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Determinants of Profit Forecast by Analysts Tunisians

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Abstract

This article aims to highlight the degree of suitability of the information issued in the annual report with the conception of the usefulness of 49 volunteers and forecast information by Tunisian financial analysts. Our questionnaire with 50 financial Tunisian analysts aims to analyze the degree of utility they provide to forecast and voluntary information published in the annual reports of 50 companies quoted in the stock exchange of Tunis (Tunis Stock Exchange) in 2010. Our results highlight the existence of a significant gap between information supply and demand. More specifically, the supply of 12 items is completely different from their request by the Tunisian financial analysts.

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Introduction

Nowadays, the quoted companies extend financial and economic communication strategies usually following the legal obligations of information disclosure subject to the discretion of management. Raffournier (1995) finds that the people responsible for the transparency and the wealth of published information are the managers of the quoted companies and financial analysts whose board job has a direct impact on the behavior of stock market investors.

Studies by Naser and Nuseibeh (2003) have demonstrated the existence of a gap between the information in the annual reports and the information users need. Barton and Waymire (2004) find that the information contained in the annual reports have an impact on companies, investors and financial analysts, hence the publication of forecast information must be designated for a multi-dimensional perspective taking in account both the supply and the request of information.

These findings lead us to wonder if the reluctance of publication is due to a lack of utility discerned by the Tunisian financial analysts, because we see that some quoted

Tunisian firms do not understand this information as real financial communication. The question arising is to know whether the supply of information in the annual reports of companies quoted in the TSE is a demand for information from Tunisian analysts?

The aim is to highlight the degree of suitability of the information issued in the annual report with the conception of the utility by Tunisian financial analysts and show the limits of the information. This interest was obvious by numerous studies, especially the study by Prencipe (2004) and that by Al-Rzeen and Karbhari (2007).

The study of the Tunisian ground is characterized by a changing economic and legal environment. We note that Tunisia is a developing country, where the economic information disclosure is poorly regulated characterized by a young, emerging stock market with a low legal protection for investors, hence the increased need for financial analysts.

After a brief presentation of the suitability of the supply of information to request of quoted companies, the first part is followed by a review of the literature on the various

indicators of measurement of the performance of the company by financial analysts outlining the methodology used and also the empirical results obtained and presented in the second part of this article.

Adequacy of Information Supply with their Request for Quoted Companies

Preparers of annual reports should provide users of these reports only the information relevant to the decision making. As a consequence, these reports will be made according to the needs of their users and more specifically the financial analysts because of the importance of their role in reducing the information asymmetry between managers and investors.

Importance of Financial Information Published in the Annual Reports for Financial Analysts

Healy and Palepu (2001) suggest that financial analysts are considered prescribers, business and information professional intermediaries. Their mission is to get the information, analyze the business strategy, competitive environment and provide advice and recommendations to investors. Hence, they have specific expectations to better inform and advise.

Leger (2003) shows that the usefulness of the request for information is constantly changing with the needs of users for a meaningful information and justified costs of production. Moreover, in a context of asymmetric information, the signals issued by companies do not often reflect the real value of the company, hence the demand for services of financial intermediaries and financial analysts in particular.

Coram et al. (2005) find that financial analysts use the wrong financial information and non-financial performance indicators in the evaluation of companies. In the same context, Ghosh and Wu (2006) use different combinations of good and bad information, and show that when financial measures are good, analysts have a higher mass.

The Accounting Profits Expected by Financial Analysts

Leaders are much free in handling accounting, thus they may feel different future economic developments and consequently choose between different accounting methods. Healy and Wahlen (1999) find that accounting manipulation must be performed in accordance with the accounting principles, to improve the quality of information provided to investors and to financial analysts in order to value the shares.

North and O'Connell (2002) find that the cost of detecting manipulation is higher than the one associated with the management of profit. If manipulation is detected, the manager risk losing their reputation and investors can request a price adjustment, in this case the transaction can fail.

