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# Determinants of financial corporate disclosures timing: an empirical examination with French data



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## ■ Résumé

Peu de travaux de recherche ont été menés sur l'étude des pratiques de révélations financières tardives. Cet article se focalise sur l'étude du *lag reporting*. Si le contenu informatif des nombres comptables sur les cours boursiers n'est plus à démontrer, cette recherche montre que les dirigeants des entreprises cotées du SBF 250 peuvent aussi avoir intérêt à choisir de manière discrétionnaire *quand* annoncer les résultats annuels et publier les états financiers définitifs. Les délais de publication sur résultats semblent se raccourcir alors que ce timing concernant les rapports financiers tendent au contraire à être publiés plus tardivement. Au final, les résultats montrent que les moments de divulgations sont statistiquement associés au niveau de risque, au degré de propension à manipuler les résultats, à l'attention portée par les analystes financiers, au ratio d'endettement, aux nombres de jeux de comptes établis (IFRS, local GAAP, US GAAP), aux volumes échangés.

## ■ Abstract

*Relatively limited existing research on discretionary disclosures provides valuable insights on how corporate managers decide to time the release of financial information beyond the potential causes and consequences of discretionary disclosures. Year after year, market pressure and regulations have been becoming more consistent and firms are thus required to disclose more frequently. Year after year, market pressure and regulations have been becoming more consistent and firms are thus required to disclose more frequently, especially in France and in Europe. Summary statistics exhibit year after year reporting delay is shorter under rising pressure of capital markets of needing frequently financial information while, in contrast, reporting lag in statements release is rising over time. Empirical results suggest such relevant variables as abnormal accruals, debt/assets ratio, multi-statements issuance in compliance with various GAAP, analysts following, trading volumes or security volatility contribute of explaining cross-sectional variation in reporting lags, in the French context. So, this study adds significantly to our understanding of the determinants of DELAYS documenting managers might discretionary choose when to report accounting data.*

## ■ Mots clés / Keywords

Publications financières, divulgations tardives, délais de reporting, annonces des résultats comptables, publication des états financiers // *Annual financial disclosures, lag reporting, delays, earnings announcements, financial statement releases*



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## Introduction

Existing research has evolved in recent years exploring disclosure policies dealing with management's release through earnings or sales forecasts, financial statements and attached footnotes, managerial discretion in accounting choices or conference calls presentation (see among others Healy and Palepu (2001) and Verrechia (2001) for a summarize). Only a limited numbers of surveys have been focusing on when managers to decide releasing accounting information. Scholars' limited attention devoted to this issue, mainly in the U.S., may indicate financial markets are not interested when disclosing but which intrinsic value the accounting information content. Givoli and Palmon (1982), Zeghal (1984) analysed the timeliness of accounting reports whereas Sengupta (2004) first examined the time when firms choose to reveal quarterly accounting earnings in explaining the number of days between the fiscal period end and the quarterly earnings announcements date. Accordingly, in this paper, I first investigate how French firms managers decide when to disclose annual earnings announcements as well as the full sets of final financial statements (e.g., accounting/financial report) detailing accounting policy and public financial information. Managers might use such discretion to delay or shorten information release whether they are thinking it may be useless for valuing equities. Given accounting data reflects current financial situation but may also convey some predictable information about future prospects, managers would be incited to strategically determine announcement date as well as to discretionary choose when to release financial report.

Financial disclosures cover different forms but interim and annual earnings announcements probably represent the most highly anticipated events and thus receive much more investors and analysts' attention. For instance, whereas earnings announcement date approaches, investors need to acquire more and more additional information generating then a highly abnormal level in predisclosure information asymmetry identified through both cross-sectional volatility in earnings analysts consensus and residual volumes traded on the day immediately preceding public announcements (Atiase and Bamber, 1994). Indeed, annual and interim earnings announcement dates are scheduled one year forward. For example, in France, such announcements are written down into the Euronext's calendar along with financial analysts' meetings, conference calls and shareholders' annual meeting. In a very few cases, the financial report date is included as well. So, prior research conducted worldwide widely corroborates investors strongly react around earnings announcements generating thus abnormal movements in both trading volumes and security returns. Those are induced by speculative behaviour and additional information research.

That might be the reason why financial disclosures conveying relevant information should be not only a function of the fundamental value of reported accounting numbers but also when they are accurately released. From all over the world, markets' pressure is required firms to release quickly and more frequently financial disclosures for valuing firms and satisfying with increasingly informative investors' needs.

In the French context of publicly-traded firms on Euronex Paris Stock Exchange, compulsory financial disclosures are regulated by the AMF (Autorité des Marchés Financiers, the French SEC). The requirements concerning the 'periodical' information disclosures are defined by the Règlement Général de l'Autorité des Marchés Financiers (RGAMF hereafter) and ongoing instructions endorsed into the Règlement of Euronext. The deadlines for pushing out regulated listed-firms information, especially the annual accounts, are expected in its current article RGAMF 212-36. This note details that firms listed in the French market place must comply with those requirements and then those firms must publish their financial statements 6 months after the fiscal year end at the later.

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Actually, the AMF<sup>1</sup> is trying to switch the deadlines for filing financial annual reports that will be being reduced gradually from 6 months to 4 months in application of the European Directive n° 2004/109/CE issued on December 15, 2004. This European law, named “transparency” directive must be transposed in the local legislation by January 20, 2007<sup>2</sup>. For instance, annual information contents full set of both individual (i.e., parent company accounts) and consolidated financial statements (i.e., group accounts) as well as management’s report, a sheet of persons being responsible for the issuance of the documents and the auditors’ report<sup>3</sup>. According to successive COB’s reports thus AMF’s reports or information posted on its websites, each year, a significant part of listed firms have not been respecting the required deadline<sup>4</sup>. The reporting lag has been a major concern for regulatory authorities that led to the issuance of the Observatoire de la Communication Financière’s report in April 2006. This document, entitled “Analysis of listed-firms’ financial information releases practices” (e.g., translation of author), exhibits summary statistics about the lag reporting in quarterly and semi-annual compulsory financial disclosures. If this looks like a majority of SBF 120 firms publish in advance regarding the legal deadline (120 days), some of them have been delaying statements publication in the past ten years. This statistics vary across industry and firm’s capitalization. Consistent with these summary statistics, our study on SBF 250 firms reveals that, on average (median), firms publish their financial reports in the 116.07 (116) days following the fiscal-year end with a standard deviation of 35 days<sup>5</sup>.

