Study on Management Characteristics and Earnings Forecast Disclosure Willingness Based on Logistic Regression Model

Xu Nan
School of Economics & Management, Yanshan University, Qinhuangdao, China
Email: xn96051092@126.com

Abstract—This paper studied the relationship between the management characteristics and the earnings forecast disclosure willingness within Chinese listed companies. Management characteristics were being defined and summarized as four aspects: structure characteristics, incentive characteristics, background characteristics and external governance mechanism. The Logistic regression model was applied to carry out an empirical analysis on the effect of specific variables of management characteristics on the earnings forecast disclosure willingness. The results show that the board size, managers’ changes, asset-liability ratio and managers’ stockholdings are the major factors. The board size relates with the earnings forecast disclosure willingness significant negative; manager’s changes, asset-liability ratio and managers’ stockholdings relate with the earnings forecast disclosure willingness significant positive. Other variables of management characteristics have no significant influence.

Index Terms—management characteristics, earnings forecast, disclosure, willingness, Logistic regression model

I. INTRODUCTION

Earnings forecast mainly comes from the management of the company and securities analysts in advanced stock market. Chinese stock market is still developing, and earnings forecast of the listed companies is mainly provided by management. Earnings forecast means that listed companies disclose their earnings roughly before disclosing final financial reports to the public. It belongs to the future profitability forecast of enterprise management. It is not required compulsory disclosure like final financial reports, so management will decide to disclose or not.

After 2006, with the improving of earnings forecast system, more and more listed companies begin to disclose the earnings forecast information. The proportion of disclosure companies to the total listed companies were 48.10%, 52.20% and 57.87% on December 31, 2007, December 31, 2008, and December 31, 2009 respectively. This phenomenon shows that the listed companies emphasize earnings forecast system and strengthen its executive power. The study on earnings forecast disclosure willingness has theoretical significance and practical significance.

The studies on earnings forecast disclosure focus on the accuracy and the market reaction, and the relationship between earnings management, etc. Earnings forecast disclosure are taken as “cause”, it arouses a series of consequences. Few literature study the issues of earnings forecast disclosure “itself”. It is worth discussing what factors influence the earnings forecast disclosure willingness within Chinese listed companies. That is the main challenge of present study.

In fact, earnings forecast of listed companies belongs to accounting information disclosure on surface level, but it belongs to the category of corporate governance. Reason is that earnings forecast information is forecast from the management of the company. The management characteristics or the environment of the company will directly influence the information of earnings forecast. Analyzing influence factors of earnings forecast disclosure willingness of listed companies based on management characteristics is a new perspective. That is the main novelty of present study.

II. LITERATURE REVIEW

The study on earnings forecast of foreign scholars mainly includes five aspects: earnings forecast motivation, earnings forecast disclosure strategy, the market reaction of earnings forecast, the accuracy of earnings forecast and the relationship between the securities analysts predict and earnings forecast. Waymire (2003) drew two conclusions through studying the earnings forecast from 1997 to 2001, and found that: (1) the disclosure of good news and bad news yields significant positive supra-normal return and significant negative supra-normal return respectively; (2) the more the difference between the forecast earnings and the market expected earnings is, the greater the supra-normal return is [1]. Pownall, Wasley and Waymire (2005) employed 1252 earnings forecast of 91 listed companies from July, 1996 to December, 2004 as research samples, and analyzed the market reaction to different forecast type information [2]. Holthausen and Verrecchia (2003) [3], Oliver Kim and
Robeg Verrecchia (2005) found that the higher accuracy of earnings forecast information is, the more the investors depend on earnings forecast information [4]. Robert Libby and Hum-tong Tan (1999) carried out a questionnaire survey and case testing for 28 financial analysis institutions in order to study the securities analysts’ preferences, feelings and evaluations of earnings forecast [5].