Heron and Lie (2002) noted that in a context of asymmetric information between preparers and users of financial statements, it is difficult to observe benefit accounting for transactions funded in shares. Thus, we must acknowledge that significant assessment errors may occur especially when financial analysts apply evaluation methods based on profits.

The Publication of Information in the Annual Reports: A Literature Overview

Buzby (1974) suggests a study of the annual reports of 88 U.S. firms for the year 1971. Therefore, he drew up a list of 38 items of financial and non-financial disclosure information, usually disclosed in the annual reports of firms considered. The relative importance of the 38 items is determined on the basis of a survey using a questionnaire. The results of the content analysis of annual reports reflect a weak association between the proven value of the item by financial analysts and its publication by the firms studied.

Thanks to experiment studies on the importance of 63 items performed in 6 countries, Courtis (1992) checks the existence of an agreement of almost 30% of the items on the importance of disclosures between different groups of preparers and users report.

In addition, analysts give more importance to the published items than the preparers of annual reports do.

Gray *et al.* (1995) constitute two study samples: the first consisted of 58 U.S. firms and 32 British firms internationally traded and the second, 58 U.S. firms and 32 British firms quoted only in the domestic market. The results of the study indicate more important levels of publication in companies quoted overseas, which reflects the fact that the quoting in a foreign financial market is considered a determinant of the publication of financial information.

The results of Michailescu study (2000) confirm the existence of a gap between the expectations of analysts and the information contained in the report originating in the lack of information in the publication. Myburgh (2001) asserts the existence of a discrepancy between 17 items among the 49 items published by users and those of reports producers. In the same vein, and Yaftian and Mirshekay (2005) found that the factor behind the low level of publication in the annual reports of Iranian companies is the lack of knowledge of the needs of external users.

Some studies have shown that the conception of the utility of the forecast information of preparers is divergent from the conception of the user, according to the foregoing idea, we are going to check the following hypothesis:

Hypothesis: There is a discrepancy between the degree of forecast information published in annual reports and the conception of their utility.

Indicators to Measure the Performance of Companies by Financial Analysts

The publication of financial statements is considered as a necessary means but it is insufficient to convince analysts of the situation of a company. This leads companies to disclose other financial and non-financial information. Healy *et al.* (1999) show that the choice of companies whether to disclose

information or not impacts the assessment of its performance.

This study of the Tunisian context must cause the accounting regulators and managers to diversify the information contained in the annual reports. De Bourmont (2006) finds that the required information is often insufficient to provide a good picture of the company situation.

The Information Contingency on the Performance of Companies

According to Healy and Palepu (2001), the forecast statements meet the demands of particular stakeholder groups and anticipate their search for financial information. There are several categories of actors seeking information: financial intermediaries and fund managers to advise their clients, as well as financial analysts who produce analytical information to investors.

Accounting information is insufficient to assess the views of the firm, hence the need for forecasts earnings that reduce the information asymmetry. In this sense, Myburgh (2001) adds that the voluntary disclosure policy allows changing the perception of the company by the shareholders, protects growth and improves relations with trading partners. This policy also continues even after the decrease in performance, but it is reluctant to a long term publication.

In terms of information needs, publications forecasts have also been studied. Bushee *et al.* (2003) show that the communication of forecasts that precede financing transactions can modify or assert the analysts' forecasts. This is also the case of companies whose annual reports are wealthier or have been the subject of media attention.

The Benefits of Indicators to Measure the Performance of the Company

Financial analysts are the privileged users of information on companies. Healy and Palepu (2001) argue that expanded disclosure allows

analysts to provide good information and recommendations for buying and selling.

Giacomo (2003) argues that the disclosure of information plays an important role for the efficient operation of the capital market and for all stakeholders. Coram et al. (2005) show that the non-financial information released from the dashboard have a significant effect on the direction of estimating the share price. Hence the usefulness of indicators of the dashboard for financial analysts.