Consequently, I investigate in this paper whether firms facing losses versus profit, good news versus bad news, excessive volatility in stock prices (risk), different level in trading volumes, past economical performance, market pressure, accounting complexity or earnings management (expressed as discretionary accruals) extent may impact DELAY1 and DELAY2 variables. DELAY1 is defined as the number of days after the end of fiscal period end that managers release annual earnings information whereas DELAY2 is defined as the number of days separating the earnings announcement date from the publication of the full set of financial statements into the B.A.L.O. (Bulletin des Annonces Légales et Obligatoires, a section of the Official Journal of the French Republic). Usually earnings announcements are more likely to be anticipated by investors (sophisticated vs. unsophisticated), because signed up in the financial calendar. But it still remains managerial discretion in disclosing financial statements procedure. Managers might thus pretty voluntary decide when to publish full sets of statements in order to postpone or conversely accelerate public corporate disclosures. It is obviously predictable that firms facing bad news, poor past performance, subject to high litigation costs or earnings manipulations are supposed to opportunistically longer report accounting data so as to smuggle accounting principles enabling managers to artificially inflate such numbers and profitability ratios. However, accounting methods need audit committee as well as statutory auditors’ approvals. To do so, firms need more time, because of auditing and corporate governance processes, and consequently, those firms are thus likely to delay financial disclosures. Since earnings announcements date is relatively well known, investors may face to potentially managed accounting data containing either higher risk in discretionary accruals, in cash-flows or in indebtedness ratio. Thereby, at the date of earnings

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<sup>1</sup> « L’AMF consulte sur son projet de règlement général relatif aux obligations d’information périodique des sociétés cotées sur un marché réglementé », 73 p.

<sup>2</sup> The future notes 222-3 to 222-6

Cf. “Directives Transparence, prospectus, OPA : Un nouveau cadre pour la communication financière des sociétés cotées, Une conférence de l’AMF, September 26, 2006.

<sup>3</sup> *As for the semi-annual financial reports, those must be available in the 2 months following the end of the calendar-semester. Detailed and accurate quarterly financial data about sales must be disclosed in the 45 days after the end of the first and the third quarters respectively. This information will be containing details about operations, subsidiaries included in the consolidation.*

<sup>4</sup> Communiqué de presse AMF, « Communiqué de presse relatif à la publication du relevé des sociétés n’ayant pas rempli leurs obligations de publication au BALO ou n’ayant pas publié de documents de référence », September 2, 2002

<sup>5</sup> Results are not reported in the paper.

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announcements, investors are not usually able to know how accurately earnings and financial situation have been established because earnings announcements do not detail complete balance sheet, income statement and associated footnotes beyond reported net income. Surprisingly, financial statements disclosures are not compulsory scheduled but, effectively, French publicly held firms have to publish those documents at the later 6 months after the end of the fiscal period. Thus, the most discretionary extent to which managers may profit to voluntary report accounting reports is when to release the full sets of financial statements. Furthermore, the AMF is responsible for monitoring that listed-firms are publishing on time.

Thereby, this paper can be considered as making a real contribution to two interrelated research streams, two dimensions that have been usually neglected by researchers. Firstly, it extends the discretionary disclosure literature by emphasising on the timing disclosure decision. Firstly, It appears that a few firms practice effectively lag reporting when announcing annual earnings, I mean, when firms disclose longer than the 'expected' (or 'pre-announced) date. This attempt is more likely owing to the fact that firms are required, under market pressure, to release un-audited preliminary earnings prior to their publicly announcement. Secondly, this paper is talking about a component consisting of focusing on the timing in consolidated financial statements disclosures. In my opinion, this theoretical component is particularly relevant because full statements are particularly helpful to investors. They encompass accounting methods applied for establishing income statement and balance-sheet. They describe the entire financial policy of the firm. Consolidated accounts disclosures might then reveal hidden features in terms of discretionary accounting choices or exhibit higher earnings management level than just earnings announcements do not display. Overall, empirical results suggest French quoted-firms have, over years, shortened their timing of earnings announcements. On the other hand, lag reporting of financial statements (i.e., financial reports) conversely shows an increasing trend in lag reporting from 1997 to 2001, event it declines in 2002. These findings are particularly surprising as much as enriching because they might be helpful to figure out why European Union and French regulatory bodies tend to shorten the timing of such corporate disclosures in filling deadlines for financial reports.

The rest of the article is organized as follows. Section 1 of this paper reviews the principal studies undertaken at an international level on the timeliness of corporate financial reporting. Section 2 describes the research design through the variables used and estimated models. Section 3 provides the sample selection and descriptive statistics. Section 4 exhibits empirical results whereas section 5 provides some concluding remarks.



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## 1 Background and prior research

A few studies on the timeliness of financial corporate reporting have been undertaken worldwide. Most of those studies were implemented in the U.S. and were mainly related to such issues as the timeliness of annual earnings announcements or financial/audit report (Bamber, Bamber and Schoderbek, 1993; Chambers and Penman, 1984; Givoly and Palmon, 1982; Han and Wild, 1997; Kinney and McDaniel, 1993; Sinclair and Young, 1991). Those papers were principally based upon managerial discretion in corporate financial statements disclosures that enable listed-companies to accelerate or inversely to postpone useful financial corporate disclosure to financial community. For instance, Givoly and Palmon (1982) study the relationship between the information content of the financial report and its timeliness using a sample of 210 north-American companies during the period 1960-1974. They find out an improvement in timeliness of the earnings announcements over the period (i.e., a median delay of 37 days in 1974). Nonetheless, they observe a differential degree in capital market reaction to “early” and “late” announcements. Consequently, empirical evidence suggests that “late” earnings releases appear to convey less new information than “early” reports. Zeghal (1994) displays financial reports with shorter delays exhibit a higher information content than those with longer delays. In the same way, Chambers and Penman (1984) provide support on the significant relationship between timing of earnings announcements and stock price behaviour at the time of the earnings reports’ release as well. Their results indicate that when reports are released earlier than scheduled, they tend to generate larger price responses than when they are released on time or later than expected.