Chinese academia began to pay close attention to the earnings forecast disclosure of listed companies since earnings forecast system was introduced in 2000. Yang Ping (2010) analyzed the accuracy, timeliness and correction results of earnings forecast information of listed companies. Yang Ping employed earnings forecast from 2006 to 2008 as research samples and made three conclusions: (1) the accuracy of earnings forecast increases while the timeliness decreases; (2) managers prefer optimistic estimation when facing bad news; (3) there is still a large gap between revised earnings forecast and actual results [6]. Guo Na, Qi Huaijin (2010) analyzed the relationship between earnings forecast disclosure and earnings management using 2579 samples of Chinese A-stock market from 2007 to 2008 and drew three conclusions: (1) the earnings management level of the companies who disclose their earnings forecast is significantly higher than those who did not; (2) the earnings management level of the companies who was mandated to disclose their earnings forecast is higher than those voluntary companies; (3) companies with small-sized assets, low-leveled profitability and liabilities are more likely to be engaged in earnings management [7].

Currently there is few studies about influence factors of earnings forecast disclosure willingness of listed companies. The study tries to find out what factors influencing the earnings forecast disclosure willingness from the perspective of management characteristics.

III. MANAGEMENT CHARACTERISTICS

Management characteristics are summarized as follows: management structure characteristics, management incentive characteristics, management background characteristics and external governance mechanism.

A. Management structure characteristics

Management structure is mainly the composition condition and proportion of management members of the listed companies. Management structure characteristics mainly include the board size, the proportion of independent directors and the dual role of board chairman and CEO, etc.

B. Management incentive characteristics

Management incentive characteristics mean that listed companies inspire their management members by salaries or stocks of the companies in order to solving the interest conflict in the principal-agent relationship.

C. Management background characteristics

Management background characteristics usually include manager’s educational background, age, gender, religion, professional experience and work experience, etc. Owing to the heterogeneity, each manager has great difference in their behavior choice. So studying the willingness of earnings forecast disclosure must pay enough attention to management background characteristics.

D. External governance mechanism

The external governance mechanism is the indirect constraint on the managers through the administrative regulation, legal system environment and market competition, etc. The external governance mechanism includes the industry in which the enterprise lays, the managers competitiveness, creditors governance and the intermediary market audit institutions, etc.

IV. EMPIRICAL STUDY DESIGN

A. Sample selection and data sources

The paper takes earnings forecast of Chinese A-stock market from 2007 to 2009 as study subject excluding the new companies in the List in 2009, ST companies, PT companies, financial listed companies, listed companies issuing B-shares and H-shares, and listed companies of data missing and changing in severe abnormalities. 3992 samples are obtained after such treatment, among which 1210 is from the year of 2007, 1339 from 2008, and 1443 from 2009.

The basic information of listed companies and information about corporate governance structure is derived from CSMAR database. Earnings forecast information of listed companies, laws and regulations, and some supporting information are from the Securities Star Website (http://www.stockstar.com), Shanghai Stock Exchange Website (http://www.sse.com.cn) and the Shenzhen Stock Exchange website (http://www.szse.cn). The relevant information about the accounting firm is from Chinese Institute of CPAs Website (http://www.cicpa.org.cn). EXCEL and SPSS18.0 are employed in data processing.

B. Variable definition

The name, meaning and definitions of each variable are shown in Table I.

C. Hypothesis

Through the above analysis of management characteristics and considering our unique system background, the present study deems that the influence factors of the earnings forecast disclosure willingness can be divided into two kinds: internal drivers and external governance mechanisms. Internal drivers include the management structural features, management incentive features and management background features. External factors include the industry in which the enterprise lays, the managers competitiveness, creditors’ governance and audit institutions of and the intermediary market. The paper proposes the following 13 hypothesis.

The research of Jensen (1993) showed that the board of directors in smaller scale is more suited for supervision, and the board of directors in larger scale is more easily to be controlled by the general manager [8]. Principal-agent
theory deems that the cooperation cost of the directors rises with the increasing number of the board, and directors’ supervision ability to the general manager decreases [9]. Therefore, the present study proposes hypothesis 1.

Hypothesis 1: The earnings forecast disclosure willingness negatively relates with the board size.

Rosenstein (1990) considered that the independent directors tend to encourage companies to disclose information to the investors [10]. Chen and Jaggi (2000) found that the companies of high proportion independent directors in the board disclose relatively comprehensive information, and the possibility of accounting information distortion is smaller [11]. The research of Chen Liang (2011) showed that the higher proportion of independent directors is, the higher earnings disclosure information quality is [12]. Therefore, the present study proposes hypothesis 2.

Hypothesis 2: The earnings forecast disclosure willingness positively relates with the proportion of independent directors.

