. Welch is a Professor, Department of Finance, Operations, and Information Systems, Goodman School of Business, Brock University, St. Catharines, ON, Canada, +1 (905) 688-5550, x3920, e-mail: *bwelch@brocku.ca*. Financial support from the Institute of International Issues in Accounting (Brock University) is gratefully acknowledged.

Abstract

Distressed Canadian public firms usually file for bankruptcy protection under either the Bankruptcy and Insolvency Act (BIA) or the more flexible Companies Creditors Arrangement Act (CCAA). The latter targets reorganization while the BIA focuses on both reorganization and liquidation. This paper examines the factors that enter into the choice of either of these two regimes by bankrupt filing public firms. We document that firms are more likely to file under the CCAA when the global stock market is bullish. Larger firms, more leveraged firms and firms with higher quality bankruptcy trustees are more likely to file under CCAA. The worst performing firms also tend to file under the CCAA. Finally firms in Ontario and Quebec have a tendency to file more frequently under the BIA compared to other provinces.

Keywords: bankruptcy; bankruptcy protection; legal framework; logistic regression.

JEL Classification: G11, G12, K22.

1. Introduction

Download English Version:

<https://daneshyari.com/en/article/5107258>

Download Persian Version:

<https://daneshyari.com/article/5107258>

[Daneshyari.com](https://daneshyari.com)