In the French context, Soltani (2002) examined the timeliness of corporate and audit reports. Based on a sample of 5801 French corporation’s report, he identifies there was a significant improvement of timeliness of corporate and audit reports over the period 1986-1995. In recent years, using U.S. data, Sengupta (2004) also demonstrates what have been the determinants of timing in 11,071 quarterly earnings announcements over the period 1995-2000. This author combines year-by-year analysis and pooled regression analysis. He concludes in any cases that loss firms, bad news, accounting complexity measured as more than one reportable segment, the number of acquisitions during the last quarter, special items reporting, percentage of shares held by blockholders and the presence of over-weighted financial contribute to explain variation in lag reporting (e.g., disclosure timing). This appears that the presence of blockholders and institutions holding a substantive part of shares outstanding are negatively associated with lag reporting then documenting management is less susceptible to pressure from outside to release earnings numbers quickly. Furthermore, his findings proof lag reporting is longer for smaller companies, those with great volatility in security price and those reporting either a loss or a bad news. At last, Sengupta (2004) reports accounting complexity is highly correlated to delay. As a result, he observes that the reporting lag is longer for firms that are diversified, completed acquisitions and those that reported special items on their income statement.

The overall conclusions of these empirical surveys are that timeliness or timing in managerial decisions is a relevant component of when assessing the usefulness of accounting information. Furthermore, their results do point out a considerable shortening of the reporting delay over time.

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## 2 Research design

### 2.1 Lag reporting

Company's managers may have discretionary power resulting in determining when to release corporate disclosures. As many disclosures, it is expected that managers choose the timing of financial disclosures based on a precise evaluation of expected costs and benefits resulting from releasing early versus late. Because not only the intrinsic value of accounting numbers can enable market participants to make profitable investing decisions, we consider that the fact to isolate when to release annual earnings as well as accounting reports may capture some firms' characteristics in terms of relevance of volatility, uncertainty (i.e., risk) or earnings management.

This research explores the potential determinants of lag reporting defined as:

DELAY1: days between fiscal-year end and annual earnings release date

DELAY2: days between annual earnings release date and financial statements disclosure date

### 2.2 Trading volume

Financial investors are likely to be concerned about receiving timely information from firms they are investing in. Thus, we are suggesting that DELAY1 and DELAY2 could be negatively associated with trading volume. Findings published by Bushee and Noe (2000) or Bushee et al. (2003) point out that firms tend to respond to investors whom demand for greater discretionary disclosures. Demand for timely disclosure should as well be higher for firms that have greater number of shareholders outstanding. As consistent with the methodology used by Sengupta (2004), I include the variable VOL to capture this, defined as:

$VOL = \text{total number of shares traded over the fiscal year divided by the number of shares outstanding at fiscal year end}$

### 2.3 Litigation costs

Skinner (1994) had argued that the threat of lawsuits arising from large negative earnings surprises provide managers with strong incentives to pre-announce the information so as to reduce litigation costs. Consistent with this assumption, Skinner (1994, 1997) exposed that firms reporting bad news are more likely to disclose early (i.e., pre-disclose) than firms releasing with good news. Then, timing disclosure may play an important role of reducing litigation costs linked with financial reporting policies. Sengupta (2004) used TECH as a measure of litigation costs. Missonnier-Piera (2004) used leverage ratio as a proxy of litigation costs. So, the two following measures TECH and LEVERAGE are used to capture litigation costs:

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TECH = 1 if firms belongs to ICB sectors (ICB Sector code) classified as Pharmaceutical (ICB sector code 4577), Computer Services (9533), Electronic Equipment (2737), Telecommunications Equipment (9578), Software (9537), Aerospace (2713), Computer hardware (9572), Biotechnology (4573), Internet (9535) or Defense (2717); 0 otherwise

LEVERAGE = Debts/Total Assets

## **2.4 Proprietary costs**

Previous research has suggested that a firm's disclosure decision might be affected by its concern that market participants can use the information revealed to cut into the profits of the disclosing company (e.g., Verrechia, 1983; Feltham et Xie, 1992). Firms facing such 'proprietary costs' may also be sensible to delay to report sensitive information, among them financial reporting information. Financial statements convey strategic information that could allow competitors to use those for private use. The following measure of proprietary cost used in this study is based on Bamber and Cheon (1998) or Sengupta (2004):

MKBK: the ratio of Market Value of Equity to Book value of Equity at the end of the year

## **2.5 Accounting complexity**

The reported lag could also be affected by the extent to which the firm is involved into accounting complexity. I use the following measure to capture accounting complexity:

STATEMENTS = 1 if the firm establishes several kinds of financial statements in application of domestic GAAP, IAS and/or US GAAP, 0 otherwise

A variable of SEGMENT should have been added in order to capture the fact that a multi-segment firm is supposed to be more complex, resulting in longer information processing time to establish consolidated financial statements. But this variable is suffering from some problems because most of the main groups listed in Paris report multi-segment information, except for the smallest companies not included in our sample (e.g., SBF 250 characterized by the most traded companies exhibiting higher liquidity issues). Sengupta (2004) uses the number of acquisitions made by the firm over the last quarter (NAQUIRE) and studies whether the firm had reported special items over the last quarter (ITEM). I decide not to get this variable mainly because I have not benefited from a database detailing such acquisitions operated during the previous fiscal-year. As for the second variable cited above, the difference between "EPS - Excl. extraordinary item" and "EPS - Incl. extraordinary item" provided by COMPUSTAT does not show any significant differences for most of the firms included in the final sample. Insofar, STATEMENTS captures the fact of producing several different financial statements in application of various domestic or international GAAP to mainly satisfy with beliefs of active internationally well-documented investors. The more the firm publishes different kinds of statements in application of at least two accounting frameworks, the

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longer the processing time in financial reporting<sup>6</sup>. It is usually assumed that reporting lag is longer for firms establishing different sets of accounting statements complying with various GAAP. Thereby, accounting complexity is greater when firms need to be in accordance with French GAAP, IAS/IFRS and/or US GAAP. Factset database contains somewhat the number of accounts established in application of several GAAP (i.e., “Accounting financial database Standards”) and the first compliance with IAS (i.e., “IFRS guidelines”)

## **2.6 Good news vs. Bad news & loss vs. profit**

Research implemented in recent years by Kross and Schroeder (1984), Begley and Fischer (1998), Bagnoli et al. (2002) and Sengupta (2004) consistently expose the reporting lag in quarterly earnings is longer for companies announcing bad news (and loss firms). Following this stream, I retain BADNEWS as another control variable defined as:

BADNEWS = 1, if reported earnings is less than the median consensus resulting from financial analysts’ forecasts, 0 otherwise

Previous studies provided strong evidence to display that loss firms are less likely to disclose information than other firms (Ajinka et al., 2004). Those arguments are consistent with conjecture supported by Skinner (1994, 1997). Firms have incentives to disclose bad news quickly to reduce litigation costs. Skinner argues that LOSS would be negatively associated with DELAY1. I then include LOSS in the regression analysis, being defined as:

LOSS = 1, if the firm reports a zero or negative EPS, 0 otherwise

## **2.7 Control variables**

Disclosure literature consistently displays that factors such as firm size and business uncertainty are related to alternative measures of disclosures (e.g., Lang and Lundholm, 1993; Frankel et al., 1995; Botosan et Harris, 2000; Bushee et al., 2003; Sengupta, 2004). The two following measures are included to capture size and risk effects:

VOLATILITY = volatility in the stock price over the previous year

SIZE = log of total sales of the year

We have used another measure of firm’s risks through the coefficient beta<sup>7</sup> of the CAPM but the outputs (not tabulated there) are equal to those obtained using VOLATILITY.