Shi Jianliang (2010) did empirical study on the relationship between the board characteristics and voluntary disclosure and drew the conclusion that voluntary disclosure is positively related to the board size and the board independence, but negatively related to the proportion of directors assigned by the largest shareholder and the dual role of the board chairman and CEO [13]. Therefore, the present study proposes hypothesis 3.

Hypothesis 3: When the dual role of board chairman and CEO, the earnings forecast disclosure willingness of the listed companies intends to be low.

The ways to incentive managers mainly include salary incentive and equity incentive. For restraining the behavior of senior managers, most enterprises take equity incentive mode. In their matching inspection, Ruland, Tung and George (1990) found that the companies of internal officials and directors holding more shares tend to disclose earnings forecast information [14]. Chen Deyan and Qian Guangming (2011) did empirical research on the influence of governance structure of listed companies to voluntary disclosure and drew the conclusion that the proportion of managers’ stockholdings has a significant influence on voluntary disclosure [15]. Therefore, the present study proposes hypothesis 4.

Hypothesis 4a: The earnings forecast disclosure willingness positively relates with the managers’ salaries.

Hypothesis 4b: The earnings forecast disclosure willingness positively relates with the managers stockholdings level.

Generally speaking, elder managers tend to avoid risk, and are reluctant to reveal the uncertain information. Compared with elder managers, younger managers are more active and willing to try new things. In a complicated environment younger managers are willing to disclose earnings information with stronger self-confidence [16]. Therefore, the present study proposes hypothesis 5.
Hypothesis 5: The earnings forecast disclosure willingness negatively relates with the average age of managers.

The companies of greater risk in the industry tend to release earnings forecast information in order to improve the timeliness and reduce the information asymmetry and transaction costs [17]. Therefore, the present study proposes hypothesis 6.

Hypothesis 6: The earnings forecast disclosure willingness positively relates with the industry risk.

When the interests of client get damaged owing to agent misconduct, the client can easily find the new agent in effective managers market. Even if managers market is not perfect competition in reality, the pressure from the managers’ market may promote on-the-job managers working hard to some extent [18]. Therefore, the present study proposes hypothesis 7.

Hypothesis 7: The earnings forecast disclosure willingness positively relates with the managers market competitiveness.

Owing to the information asymmetry, creditors may require the management of the company to disclose future performance [19]. Meanwhile, if the listed companies want to improve issuing bond ability in the bond market, they must increase voluntary disclosure. So listed companies of high financial leverage will disclose more voluntary information.

Hypothesis 8: The earnings forecast disclosure willingness positively relates with asset-liability ratio.

The research of Craswell (1992) found that hiring the larger accounting firms and the voluntary disclosure degree are positive correlation. Hiring authority audit institutions means that companies tend to accept the strict requirement of information disclosure [20]. Therefore, the present study proposes hypothesis 9.

Hypothesis 9: The degree of earnings forecast disclosure made by the top 10 accounting firms is higher than other accounting firms.

The research of Chen Yan (2009) showed that company size, industry, current status and the level of ownership concentration have significant influence on the voluntary disclosure [21]. Therefore, the present study proposes hypothesis 10.

Hypothesis 10: The earnings forecast disclosure willingness positively relates with the firm size.

The research of Huang Xueli (2009) showed that small and medium-sized listed companies of high growth tend to disclose voluntary information [22]. Therefore, the present study proposes hypothesis 11.

Hypothesis 11: The earnings forecast disclosure willingness positively relates with the growth of the listed companies.

Wang Zhen and Yang Xin (2010) found that in the existing system of independent directors, the nature of the companies such as asset size and profitability are still major factors to affect the quality of information disclosure [23]. Therefore, the present study proposes hypothesis 12.

Hypothesis 12: The earnings forecast disclosure willingness positively relates with the profitability of the listed companies.