In addition, Ghosh and Wu (2006) argue that the financial information is more used when it is bad and that the non-financial information is more used to assess the long-term performance of the company. Moreover, Bughin *et al.* (2007) find that the use of traditional tools characterized by the dominance of financial information is insufficient to assess the performance of the business hence the need to use non-financial information.

The Limits of Indicators to Measure the Performance of the company

Breton and Taffler (2001) find that the accounting information required for financial analysts, are neither the only nor the most important sources of information for them. For analysts also need in their investment recommendations qualitative and non-financial information and especially information on management and business strategy.

In an unstable and competitive environment Bergeron (2002) criticizes the accounting models characterized by the impertinence of financial data with little indication of the performance of the company and do not reflect the intangible value of the company. Furthermore, Gibbins and Pomeroy (2006) criticize the financial information for being directly turned to the past, not always being adapted to the context and clarifying correct investors on future business performance.

Financial analysts turn to standardized and mandatory information. Which include limits

such as: rigidity of rules, limits induced by some accounting principles. To go beyond the statutory accounting model, the accounting information seekers are always looking for additional help.

Method of Investigation

Sample selection and data collection

Sample of Financial Analysts

In recent years, the job of a financial analyst in Tunisia has evolved and the role of the analyst in the financial community is being acknowledged. Indeed, much is left to do enable his job to fully occupy its very role and to spread the profession to international standards.

Our questionnaire with financial analysts aims to analyze the degree of utility then give to the forecast information published in annual reports. However, the empirical study is based on research data emerging from the questionnaires conducted with financial analysts who work on behalf of stock brokers in Tunisia. The incentive for this category of users of annual reports is mainly due to their ability to guide the behavior of investors in financial markets, Garcia (2002).

We circulated questionnaires directly to the population 70 analysts in March and April 2012. We arranged a response rate rising to 71.42%. This response rate is higher than similar studies rates. For instance, it is 14% in the study of Prencipe (2004) and 48% in the study of Al-Razeen and Karbhari (2007). The final sample size of our study concerns 50 analysts working on behalf of 23 stock brokers. This number is similar to the sample of the Prencipe study (2004) which amount to financial 56 analysts.

We mention that 40 questionnaires have been completed in our presence in an interview with the Financial Analyst. For the others, who requested to complete the questionnaire alone, given their unavailability during trading, we examined whether the respondent has filled in

all the boxes or has encountered some difficulties of understanding.

Table1: Characteristics of financial analysts sample

Characteristics of Respondents		Number	Frequency in%
Function	Financial Analyst	50	100
Average number of annual reports read	Less than 30	19	38
	Greater than or equal to 30	31	62
Diploma	Degree	12	24
	Master	35	70
	Ph.D	3	6
Specialty	Accounting	9	18
	Management	10	20
	Finance	28	56
	Economics	3	6
Experience	Less than 5 years	15	30
	Between 5 and 10 years	23	46
	Greater than 10 years	12	24

Sample Companies

The analysis of uniquely quoted in the stock exchange of Tunis (Tunis Stock Exchange) are reliable because these companies are especially attentive to their economic communications at the level of their annual management reports. The sample is restricted to non-financial companies (manufacturing and services), such as Bertrand (2000), Naser and Nuseibeh (2003), Leventis and Weetman (2004), Hasnan (2005) and Hassan *et al.* (2006).

Since the survey of analysts was conducted in March and April 2012, then the annual reports studied to measure the degree of disclosure of items are reports akin to 2010. Indeed, the annual reports for the 2011 have not yet been disclosed during the survey period. Our final sample consists of 50 firms observed during 2010.

Definitions and Measurements of Variables

Creating a List of Items

We built an index based on the Botasan index (1997), omitting items that are not disclosed by any company in our sample:

- Average remuneration per employee
- Key age employees
- Ratio of inputs / outputs
- Presentation of the forecast capital expenditure

We added three categories of information: financial information, information on forecasts earnings and information published in annual reports. These items are added to fill the gaps of Botasan index (1997).