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<sup>6</sup> We could have also been retained percentage of foreign shareholders to capture this measure of STATEMENTS.

<sup>7</sup> *BETA = estimate of the regression coefficients  $\beta$  in using the CAPM (Capital Market Pricing Model)*

Market attention may normally be a factor influencing firms' disclosures. Instead of including total assets as a proxy of market pressure, I prefer choosing the number of financial analysts monitoring the firm as a proxy of market attention. It is supposed that greater the pressure and attention on a given firm, the higher the frequency of disclosures, the shorter the disclosures timing. Nowadays, the numerous sources of information available through the specialized press as well other relevant and powerful bases via online financial information provider networks or companies website provide users with press releases, key figures, management forecasts. Annual reports enable investors to be quite optimally informed prior to investing.

ANALYSTS = Numbers of analysts having forecasted an EPS estimation on the current fiscal year

It is also admitted that return of equity (ROE) (or ROA - return of assets) may be influencing timing of corporate disclosures. So, this is likely firms to tend to delay bad news towards market participants. Thereby, profitable firms may be incited to shortly report good news to enhance high profitability in shareholders' investments. Thus, I include ROE that captures firm's profitability.

ROE = Return of Equity = Net Income/Shareholders Equity

Another important factor to refer as earnings smoothing activities potentially influences reporting trend. Indeed, manipulations of discretionary accruals upwards or downwards enable managers to release earnings as they want them to be or close to using managerial discretion in the choices of non-cash expenses. The cross-sectional version of the (Jones, 1991) model proposed by DeFond and Jiambalvo (1994) to measure discretionary accruals was used. This approach estimates non-discretionary (i.e., normal) accruals as a function of changes in sales/revenues (REV) and the level of plan, property and equipment (PPE).

$$ACC_{it} = NI_{it} - CF_{it} \quad (1)$$

$$NDACC_{it} = E(ACC_{it}) = \alpha * \left(\frac{1}{TA_{it-1}}\right) + \beta * \left(\frac{\Delta REV_{it}}{TA_{it-1}}\right) + \delta * \left(\frac{PPE_{it}}{TA_{it-1}}\right) + \varepsilon_i \quad (2)$$

$$DACC_{it} = \varepsilon_{it} \quad (3)$$

Where  $ACC_{it}$  are the total accruals,  $RN_{it}$  the net income,  $CF_{it}$  the cash-flow,  $NDACC_{it}$  the normal accruals,  $PPE_{it-1}$  the gross value of plans, property and equipments at the end of the year t-1,  $\Delta REV_{it}$  the total Revenues/Sales in t,  $DACC_{it}$  the discretionary accruals corresponding to the residuals of the regression model.

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## 2.8 Estimation of the multiple regression models

In the model 1, DELAY1 is the response variable:

$$\begin{aligned} \text{DELAY1}_{1,t} = & \alpha_0 + \alpha_1 \text{BADNEWS} + \alpha_2 \text{LOSS} + \alpha_3 \text{LEVERAGE} + \alpha_4 \text{DACC} + \alpha_5 \text{VOL} + \\ & \alpha_6 \text{ANALYSTS} + \alpha_7 \text{STATEMENTS} + \alpha_8 \text{ROE} + \alpha_9 \text{VOLATILITY} + \\ & \alpha_{10} \text{STOCKRETURN} + \alpha_{11} \text{LogCA} + \alpha_{12} \text{TECH} + \alpha_{13} \text{DELAY2} + \alpha_{14} \text{MTBR} + \varepsilon \end{aligned}$$

The expected signs are:  $\alpha_1 > 0$ ,  $\alpha_2 < 0$ ,  $\alpha_3 > 0$ ,  $\alpha_4 = ?$ ,  $\alpha_5 < 0$ ,  $\alpha_6 < 0$ ,  $\alpha_7 > 0$  or  $< 0$ ,  $\alpha_8 < 0$ ,  $\alpha_9 > 0$ ,  $\alpha_{10} < 0$ ,  $\alpha_{11} < 0$ ,  $\alpha_{12} > 0$ ,  $\alpha_{13} < 0$ ,  $\alpha_{14} > 0$

In the model 2, DELAY2 is the response variable:

$$\begin{aligned} \text{DELAY2}_{2,t} = & \alpha_0 + \alpha_1 \text{BADNEWS} + \alpha_2 \text{LOSS} + \alpha_3 \text{LEVERAGE} + \alpha_4 \text{DACC} + \alpha_5 \text{VOL} + \\ & \alpha_6 \text{ANALYSTS} + \alpha_7 \text{STATEMENTS} + \alpha_8 \text{ROE} + \alpha_9 \text{VOLATILITY} + \\ & \alpha_{10} \text{STOCKRETURN} + \alpha_{11} \text{LogCA} + \alpha_{12} \text{TECH} + \alpha_{13} \text{DELAY1} + \alpha_{14} \text{MTBR} + \varepsilon \end{aligned}$$

The expected signs are:  $\alpha_1 > 0$ ,  $\alpha_2 > 0$ ,  $\alpha_3 > 0$ ,  $\alpha_4 > 0$ ,  $\alpha_5 < 0$ ,  $\alpha_6 < 0$ ,  $\alpha_7 > 0$ ,  $\alpha_8 < 0$ ,  $\alpha_9 > 0$ ,  $\alpha_{10} < 0$ ,  $\alpha_{11} < 0$ ,  $\alpha_{12} > 0$ ,  $\alpha_{13} < 0$ ,  $\alpha_{14} > 0$

## 3 Sample selection

Sample firms are composed of those belonging to the index SBF 250 over the period January 1997 to December 2002. The SBF 250 was this on July 07, 2006. Over an initial sample of 1,494 firm/year, some data on fiscal-year end period<sup>8</sup>, earnings announcement date, financial statements release date (280) or accounting information (83) were missing and then corresponding companies were deleted (Panel A, table 1). In fine, the final sample consists of 1,131 observations. Data about EPS analysts' forecasts was taken from Factset JCF Estimates database, an internationally re-known platform used by financial and banking industry worldwide. Earnings announcement dates were obtained from Factset JCF Estimates and Factiva, a Dow Jones and Reuters company that provides widely corporate press releases about listed-companies. Dates of publication into the BALO were directly collected from the website of Official Journal of French Republic. Accounting figures and financial ratios were primarily extracted from Compustat and JCF 'Account numbers'. The number of shares outstanding, trading volumes, stock prices, security return volatility, industry classification, GAAP/IFRS compliance have been collected from Factset as well.

