Financial accounting:
THE EFFECT OF THE REPORTING LAG ON THE COST OF EQUITY
The central question in this article is whether a short reporting lag reduces investors’ required rate of return on their investment, which in turn will lower the cost of equity. The reasoning behind this question is that investors will consider a company with a short reporting lag to be less risky. The cause for this decreased risk can be twofold. First, investors have more information available when companies rapidly report their earnings numbers to their investors. This improved information will enable investors to make a better trade-off between risk and return. Investors will therefore perceive their investment decision to be less risky and thus investors will lower their expected rate of return on their investment. Second, the prompt release of earnings numbers will decrease the possibility that information will leak to other investors. This decreases the probability of information asymmetry between investors. If there is little information asymmetry between the investors, these investors know that none of them can take advantage of the other investors because he or she has superior information. According to Easley and O’Hara (2004) this lowers the risk of the investment to investors and therefore they will lower their expected rate of return on their investment. The expected rate of return from investors is the ex ante cost of equity capital of a company, and thus I expect that a lower reporting lag will lead to a lower cost of equity.

Although the evidence in this paper is not conclusive, there is considerable evidence that a shorter reporting lag leads to a lower cost of equity. The estimated impact of the reporting lag on the cost of equity is not overwhelming, but still significant for companies with high equity capital. Decreasing the reporting lag by one day can lower a company’s cost of equity by approximately 0.07%. While this impact may not be considered overwhelming, it could still be significant for companies with high equity capital.

Jeroen Ruiter: The central question in this article is whether a short reporting lag reduces investors’ required rate of return on their investment, which in turn will lower the cost of equity. The reasoning behind this question is that investors will consider a company with a short reporting lag to be less risky. The cause for this decreased risk can be twofold. First, investors have more information available when companies rapidly report their earnings numbers to their investors. This improved information will enable investors to make a better trade-off between risk and return. Investors will therefore perceive their investment decision to be less risky and thus investors will lower their expected rate of return on their investment. Second, the prompt release of earnings numbers will decrease the possibility that information will leak to other investors. This decreases the probability of information asymmetry between investors. If there is little information asymmetry between the investors, these investors know that none of them can take advantage of the other investors because he or she has superior information. According to Easley and O’Hara (2004) this lowers the risk of the investment to investors and therefore they will lower their expected rate of return on their investment. The expected rate of return from investors is the ex ante cost of equity capital of a company, and thus I expect that a lower reporting lag will lead to a lower cost of equity.

Although the evidence in this paper is not conclusive, there is considerable evidence that a shorter reporting lag leads to a lower cost of equity. The estimated impact of the reporting lag on the cost of equity is not overwhelming, but still significant for companies with high equity capital. Decreasing the reporting lag by one day can lower a company’s cost of equity by approximately 0.07%.

This paper is structured as follows. Section 1 will deal with the reporting lag. In section 2 improved decision-making will be discussed and section 3 will cover information asymmetry. Section 4 deals with the cost of equity. Section 6 will show the results of the study and section 5 concludes this article.

1 The reporting lag
A reporting lag is defined as the number of days that elapse between the end of the fiscal year and the release of the earnings numbers. Of course the elements that comprise the reporting lag are not always easily discernable and some elements are not of interest to the study. The elements that are of interest are the elements over which managers have some control. Making a split between the time that the manager can and cannot influence is a complicated matter though, and therefore most researchers include the total reporting lag in their studies. This is also applicable to this article. The total reporting lag from the fiscal year-end to the earnings release date is the variable of interest.

The reporting lag has been fluctuating in the past. Givoly and Palmon (1982) find that between 1960 and 1974 only, the median reporting lag has
come down with 22 days, from 63 days in 1960 to 41 days in 1974. Sengupta (2004) shows that this lag further decreased in subsequent years to 33 days in 1995. Afterwards the lag increases again to a median of 39 days. The sample period used in this study runs from 1996 to 2005 and the median reporting lag of this sample shows a further decrease of the reporting lag to a median of 34 days. This might indicate that the improvements in information processing capacity have reached a limit. Together with increased legislation this might cause the reporting lag to hold at approximately 35 days. As is shown in Table 1, there is a deviation between the median reporting lags that are mentioned in Sengupta (2004) and the median reporting lags that are reported in this paper. The explanation for this difference is that firms that did not report within the legal deadline were excluded from the sample that was used in this paper, whereas they were included in the sample used by Sengupta (2004).

In the existing literature, there have been two ways to look at the reporting lag so far. First, the reasons for the early and late release of earnings numbers are explored. Second, investors’ responses to the length of the reporting lag are investigated. Again, Sengupta (2004) provides an elaborate survey of the reasons for the differences in reporting lags between companies. His main focus is on the nature and the ownership structure of the companies. Besides obvious factors such as firm size, firm risk and the reporting of bad news, ownership features also have an impact on the reporting lag. It turns out that firms with highly dispersed shareholders, high trading volumes, a low percentage of shares held by block holders, a high percentage of shares held by institutional shareholders, potentially high litigation costs, little competition and relatively uncomplicated accounting environment tend to have a shorter reporting lag.