Table 2: Summary of categories of information in grid analysis

Information Categories	Number of items
Categories of information of Botasan (1997) grid analysis	
1- Information on the goals and strategies of the company	5
2- Non-financial information	7
3- Forecast information	10

4- Information analysis management	7
Categories of information added to the analysis grid Botasan (1997)	
5- financial information	10
6- Information on forecast earnings	6
7- information published in the annual report	4
Total	49

The Degree of Importance Granted to Information Published in the Annual Report

In order to analyze the degree of importance granted to information published in the annual report, we based our analysis of the categories of information of Botasan index (1997) by adding three kinds of information: financial information, forecast earnings information and information published in annual reports. These items are added to fill the gaps of the Botosan index.

Financial analysts are invited to reveal the degree of importance they grant to items in the questionnaire represented by giving a score on a Likert scale with five points (with 1: not at all important up to 5: very important).

The conception of the importance of the item (CIA) is the average weight of each item (it's the sum of points awarded by analysts item divided by the number of analysts). This measure is inspired by the Prencipe study (2004), who measured the conception of users of annual reports with the Likert scale of 5 points.

Order of Publication of the Item

We undermine a measure based on the measure used by Michalescu (1999), which takes into account the shape of disclosure of the item. The order of publication of each item is measured by the average score of publication in companies which is equal to the sum of the points awarded to the item divided by the number of companies that publish it. The mean score obtained is divided by the average weight of the item (CIA).

By referring to Trabelsi (2005), a careful reading of the contents of the annual reports of the companies in our sample allows us to give points to various items as follows: if the item is published with a quantitative indication we assign its average weight and if published with only a qualitative indication we assign half of its average weight and if the item is not published we assign "0".

$$ODI = (\text{Average of disclosure of the item} / \text{ICA item}) * 100$$

Analysis of Empirical Results

In this section, we will observe and interpret the different results discerned and assembled in the following table.

Table 3: Supply and demand of information in the annual reports of companies quoted in the tse

1	2	3	4	5	6	7
Items	CIA (average weight)	Ranking of the column (2)	Number of firms likely to publish item	Average Weight	DDI Average (Score average / Average Weight) * 100	Column rank (6)
1 Information on the goals and strategies of the company						
1	4,48	5	8	3,875	86,49553571	48
2	3,96	13	8	3,625	91,54040404	47

Determinants of Profit Forecast by ...

3	3,72	16	8	3,125	84,00537634	49
4	3,18	37	7	4	125,7861635	45
5	3,98	10	5	5,4	135,678392	41
2 non-financial information						
6	2,24	48	6	4,5	200,8928571	28
7	3,74	15	1	6	160,4278075	35
8	3,48	24	1	5	143,6781609	37
9	3,48	25	4	5,25	150,862069	36
10	3,72	17	4	8	215,0537634	26
11	4	9	4	5,25	131,25	43
12	3,02	40	2	15	496,6887417	5
3 forecast disclosure						
13	3,22	35	5	5,2	161,4906832	33
14	3,48	26	6	4,833333333	138,8888889	40
15	3,7	22	6	4,166666667	112,6126126	46
16	3,44	33	4	6,5	188,9534884	29
17	4,74	3	4	6,25	131,8565401	42
18	3,72	18	4	6	161,2903226	34
19	3,46	29	2	17	491,3294798	6
20	3,72	19	2	14	376,344086	11
21	3,46	30	1	34	982,6589595	2
22	3,46	31	1	35	1011,560694	1
4 Information on analysis of management						
23	3,72	20	6	5,333333333	143,3691756	38
24	3,7	23	6	5,166666667	139,6396396	39
25	2,72	44	6	3,5	128,6764706	44
26	2,96	42	4	5,25	177,3648649	31
27	3,2	36	4	8,25	257,8125	22
28	2,72	45	3	11	404,4117647	8
29	3,46	32	3	11	317,9190751	15
5 Financial Information						
30	4,48	6	2	17,5	390,625	9
31	4,22	7	2	17,5	414,6919431	7
32	3,18	38	3	8	251,572327	23
33	3,18	39	3	8,666666667	272,5366876	20
34	2,7	46	4	5	185,1851852	30
35	2,98	41	4	7	234,8993289	24
36	3,48	27	3	10,66666667	306,51341	16
37	3,96	14	3	11	277,7777778	18
38	3,48	28	2	17,5	502,8735632	4
39	3,24	34	2	18	555,5555556	3
6 Information on earnings forecast						
40	1,98	49	3	7,666666667	387,2053872	10
41	2,48	47	3	8	322,5806452	14
42	3,98	11	3	10,66666667	268,0067002	21
43	2,74	43	4	8,25	301,0948905	17
44	4,22	8	4	8,5	201,4218009	27
45	3,72	21	4	6,5	174,7311828	32
7 Information published in annual reports						
46	4,74	4	2	17	358,649789	13