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<sup>8</sup> Most of firms included in the sample end their fiscal-year on December 31st each year. The remaining firms end at another date in the year. The subsequent earnings announcements and statements disclosures are directly related to this date in terms of delay in lag reporting.

Table 1.  
Sample selection and description

	Number of observations					
Panel B. Sample selection criteria						
Initial sample of annual earnings announcements for the period 1997-2002	1,494					
Financial data missing from FACTIVA, BALO or JCF	(280)					
Financial data missing from COMPUSTAT	(83)					
Final sample	<u>1,131</u>					
Panel B: Time series distribution of the reporting lag (DELAY 1 and 2)						
	2002	2001	2000	1999	1998	1997
N	228	227	215	208	182	154
Variable: DELAY1						
Mean	74	77	78	79	80	84
Median	72	74	74	76	77	79
Stand-dev.	24	24	22	23	23	24
Variable: DELAY2						
Mean	40	42	41	40	32	31
Median	36	40	37	35	33	33
Stand-dev.	26	28	36	54	49	22

Panel B of Table 1 reports the year-by-year distribution of reporting lag (DELAY1 and DELAY2). The table exhibits a slight decreasing trend in mean and median DELAY1 over the time period. This is consistent with findings by Givoly and Palmon (1982) which documented a reduction in reporting over the period 1960-1974 (from 63 to 37 days). Meanwhile, this is in contrast with recent research documented by Sengupta (2004) that exposed a slight increasing trend of lag reporting over time, from 35.62 days (33, median) in 1995 to 41.53 days (39, median) in 2000. These observations exhibit that French traded-companies are revealing their earnings much longer than their north-American counterparts, almost twice more. French Stock Market has been successively run by Paris Bourse S.A thus Euronext S.V. that made it a genuine pan-European Stock Market requiring companies to harmonizing their mandatory disclosures policies. Summary statistics for  $\Delta$ DELAY 1 (not tabulated here) confirms these results showing a steady trend of mean (and median) in change in lag reporting, from -2 days (-1) in 1998 to -4 (-1.5). Summary statistics for  $\Delta$ DELAY2 (not tabulated here) document a steady trend of mean (and median) in change in lag reporting, from +1 days (+2) in 1998 to -1 (-1) as well. Moreover, the increasing trend in DELAY2 over time suggests, in spite of greater requirements from regulatory bodies, firms to have been publishing later and later their consolidated statements. This increasing trend points out firms need more and more time to disclose their full sets of accounts. In addition to that, managers might strategically use their discretion that enables them to delay such useful documents conveying fundamental information to determine firm value.

Table 2 reports the summary statistics for the regression variables. The median DELAY1 is 76 days while median DELAY2 is 36 days. There is also substantial variability in DELAY1 across the sample as indicated by the standard deviation, which is 23.4 days. Those numbers are consistent, ceterus paribus, with findings by Sengupta (median DELAY is 38 days, standard deviation is 16 days).

Table 2. Descriptive statistics for individual regression variables

	Mean	Median	Maxi	Mini	S.D.	Skewness	Kurtosis	J-Bera	Prob.	N
Response variables										
DELAY1	78.239	76.0	205.0	-38	23.401	0.393	4.923	218.464	0.000	1214
DELAY2	39.143	36.0	454.0	-361	37.328	-0.291	48.085	80728.43	0.000	1134
Control variables										
ANALYSTS	10.865	9.0	41.0	0.000	8.377	1.161	4.317	424.534	0.000	1428
DACC	-0.014	-0.018	1.378	-4.171	0.370	-5.525	62.986	43095.89	0.000	1134
BADNEWS	0.221	0.000	1.000	0.000	0.415	1.339	2.793	159.968	0.000	1134
LEVERAGE	0.238	0.231	1.302	0.000	0.172	1.206	7.449	318.104	0.000	1134
TECH	0.236	0.000	1.000	0.001	0.425	1.237	2.530	394.885	0.000	1494
STATEMENTS	0.023	0.000	1.000	0.002	0.151	6.301	40.709	98408.57	0.000	1494
LOGCA	6.463	6.249	11.564	-0.314	2.027	0.162	3.035	2.235	0.327	1131
ROE	0.128	0.109	47.315	-10.03	2.095	20.750	474.094	5088095	0.000	1131
RETURN	0.121	0.031	5.666	-0.909	0.575	2.804	18.576	12916.44	0.000	1131
VOL	3144.5	1046.2	67009.5	-12354.8	7561.0	5.751	41.243	35818.08	0.000	1131
VOLATILITY	0.269	0.233	1.415	0.074	0.138	3.557	24.475	30709.19	0.000	1440
MTBR	2.718	2.357	15.233	0.702	1.694	2.666	16.177	11569.69	0.000	1374

DELAY1 = Number of days between the fiscal year end and the annual earnings announcement date ; DELAY2 = Numbers of days between the earnings announcement date and the financial statements disclosures date;

BADNEWS = 1 if reported EPS < median consensus, 0 otherwise ; LOSS = 1 if EPS < 0, 0 otherwise ; DACC = Discretionary Accruals estimated with Jones model (1991) ; VOL = Average annually trading volumes/number of stocks outstanding at the end of the year ; ANALYSTS = numbers of analysts having issued an EPS prediction ; STATEMENTS = 1 if the firm establishes at least 2 kinds of financial statements in application of various GAAP [Local GAAP/IFRS/US GAAP/E.U.], 0 otherwise ; ROE = NI/NE ; VOLATILITY = stand. dev. of stock price estimated over the last year ; RETURN = (Pit-Pit-1)/Pit-1 ; LogCA = Log(CA) ; TECH = 1 if the firms belongs to the sectors classified Pharmaceutical, Computer Services, Electronic Equipment; Telecommunications Equipment; Software; Computer services; Aerospace; Computer hardware; Biotechnology; Internet or Defense, 0 otherwise ; MTBR = Market to Book Ratio.