D. Model

The paper adopts Logistic regression model and uses Maximum Likelihood Method to estimate parameters. Model expressions are as follows:

\[
\lambda = \ln \left( \frac{P}{1-P} \right) = \beta_0 + \beta_1 X_1 + \cdots + \beta_i X_i
\]  

(1)

According to the definition of Logistic function:

\[
P = \frac{\exp(\alpha + \beta X)}{1 + \exp(\alpha + \beta X)}
\]

(2)

\[
1 - P = \frac{1}{1 + \exp(\alpha + \beta X)}, \quad i = 1,2,\ldots,m
\]

(3)

\[
\alpha, \beta_1, \ldots, \beta_m \text{ are return parameters in the model. In practice, the study is usually a number of factors which are related to the target variable, therefore equation (2) can be extended to:}
\]

\[
P = \frac{\exp(\alpha + \sum_{i=1}^{m} \beta_i x_i)}{1 + \exp(\alpha + \sum_{i=1}^{m} \beta_i x_i)}, \quad i = 1,2,\ldots,m
\]

(4)

(5)

When the dependent variable is 0, 1 variable, the results are in two situations of occurrence (the dependent variable is 1) or non-occurrence (the dependent variable is 0). The model expressions are as follows:

\[
P(Y = 1) = \frac{\exp(\lambda)}{1 + \exp(\lambda)}
\]

(6)

\[
P(Y = 0) = \frac{1}{1 + \exp(\lambda)}
\]

(7)

Equation (6) and equation (7) show that:

\[
P(Y = 1) = 1 - P(Y = 0).
\]

Based on the above influence factors analysis of the willingness of earnings forecast disclosure, Logistic regression model is as follows:

\[
\ln \left( \frac{P}{1-P} \right) = \beta_0 + \beta_1 BDS\text{ize} + \beta_2 BD\text{Indep} + \beta_3 BD\text{Lead}
\]

\[
+ \beta_4 MM\text{agSL} + \beta_5 MM\text{agSH} + \beta_6 MM\text{agAge}
\]

\[
+ \beta_7 NY\text{D} + \beta_8 MM\text{agChg} + \beta_9 TD\text{ept}
\]

\[
+ \beta_{10} AUD\text{i}t10 + \beta_1 S\text{ize} + \beta_2 G\text{rowth}
\]

© 2012 ACADEMY PUBLISHER
\[ \beta_0 + \beta_1 \text{ROA} + \varepsilon \]  
\[ (8) \]

\( \beta_0 \) is the constant term, \( \beta_i \) (\( i = 0, 1, \ldots, 13 \)) is the coefficient to be estimated of exogenous variables, \( \varepsilon \) is random component in equation 8.

V. EMPIRICAL STUDY RESULT

A. Descriptive Results

- Descriptive statistics of the management characteristics: Descriptive results of the management characteristics are shown in Table II.

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Sample size</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDSize</td>
<td>3,992</td>
<td>2</td>
<td>18</td>
<td>9.30</td>
<td>1.937</td>
</tr>
<tr>
<td>BDeldep</td>
<td>3,992</td>
<td>0.0909</td>
<td>0.5714</td>
<td>0.3560</td>
<td>0.0482</td>
</tr>
<tr>
<td>ManagSL</td>
<td>3,992</td>
<td>0</td>
<td>20.7884</td>
<td>11.7639</td>
<td>0.9782</td>
</tr>
<tr>
<td>ManagAge</td>
<td>3,992</td>
<td>36.64</td>
<td>73.54</td>
<td>47.4412</td>
<td>3.1315</td>
</tr>
<tr>
<td>TDebt</td>
<td>3,992</td>
<td>0.0178</td>
<td>1.7712</td>
<td>0.4909</td>
<td>0.1828</td>
</tr>
<tr>
<td>Size</td>
<td>3,992</td>
<td>18.2659</td>
<td>27.4877</td>
<td>21.7392</td>
<td>1.1627</td>
</tr>
<tr>
<td>Growth</td>
<td>3,992</td>
<td>-148.2933</td>
<td>493.5518</td>
<td>0.8571</td>
<td>16.9742</td>
</tr>
<tr>
<td>ROE</td>
<td>3,992</td>
<td>-2.7736</td>
<td>12.228</td>
<td>0.1174</td>
<td>0.3279</td>
</tr>
</tbody>
</table>