47	5	1	2	18	360	12
48	5	2	3	11,66666667	233,3333333	25
49	3,98	12	3	11	276,3819095	19

Gap between Supply and Demand of Information Disclosed in Annual Reports

By comparing, in the first instance, the results of column 2 conception (understanding of the importance of the CIA item) in relation to column 5 (average score of disclosure), and in the second instance, the values of the column 3 (classification of items according to CIA) in relation to the results in column 7 (classification of items in the order of publication of the item ODI), we find a large discrepancy between the supply and demand for the next 12 items:

- No 12: Publication of information on sales growth in key regions for which no segment information is produced
- No 19: Presentation of forecast market share
- No 20: Presentation of the forecast cash
- No 21: Presentation of forecasts of future profits
- No 22: Presentation of forecast future sales
- No 30: Publication of information on the capital structure
- No 31: Publication of information on the turnover change
- No 36: Publication of information on the return of the capital user
- No 38: Publication of information on the liquidity ratio
- No 39: Publication of information on other financial ratios
- No 42: Presentation of forecasts of future operating results
- No 43: Existence of a summary table of key figures

What totally captivates our attention is the large discrepancy between the supply and demand of item n°1 "Presentation of business objectives" of the category "Information on the goals and strategies of the company" This item is ranked 5th by financial analysts and 48th according to the degree of disclosure of the item by corporations (ODI). Its score is equal to 3.875, which shows a low offer by companies, while its CIA is equal to 4.48,

which indicates a high utility for financial analysts.

Conversely, for n°12 "Disclosure of information on sales growth in key regions for which no segment information has been produced" in the category "non-financial information." This item is ranked 40th according to financial analysts and fifth according to the degree of disclosure of the item by corporations (ODI). Its score is equal to 15, which shows a significant offer from the company, while its CIA is equal to 3.02, which indicates a low value to financial analysts because they can determine them by themselves.

Similarly, for item n°21, "Presentation of forecasts of future profits" of the "Forecast information". This item is ranked 30th according to financial analysts and second according to the degree of disclosure of the item by corporations (ODI). Its score is equal to 34, which shows a significant offer from the company, while its CIA is equal to 3.46, which indicates a low value to financial analysts because they can determine them by themselves.

Also, for item n°39 "Disclosure of information on other financial ratios" in the "Financial Information". This item is ranked 34th according to financial analysts and 18th according to the degree of disclosure of the item by corporations (ODI). Its average score is equal to 18, which shows a significant offer from the company, while its CIA is equal to 3.24, which indicates a low value to financial analysts because they can calculate them alone.

We examine the ODI (column 6) and we find that the provision of information in relation to their demand is low for most items. The degree of disclosure is less than 40% for 12 items that correspond to 24.54% of the items.

This gap between supply and demand information arises from the fact that some items are properly disclosed by companies when they are not useful for financial analysts because they can determine them by themselves.

The discrepancy between supply and demand of the 12 information items described above could be interpreted by the simplicity of their calculation that relates primarily to the dimensions: competitive (like item n°12), forecast (like items n°19, n°20, n°21, n°22 and n°42) and financial (like items n°30, n°31, n°36, and n°39).