The most astonishing above all is the much higher volatility in DELAY2 exhibited across the whole sample as the standard deviation is 37.3 days. This excessive volatility in DELAY2 could suggest the lack of schedule that allows managers to use this discretion to voluntarily shorten or delay relevant information to investors. It is supposed manager  $\pi$  to choose of EPS manipulation upward, for beating analysts' expectations or for reporting a positive change in earnings, using, for instance, some components of discretionary accruals. In such a case, managers need much more time to get approvals of such oversight organs as audit committee and statutory auditors. Then they are supposed to prefer delaying account releases to smuggle the cosmetic decisions. In contrast, transparent firms can decide to shortly or simultaneously publish their full sets of financial statements. Mean and median discretionary accruals are somewhat negative (-0.014 and -0.018), consistent with Sengupta (2004) and Subramanyam (1996). However, abnormal accruals are suffering from an high dispersion as the standard deviation is 0.37. As for analysts' following, on average (median), a firm is matched by 10.8 (9) analysts with a maximum of 41 analysts.

Table 3 presents correlation coefficients between explained and explanatory variables. It appears that DELAY1 is negatively correlated to DELAY2. For controlling for multicollinearity concerns, ROE is positively related to DACC ( $\sigma = .382$ ), suggesting managers may voluntarily manipulate accrued expenses/revenues to improve firm profitability through return of equity. Also, analysts' following is highly correlated with firm size ( $\sigma = .653$ ), consistent with assumptions as well

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as prior research documenting the bigger the firm's size, the higher analysts and market attention in the firm. In contrast, table 3 reports that DACC is negatively related to firm size ( $\sigma = -.449$ ) indicating the smaller (bigger) the company, the higher (smaller) the market attention, the greater (lower) the likelihood of manipulating abnormal accruals. Another interesting result appearing in this table is the positive correlation between DACC and LOSS ( $\sigma = .348$ ) indicating firms that are reporting a loss (profit) tend to manage discretionary accruals upward (downward). In the same way, biggest companies have a greater level of volumes traded over the fiscal year ( $\sigma = .272$ ).

Table 3. Correlation matrix (common samples)

	DELAY1	DELAY2	ROE	VOL	ANALY	DACC	BADNEWS	LEV	STATE	TECH	LOGCA	LOSS	MTBR	RETURN
DELAY1	1													
DELAY2	-0.417	1												
ROE	0.010	0.027	1											
VOL	-0.268	0.016	-0.21	1										
ANALYSTS	-0.396	0.133	0.051	0.287	1									
DACC	0.129	-0.047	0.382	-0.05	-0.225	1								
BADNEWS	-0.081	-0.023	0.080	0.011	0.045	0.160	1							
LEVERAGE	0.074	0.026	-0.07	-0.02	0.028	-0.089	0.021	1						
STAT	-0.149	-0.053	0.000	0.013	-0.031	-0.014	-0.050	-0.07	1					
TECH	-0.091	0.141	-0.00	0.027	-0.036	0.016	-0.049	-0.36	0.108	1				
LOGCA	-0.367	0.064	-0.04	0.272	0.653	-0.449	-0.016	0.254	-0.03	-0.348	1			
LOSS	0.113	-0.052	0.378	-0.15	-0.009	0.348	0.137	-0.01	-0.057	-0.097	-0.099	1		
MTBR	-0.051	0.071	0.057	0.030	0.071	0.226	0.010	-0.16	0.107	0.094	-0.258	0.070	1	
RETURN	0.151	-0.084	0.254	-0.21	-0.256	0.347	0.162	0.228	-0.057	-0.287	-0.176	0.333	0.085	1
VOLATILITY	-0.138	0.209	-0.05	0.131	-0.062	0.032	-0.116	-0.04	0.062	0.226	-0.143	-0.29	0.005	-0.232

DELAY1 = Number of days between the fiscal year end and the annual earnings announcement date ; DELAY2 = Numbers of days between the earnings announcement date and the financial statements disclosures date

BADNEWS = 1 if reported EPS < median consensus, 0 otherwise ; LOSS = 1 if EPS < 0, 0 otherwise ; DACC = Discretionary Accruals estimated with Jones model (1991) ; VOL = Average annually trading volumes/number of stocks outstanding at the end of the year ; ANALYSTS = numbers of analysts having issued an EPS prediction ; STATEMENTS = 1 if the firm establishes at least 2 kinds of financial statements in application of various GAAP [Local GAAP/IFRS/US GAAP/E.U.], 0 otherwise ; ROE = NI/NE ; VOLATILITY = stand. dev. of stock price estimated over the last year ; RETURN = (Pit-Pit-1)/Pit-1 ; LogCA = Log(CA) ; TECH = 1 if the firms belongs to the sectors classified Pharmaceutical, Computer Services, Electronic Equipment; Telecommunications Equipment; Software; Computer services; Aerospace; Computer hardware; Biotechnology; Internet or Defense, 0 otherwise ; MTBR = Market to Book Ratio

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## 4 Results

### 4.1 Determinants of cross-sectional variability in reporting lag DELAY1

The primary results of the determinants of DELAY1 are tabulated in Table 4. The Table reports pooled regressions over the period 1997-2002 where 1,131 observations were included. Results provide evidence that most of the variables tested enable the model to explain a large portion in DELAY1 variability. F-statistics ( $p < .001$ ) and R-squared (44.8%) prove the model is valid. A large part of tested variables are statistically significant at the 0.10 level, except for LOSS, DACC, ROE, RETURN, TECH and MTBR. The coefficient for LOSS is positive and is not significantly different from zero, that is inconsistent with Choi and Ziebart (2001), Sengupta (2004) and Ajinkya et al. (2004).

Overall, results provide mitigated support of most of the assumptions and expected signs. Thus DELAY1 is found to be negatively related to BADNEWS suggesting that loss firms tend to shortly report such information while we anticipated a positive relationship. These findings provide evidence that firm intend to reduce litigation costs to shorten BADNEWS. A positive association between DELAY1 and LEVERAGE would be consistent with the argument that firms facing high level in indebtedness, then conveying less valuable investment perspectives, are more likely to delay earnings numbers release. DELAY1 is found to be negatively associated with VOL (e.g., trading volume: measure of investor base) consistent with the argument that enterprises yield to pressure from financial investors to announce early. The negative association between DELAY1 and ANALYSTS provides further evidence that firms facing higher market attention and market pressure for disclosing on a regular basis are more likely to release financial data quickly. Therefore, in contrast with assumptions that predicted a positive relationship, DELAY1 is highly negatively associated with STATEMENTS that strongly mentions that firms producing many types of accounts in accordance with domestic and international financial reporting standards (i.e., GAAP) lower lag reporting.