- The results show that:
- 1) The mean number of directors of the board is 9.30, and typically the size of 7-9 people is ideal, indicating that the board size of the sample companies is reasonable.
- 2) The mean of independent directors’ proportion is 0.356, slightly larger than one-third, the required proportion of China Securities Regulatory Commission (CSRC), indicating that sample companies comply with the basic requirements of the CSRC.
- 3) Managers holdings number varies from the minimum of 0 to the maximum of 336,012,251, with the mean being 3,558,765.10. It is found in the data collection that companies in which managers hold share are not many in the samples.
- 4) Ln (the mean number of managers’ salaries) vary from the minimum of 2.6971 to the maximum of 20.7884, indicating that the differences exist in the management salaries of the sample companies.
- 5) Managers’ age range from 36.64 to 73.54 and the mean of managers’ age is 48.
- 6) Asset-liability ratio is 0.4909, less than 0.5, indicating that the sample companies may be restrained by creditors, and therefore carried out disclosing earnings forecast.
- 7) The average asset size is 21,7392, and there is a bit distance between the maximum and minimum.
- 8) Operating profit growth ratio ranged from the minimum of -148.2933 to the maximum of 493.5518, with the mean number of 0.8371, indicating that significant differences in the growth of the sample companies.
- 9) The mean number of ROE is 0.1174, with the maximum of 12.228 and the minimum of -2.7736, indicating that a larger difference of profitability in the sample companies.

**Dummy variable frequency statistical analysis:** Descriptive statistical analysis cannot be used to analyze dummy variable, frequency statistical analysis is employed. The results of dummy variable frequency are shown in Table III.

<table>
<thead>
<tr>
<th>Dummy variable</th>
<th>Assignment</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BDlead</td>
<td>1</td>
<td>578</td>
<td>14.48%</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>3,414</td>
<td>85.52%</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>3,992</td>
<td>100%</td>
</tr>
<tr>
<td>IND</td>
<td>1</td>
<td>457</td>
<td>11.45%</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>3,535</td>
<td>88.55%</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>3,992</td>
<td>100%</td>
</tr>
<tr>
<td>ManagChg</td>
<td>1</td>
<td>1,059</td>
<td>26.53%</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>2,933</td>
<td>73.47%</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>3,992</td>
<td>100%</td>
</tr>
<tr>
<td>Audit10</td>
<td>1</td>
<td>1,163</td>
<td>29.13%</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>2,829</td>
<td>70.84%</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>3,992</td>
<td>100%</td>
</tr>
</tbody>
</table>

- The statistical analysis of frequency indicates that:
- 1) The dual role of board chairman and CEO is 14.48% of sample companies, indicating that some board of listed companies may lack independence.
- 2) 26.53% of sample companies have replaced the managers, showing that the managers are faced with certain pressure of market competition.
- 3) The proportion is moderate in computer and related equipment manufacturing, computer application services, medical and biological products.
- 4) 29.13% of sample companies are audited by the top 10 accounting firms, indicating that most listed companies in China tend to hire non-top 10 accounting firms to audit.

B. Regression Analysis

Through correlation test, some variables are collinearity. If multiple collinearity exists, it can affect the effect of the regression model. For instance, asset-liability ratio (TDebt) is in significant correlation with board size (BDSize), leadership structure (BDlead), industry type (IND) and firm size (Size). After excluding 3 variables, namely, firm size (Size), managers’ age
(ManagAge) and leadership structure (BDlead), tolerance test and variance inflation factor analysis are used to verify the collinearity relation between other variables.

The results of collinearity tests are shown in Table IV and Figure 1.

The results of Logistic regression are shown in Table V. From the above results of regression analysis, regression coefficients of independent directors’ proportion, industry type and accounting firm type are contrary to the original hypothesis and the rest variables regression coefficients are consistent with the original hypothesis.

C. Logistic Regression Results

From the above results of regression analysis, the last 10 variables are included in the Logistic regression equation. Logistic regression equation is as follows:

\[
\ln\left( \frac{p}{1-p} \right) = \beta_0 + \beta_1 \text{BDSize} + \beta_2 \text{BDIndep} + \beta_3 \text{ManagSL} + \beta_4 \text{BDit10} + \beta_5 \text{ManagSH} + \beta_6 \text{IND} + \beta_7 \text{ManagChg} + \beta_8 \text{TDebt} + \beta_9 \text{ROE}
\]

The Sig value of managers’ changes and the asset-liability ratio are less than 0.05, and the Sig value of the board size is less than 0.05, indicating that the impact of managers’ market competitiveness intensity, creditors’ governance and board size on earnings forecast disclosure willingness of listed companies is quite significant. The Sig value of managers’ stockholdings is more than 0.1, indicating that the impact of managers’ stockholdings on earnings forecast disclosure willingness is quite significant. The Sig value of independent directors’ proportion, operating profit growth ratio, industry type, accounting firm type, return on equity and managers’ salaries are not significant.
The evaluation of the logistic regression models includes the adequacy and accuracy. The Sig value of HL test is 0.64, more than 0.05, indicating that the model is more appropriate. The value of $R^2$ is 0.31, close to 0.4, indicating that the model is accurate.