However, the needs for information of the majority of most financial analysts is satisfied thanks to the availability of information difficult to determine such as strategic information (like items n°1, n°4, n°5 and n°6), non-financial (like items n°7, n°8, n°9, n°10 and n°11), forecast (like items n°13, n°14, n°15 and n°16) and especially the information published in annual reports (like items n°46, n°47 and n°48).

Convergence between Supply and Demand of Information Disclosed in Annual Reports

We notice that there is no wide gap between supply and demand information for 20 items which correspond to only 40.81% of items. In addition, the average score are very close to their CIA. These items are disclosed by the information producers (companies) in a satisfactory way in relation to their usefulness to the information users (financial analysts), they are the following:

- No 1: Presentation of company objectives
- No 2: Presentation of the overall strategy of the company
- No 3: Discussion of actions over-taken during the year in order to achieve these objectives
- No 4: Discussion of actions to be undertaken in future years
- No 5: Presentation of a timetable for achieving these goals
- No 6: Publication of information on the number of employees

- No 7: Publication of information on the backlog
- No 8: Publication of information on the percentage of orders to be delivered next year
- No 9: Publication of the percentage of sales for products created over the last five years
- No 11: Publication of information on the amount of new orders made this year
- No 13: Discussion of the impact of the business opportunities on future sales or profits
- No 14: Discussion of the impact of risks faced by the company on future sales and profits
- No 15: Comparison of forecast profits with the actual profit of the year
- No 16: Comparison of forecasts sales with actual sales of the year
- No 17: Presentation of cash flow forecasts
- No 18: Presentation of forecast capital expenditures or R & D
- No 23: Change in operating profit
- No 24: Change in net income
- No 25: Change in capital expenditures or R & D costs
- No 26: Change in inventories

We notice that the items being the subject of a convergence between supply and demand do not constitute confidential information for their issuers. As a matter of fact, for items n°13, n°14, n°15, n°16, n°17, n°18, n°23, n°24, n°25 and n°26 which consists in making a simple calculation by using data already included in the financial statements, the disclosure is mandatory.

Summary of Empirical Results

We note that the companies quoted in the TSE mainly disclose the information required by law, such information is obviously necessary for analysts but does not meet their information needs. It requires a lot of improvement and supplement of information in order to facilitate its exchange between stakeholders and to achieve the expected goals.

We find a gap between supply companies and analysts' expectations for the 12 following items: n°12, n°19, n°20, n°21, n°22, n°30, n°31, n°36, n°38, n°39, n°42 and n°43.

Subsequently, we suggest that the overall level of disclosure is equal to 40.81%, which indicates a mismatch between the supplies of information in relation to their demand.

We fully find a fairly large number of items disclosed under the expectations of Tunisian financial analysts. Many items are disclosed by most companies but are not very useful for financial analysts (that is to say, they have a high CIA). And there are even items that are virtually absent in the management reports of their companies despite their usefulness for financial analysts. We asset that management reports are not a source of information in which users can draw from the some to get all the information expected.

These results allow us to confirm our hypothesis that is to say that the level of disclosure in annual reports of Tunisian companies does not coincide with the perceived usefulness of financial analysts. Hence, the definition of information needs for users of annual reports those companies require to redefine their involvement in disclosure, optimize their disclosure process and develop the spirit of financial transparency.

Conclusion

The financial forecasting reporting is a form of presentation of information not yet strictly regulated, which makes research important in this field. We determined in this paper the degree of adequacy of supply of information that may be disclosed in the annual report of the quoted companies in the TSE with the perception of their importance by financial analysts.

We studied the interest of analysts to information that can be disclosed, in the light of a ground survey allowed us on the one hand to know, if the report is useful for management analysts in decision making and that it provided useful information for financial analysis which is not available in the other sources of information, and on the other hand, another ground investigation allowed us

to identify the degree of importance of information disseminated in reports by management companies.