With respect to this finding, in spite of firms may be confronted to technical problems to establish various kinds of statements in harmonizing international information systems, they are more likely to accelerate earnings announcement timing because of rising investors' informational needs. If firms are establishing more than one set of accounts, it might probably due to the increasing presence of foreign investors in trading, cross-listings or foreign shareholders blocks in firms equity that require to dispose of more relevant, understandable and comparable financial information to anticipate future stock price in terms of expected value of future cash flows, expected returns as well as expected risks. Controversy, I find out a negative relationship between the explained variable and VOLATILITY whereas I anticipated a positive one as suggested by Sengupta (2004).

Table 4. Cross-sectional determinants of lag reporting DELAY1

Dependent variable	Independent variables															R <sup>2</sup> % F-stat
	Intercept ( $\beta_0$ )	BADNEWS ( $\beta_1$ )	LOSS ( $\beta_2$ )	LEV. ( $\beta_3$ )	DACC ( $\beta_4$ )	VOL ( $\beta_5$ )	ANALY ( $\beta_6$ )	STATEM ( $\beta_7$ )	ROE ( $\beta_8$ )	VOLAT ( $\beta_9$ )	RETURN ( $\beta_{10}$ )	LOGCA ( $\beta_{11}$ )	TECH ( $\beta_{12}$ )	DELAY2 ( $\beta_{13}$ )	MTBR ( $\beta_{14}$ )	
Predicted sign	(?)	(+)	(+)	(+)	(+)	(-)	(-)	(+)	(+)	(+)	(-)	(-)	(-)	(-)	(+)	
Coef. value	118.61	-5.48	0.96	25.12	0.13	-0.0004	-0.45	-25.61	0.55	-15.38	-5.73	-3.69	-4.81	-0.31	-0.70	44.83%
(t test)	(15.99) <sup>a</sup>	(-1.66) <sup>c</sup>	(0.26)	(2.96) <sup>a</sup>	(0.62)	(-2.42) <sup>b</sup>	(-2.11) <sup>b</sup>	(-2.83) <sup>a</sup>	(0.31)	(-1.77) <sup>c</sup>	(-1.58)	(-3.69) <sup>a</sup>	(-1.49) <sup>a</sup>	(-6.87) <sup>a</sup>	(-0.64)	(13.50) <sup>a</sup>
p-value	(0.0000)	(0.0972)	(0.7936)	(0.0034)	(0.5364)	(0.0162)	(0.0364)	(0.0051)	(0.7565)	(0.0775)	(0.1157)	(0.0003)	(0.1380)	(0.0000)	(0.5257)	(0.0000)

The table reports results of the regression

$$\text{DELAY1}_{i,t} = \alpha_0 + \alpha_1 \text{BADNEWS} + \alpha_2 \text{LOSS} + \alpha_3 \text{LEVERAGE} + \alpha_4 \text{DACC} + \alpha_5 \text{VOL} + \alpha_6 \text{ANALYSTS} + \alpha_7 \text{STATEMENTS} + \alpha_8 \text{ROE} + \alpha_9 \text{VOLATILITY} + \alpha_{10} \text{STOCKRETURN} + \alpha_{11} \text{LogCA} + \alpha_{12} \text{TECH} + \alpha_{13} \text{DELAY2} + \alpha_{14} \text{MTBR} + \varepsilon$$

<sup>a</sup> p<0.001 significant at the .01 level

<sup>b</sup> p<0.05 significant at the .05 level

<sup>c</sup> p<0.10 significant at the .10 level

DELAY1 = Number of days between the fiscal year end and the annual earnings announcement date

BADNEWS = 1 if reported EPS < median consensus, 0 otherwise ; LOSS = 1 if EPS < 0, 0 otherwise ; DACC = Discretionary Accruals estimated with Jones model (1991) ; VOL = Average annually trading volumes/number of stocks outstanding at the end of the year ; ANALYSTS = numbers of analysts having issued an EPS prediction ; STATEMENTS = 1 if the firm establishes at least 2 kinds of financial statements in application of various GAAP [Local GAAP/IFRS/US GAAP/E.U.], 0 otherwise ; ROE = NI/NE ; VOLATILITY = stand. dev. of stock price estimated over the last year ; RETURN = (P<sub>it</sub>-P<sub>it-1</sub>)/P<sub>it-1</sub> ; LogCA = Log(CA) ; TECH = 1 if the firms belongs to the sectors classified Pharmaceutical, Computer Services, Electronic Equipment; Telecommunications Equipment; Software; Computer services; Aerospace; Computer hardware; Biotechnology; Internet or Defense, 0 otherwise ; DELAY2 = Numbers of days between the earnings announcement date and the financial statements disclosures date; MTBR = Market to Book Ratio

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Those results indicate firms facing higher risks in terms of greater volatility in stock prices result in shortening their accounting release. Therefore, results provide strong supports for negative relationship between DELAY1 and DELAY2 documenting firms shortening (delaying) their earnings reporting are more likely to disclose later (earlier) their full sets of financial statements. Thereby, it is expectable that firms releasing early their annual earnings strategically, subject to report more frequently a BADNEWS, delay financial statements disclosures because of highly manipulating (discretionary) accruals to try fulfilling usual thresholds as median EPS analysts' consensus (or report a positive growth in successive EPS). The main limits in analysis of determinants in lag reporting DELAY1 consist of main financial documents as balance sheet, income statement, and related footnotes explaining applied accounting principles are not released at that time. Investors are not able to assess earnings manipulations affecting earnings extent. Consequently, the study of determinants in DELAY2 ought to exhibit such incentives to late report consolidated accounts as earnings management expressed as an estimate of discretionary (i.e., abnormal) accruals.

#### ***4.2 Determinants of cross-sectional variability in reporting lag DELAYS 2***

Specific analysis of variation in the number of days separating earnings announcement date from full sets is making further contribution in explaining why some managers, in some circumstances, tend to delay statements publication. The model we propose to be tested exhibits a significant F-stat ( $p < 0.001$ ) and an acceptable R-squared of 27.35% suggesting that the variables included in the model explain a large portion of the cross-sectional variability in the reporting lag. Results strongly indicate that DELAY2 is negatively associated with both STATEMENTS and DELAY1 suggesting the higher the number of statements produced under various GAAP frameworks, the shorter the reporting lag in statements disclosures. We predicted rather establishing at least two sets of consolidated statements is needed to dispose of much more time to prepare different statements issuance.