VI. DISCUSSION AND CONCLUSIONS

The results of this study indicate that the four indicators--managers’ changes, asset-liability ratio, the board size and managers’ stockholdings are the major influence factors to the earnings forecast disclosure willingness of listed companies.

The variable of managers’ changes is significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 7 is supported. When the managers’ market competitiveness intensity is stronger, the service managers are faced with more dismissal risk. Therefore, managers will be more conscientious and communicate with outside investors actively, and thus disclose the earnings forecast timely.

Asset-liability ratio makes a significant contribution to the earnings forecast disclosure willingness of listed companies, so the hypothesis 8 is supported. Creditors pay close attention to the companies of high asset-liability ratio and require listed companies to disclose their earnings information timely in order to make decisions timely and safeguard their claims’ value.

Board size makes a significant contribution to the willingness of earnings forecast disclosure of listed companies and supports the hypothesis 1. The board of larger size is likely to be controlled by general manager owing to the poor communication and coordination between board members. But the board of smaller size works efficiently and reduces information asymmetry between listed companies and investors.

The variable of managers’ stockholdings makes a significant contribution to the earnings forecast disclosure willingness of listed companies and supports the hypothesis 4b. Managers’ stockholdings can make the benefit of managers meet the benefit of shareholders. Managers are concerned with the performance and values of listed companies.

Other explanatory variables, such as independent directors’ proportion, leadership structure, managers’ salaries, managers’ age, industry type and accounting firm type, don’t affect the earnings forecast disclosure willingness of listed companies significantly and do not support the original hypothesis.

Independent directors’ proportion is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 2 is not supported. Our independent directors system is imperfection, and establishing the independent directors system does not really reflect the need of the company itself. This leads to the limitation of the independent directors’ decisions to the management of listed companies.

Leadership structure is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 3 is not supported. From the agency theory, the dual role of board chairman and CEO will reduce the independence of the board of directors. Therefore, listed companies may hide their own unfavorable news, and the transparency of information reduces. The chairman usually represents the interests of big shareholders or controlling shareholders in Chinese listed companies. The dual role of board chairman and CEO also represents the interests of big shareholders or controlling shareholders. Many decisions making of limited companies including earnings forecast disclosure is taking the interests of shareholders into account to a great extent, and is being influenced by the chairman of the board. Therefore, the dual role of board chairman and CEO has no influence to earnings forecast disclosure willingness.

The variable of managers’ salaries is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 4a is not supported.

Managers’ age is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 5 is not supported. Generally speaking, according to natural life period, a natural person in prime period is full of exuberant energy and ability. Managers in low average age show strong self-confidence, and tend to disclose the earnings forecast information. But in the modern society and economic environment, the earnings forecast disclosure of listed companies is the grasp to the future owing to enterprises are facing with more uncertainty. Therefore, the managers’ age does not affect the earnings forecast disclosure.

Industry type is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 6 is not supported. Chinese listed companies in different industries are faced with the same macro environment and the same securities market environment. They intend to disclose the earnings information timely and attract investors owing to the existence of varying degrees of information asymmetry.

Accounting firm type is not significant to the earnings forecast disclosure willingness of listed companies, so the hypothesis 9 is not supported. In theory, the listed companies tend to employ high credibility of auditing institutions as their long-term cooperation objects. Transnational accounting firms and famous domestic accounting firms are the first selection objects. But employing high credibility of auditing institutions means high audit costs. And the information disclosure of listed companies is being supervised strictly.

Three controlling variables of firm size, operating profit growth ratio and return on equity don’t affect the earnings forecast disclosure willingness of listed companies significantly and do not support the original hypothesis.

ACKNOWLEDGMENT

This work was supported in part by a grant from National Natural Science Foundation of China: Project Equity Incentive and Corporate Value--from the View of Control Rights Allocation (No.71102153).
REFERENCES


© 2012 ACADEMY PUBLISHER