As a result, the expectations of analysts we interviewed did not completely coincide with the information disclosed in our sample, which confirms our hypothesis. Hence the interest of this article which seeks to draw the attention of setters on the demand forecast information and volunteered to redefine the obligations of corporate disclosure and make important forecast information mandatory for financial analysts.

Therefore, the results encourage managers to organize the forecast and voluntary communication function within companies, and also demand us to redefine their responsibility for predictive communication, develop new values such as the spirit of transparency and integrity and adapt their management information system.

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Annexes:

1. Question to company manager and financial analysts:

Please indicate the degree of importance you attach to each of the following information items that may be disclosed in annual reports of companies listed on the BVMT.

1. Not at all important, 2.sometimes important, 3.average important, 4.important, 5.very important.

Pieces of information of the analysis grid Botosan (1997)					
1 - Information on the goals and strategies of the company					
Presentation of company goals	1	2	3	4	5
Presentation of the general strategy of the company	1	2	3	4	5
Discussion of actions taken during the year to achieve the objectives	1	2	3	4	5
Discussion of actions to be undertaken in future years	1	2	3	4	5
Presentation of a timetable for reaching the targets set	1	2	3	4	5
2-non-financial information					
Publication of information on the number of employees	1	2	3	4	5
Publication of information on the backlog	1	2	3	4	5
Publication of information on the percentage of orders to be delivered next year	1	2	3	4	5
Publication of the percentage of sales for products in the past five years	1	2	3	4	5
Publication of information on market share	1	2	3	4	5
Publication of information on the amount of new orders placed this year	1	2	3	4	5
Publication of information on sales growth in key regions for which no segment information is produced	1	2	3	4	5
3 - forecast disclosure					
Discussion of the impact of the opportunities the company on future sales or profits	1	2	3	4	5
Discussion of the impact of risks facing the company sales and future profits	1	2	3	4	5
Comparison of profit forecasts with actual earnings of the year	1	2	3	4	5
Comparison of sales forecasts with actual sales of the year	1	2	3	4	5
Presentation of cash flow forecasts	1	2	3	4	5
Presentation of forecast capital expenditure or R & D costs	1	2	3	4	5
Presentation of forecast market share	1	2	3	4	5
Presentation of cash flow forecasts	1	2	3	4	5
Presentation of forecasts of future profits	1	2	3	4	5

Presentation of forecasts of future sales	1	2	3	4	5
4-Information on analysis of management					
Change in operating profits	1	2	3	4	5
Change in net income	1	2	3	4	5
Change in capital expenditures or costs of R & D	1	2	3	4	5
Change in inventories	1	2	3	4	5
Change in sales	1	2	3	4	5
Change in receivables	1	2	3	4	5
Change in market share	1	2	3	4	5
Items of information added to the analysis grid Botosan (1997)					
5 - Financial Information	1	2	3	4	5
Publication of information on the capital structure	1	2	3	4	5
Publication of information on the variation in turnover	1	2	3	4	5
Publication of information on the history of the stock price	1	2	3	4	5
Market perception about the value of the company	1	2	3	4	5
Publication of information and amounts on advertising expenses	1	2	3	4	5
Publication of information on the financial value	1	2	3	4	5
Publication of information on capital employed	1	2	3	4	5
Publication Information on the liquidity ratio	1	2	3	4	5
Publication of information on the PER	1	2	3	4	5
Publication of information on other financial ratios	1	2	3	4	5
6 - Information on earnings forecast					
Publication of information on the evolution of stock price	1	2	3	4	5
Publication of information on the profitability of the securities of shareholders	1	2	3	4	5
Presentation of operating income forecast future	1	2	3	4	5
Existence of a summary table of key figures	1	2	3	4	5
Explanation of variations between previous forecasts and realizations	1	2	3	4	5
Future cash horizon from 2 to 5 years	1	2	3	4	5
7 - Information published in annual reports					
Publication of annual report	1	2	3	4	5
Publication of Financial Statements	1	2	3	4	5
Publication of reports of the auditor	1	2	3	4	5
Presentation of EBE, VA and operating income	1	2	3	4	5