Results rather suggest such firms are more likely to accelerate statements disclosures because of a potentially higher market attention due to cross-listings or presence of large institutions blocks or large portion of foreign shareholders in firm's equity. Regression analysis indicates both LEVERAGE and DACC are positively associated with DELAY2 that is consistent with predicted signs (at the significance level of 0.10) as well. This indicates firms facing high level in leverage level are more likely to delay the timing in financial statements release in order to postpone bad news as high ratio debt/assets indicating at that moment they exhibit low perspectives in terms of investments capacity whatsoever. Similarly, firms delaying accounts disclosures are more likely to manage earnings in "manipulating" discretionary accruals components upwards. Another potential explanation is that firms managing earnings upward are more likely those to report more frequently a loss and thus have greater incentives to longer delay corporate releases as exposed to weaker market attention.

Table 5. Cross-sectional determinants of lag reporting DELAY2

Dependent variable	Independent variables															R <sup>2</sup> % F-stat
	Intercept ( $\alpha_0$ )	BADNEWS ( $\alpha_1$ )	LOSS ( $\alpha_2$ )	LEV. ( $\alpha_3$ )	DACC ( $\alpha_4$ )	VOL ( $\alpha_5$ )	ANALY ( $\alpha_6$ )	STATEM ( $\alpha_7$ )	ROE ( $\alpha_8$ )	VOLAT ( $\alpha_9$ )	RETURN ( $\alpha_{10}$ )	LOGCA ( $\alpha_{11}$ )	TECH ( $\alpha_{12}$ )	DELAY2 ( $\alpha_{13}$ )	MTBR ( $\alpha_{14}$ )	
DELAY2																
Predicted sign	(?)	(-)	(+)	(+)	(+)	(-)	(-)	(-)	(+)	(-)	(-)	(-)	(-)	(-)	(+)	
Estimate	82.28	-3.59	0.19	19.52	0.44	2.65E05	-0.23	-34.67	10.93	4.91	-4.63	-0.17	4.43	-0.60	1.14	27.35%
(t test)	(6.26) <sup>a</sup>	(-0.78)	(0.03)	(1.66) <sup>c</sup>	(1.65) <sup>c</sup>	(0.10)	(-0.80)	(-2.78) <sup>a</sup>	(0.45)	(1.18)	(-0.93)	(-0.12)	(0.99)	(-7.24) <sup>a</sup>	(0.75)	(6.31) <sup>a</sup>
p-value	(0.0000)	(0.4308)	(0.9722)	(0.0983)	(0.0991)	(0.9202)	(0.4235)	(0.0059)	(0.6524)	(0.2381)	(0.3497)	(0.9010)	(0.3192)	(0.0000)	(0.45)	(0.0000)

The table reports results of the regression

$$\text{DELAY2}_{i,t} = \alpha_0 + \alpha_1 \text{BADNEWS} + \alpha_2 \text{LOSS} + \alpha_3 \text{LEVERAGE} + \alpha_4 \text{DACC} + \alpha_5 \text{VOL} + \alpha_6 \text{ANALYSTS} + \alpha_7 \text{STATEMENTS} + \alpha_8 \text{ROE} + \alpha_9 \text{VOLATILITY} + \alpha_{10} \text{STOCKRETURN} \\ + \alpha_{11} \text{LogCA} + \alpha_{12} \text{TECH} + \alpha_{13} \text{DELAY1} + \alpha_{14} \text{MTBR} + \varepsilon$$

<sup>a</sup> p<0.001 significant at the .01 level

<sup>b</sup> p<0.05 significant at the .05 level

<sup>c</sup> p<0.10 significant at the .10 level

DELAY2 = Numbers of days between the earnings announcement date and the financial statements disclosures date

BADNEWS = 1 if reported EPS < median consensus, 0 otherwise ; LOSS = 1 if EPS < 0, 0 otherwise ; DACC = Discretionary Accruals estimated with Jones model (1991) ; VOL = Average annually trading volumes/number of stocks outstanding at the end of the year ; ANALYSTS = numbers of analysts having issued an EPS prediction ; STATEMENTS = 1 if the firm establishes at least 2 kinds of financial statements in application of various GAAP [Local GAAP/IFRS/US GAAP/E.U.], 0 otherwise ; ROE = NI/NE ; VOLATILITY = stand. dev. of stock price estimated over the last year ; RETURN = (Pit-Pit-1)/Pit-1 ; LogCA = Log(CA) ; TECH = 1 if the firms belongs to the sectors classified Pharmaceutical, Computer Services, Electronic Equipment; Telecommunications Equipment; Software; Computer services; Aerospace; Computer hardware; Biotechnology; Internet or Defense, 0 otherwise ; DELAY1 = Number of days between the fiscal year end and the annual earnings announcement date; MTBR = Market to Book Ratio



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## Conclusion

This paper is devoted to contribute to the extent literature studying analysis of cross-sectional determinants in lag reporting, such an important topic often neglected by researchers. Only a limited numbers of surveys have been focusing on when managers to decide releasing accounting information. These issues are particularly important for regulatory concerns while both AMF and European Commission are nowadays trying to shorten firms' disclosure timing (e.g., financial reports) to reduce lag reporting of firms listed in Europe and insure more transparency in accounting data, in respect with the European Directive "Transparency" that is going to be applicable by January 2007. In this paper, I so analysed two specific lag reporting with French data. I investigate in this paper whether firms facing losses versus profit, good news versus bad news, stock price volatility (risk), trading volumes, past economical performances, market pressure, accounting complexity or earnings management may impact DELAY1 and DELAY2 variables. DELAY1 is defined as the number of days after the end of fiscal period end that managers release annual earnings information whereas DELAY2 is defined as the number of days separating the earnings announcement date from the publication of the full set of financial statements into the B.A.L.O. (Bulletin des Annonces Légales et Obligatoires, a section of the Official Journal of the French Republic). As a result, R-squared for the regressions ranged from about 27% to 44% indicating, on average, that the variables examined explain a large portion of the cross-sectional variability in the reporting lags DELAY 1 as well as DELAY2. Thus the variables identified as DACC, STATEMENTS, LEVERAGE, VOLATILITY, VOL, ANALYSTS, BADNEWS significantly add to our understanding of the determinants of DELAYS in the French context where no similar study has been conducting so far. Statistics indicating SBF 250 firms publish, on average, their financial reports 116.07 days after the fiscal-year end ( $\sigma = 35$  days) suggest most of French quoted companies will need to reduce their reporting lag to comply with European Directive so as to be much more transparent.



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