Besides the constructs of the reporting lag, the inferences from differences in the reporting lag are studied in a separate body of literature. Givoly and Palmon (1982) are the first to find that bad news tends to be delayed, although it is a very weak link. Later on, this finding is confirmed and extended by (among others) Bagnoli et al. (2002) to the statement that good news is reported earlier than expected and bad news is reported later than expected. They summarize this finding as the ‘day late, penny short’ finding which implies that for every day that a company reports after the expected release date, the earnings number falls a penny short of the expectation.

2 Improved decision making
If there is a reward for a short reporting lag, it should have something to do with the cost of equity. To see why, the importance of information to investors needs to be considered. As was shown by Easley and O’Hara (2004), investors rely on information from different sources to decide in which funds to invest. They decide what portfolio of investments will provide them with the desired mix of risk and return. Investors will require a high return from risky investments, whereas they will only ask a low return from investments with little or no risk. To make an investment decision, investors need information about their current investments and investment opportunities. A lot of this information is contained in annual reports, earnings releases and press releases that companies communicate to the outside world. With this information investors can make a better informed decision than without this information. In other words, the information communicated by companies decreases the uncertainty involved in making an investment decision and thus makes the investment less risky.

This should not only apply to the amount of information that is communicated to the investor, but also to the timing of this information. If an investor has more timely access to information about his investment, he will consider this investment to be less risky because he is able to make a better informed decision. Since the investor has to make a trade-off between risk and return, lower risk will also lower the investor’s required return from the investment. It is exactly this required rate of return that is also the ex ante cost of equity to a company. The reasoning behind this is that this required rate of return is equal to the cost that a company expects to pay for the capital that it has attracted from investors in its shares. This completes the path from the reporting lag to the cost of equity because the returns to the investor and the share price are the two constructs of the cost of equity. With respect to the amount of information, this relation has already been established by Botosan and Plumlee (2002). They find that firms with many voluntary disclosures (i.e. information in the an-
Annual report that does not have to be published by law) have a lower cost of equity than firms that have little or no voluntary disclosures.

### Information asymmetry
Another potential reason that firms with a longer reporting lag have a higher cost of equity is information asymmetry. Easley et al. (2002) find that firms with more ‘private’ information have a higher cost of equity than firms with more ‘public’ information. Private information is information that is available to only a limited number of investors whereas public information is available to all investors. The reason that investors require a higher rate of return from shares that have more private information is the presence of asymmetric information. Asymmetric information exists when some investors have access to private information about a firm whereas other investors do not. Better informed investors always have an advantage over less informed investors and these less informed investors will take this into account when determining their required rate of return. Less informed investors will require a higher rate of return because they take the risk into account that a company performs less than the investor’s expectation that is based on limited information. This in turn increases the required rate of return from the investment community as a whole and this has a negative influence on a firm’s cost of equity.

### Cost of equity
To see the importance of finding the determinants of the cost of equity, the role of the cost of equity within firms has to be clarified. Perhaps the most important role of the cost of equity is its share, together with the cost of debt, in the Weighted Average Cost of Capital (WACC). The WACC is used as the discount rate for future cash flows when investment opportunities are evaluated. As is indicated in the literature, the cost of equity differs with risk factors. Therefore it must be noted that a single cost of equity does not suffice for larger companies. Although companies have a single cost of equity for the company as a whole, the cost of equity can differ per business unit and geographical region.

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### Table 1. Median reporting lag throughout the years

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Lag</td>
<td>63   52   44   40   37   37</td>
<td>33   36   37   41   40   39</td>
<td>36   35   35   34   32   35   35   36   34</td>
</tr>
</tbody>
</table>
doing this, projects that cover multiple business units and regions can be evaluated. Another role of the cost of equity lies in the minimization of the WACC itself. First, the WACC can be minimized by finding the right ratio between debt and equity. When the cost of debt is lower than the cost of equity, increasing the leverage lowers the WACC and vice versa. But of course lowering the cost of debt and the cost of equity separately will decrease the WACC as well. As was discussed previously, Botosan and Plumlee (2002) find that firms can lower their cost of equity by increasing their voluntary disclosures. The main theme of this paper is whether firms with a shorter reporting lag also have a lower cost of equity.

Research on the determinants of the cost of equity cannot start off before a proper method to calculate this cost of equity is found. Historical data can be used to estimate the cost of equity but authors (e.g. Claus and Thomas (2001)) have found these estimates to be consistently higher than the true cost of equity. Besides this, it is not the historical cost of equity that is required to evaluate future investment opportunities but the expected or ex ante cost of equity. To solve these two problems, researchers have started to use analysts’ forecasts for their estimations. The existing accounting literature on the cost of equity can be divided into two groups. One group of scholars uses some form of the familiar dividend discount model for their calculations; the other group uses adaptations from an earnings to price ratio that was first developed by Ohlson and Juettner-Nauroth (2005). The first group of methods differ mutually in the sense that they make different assumptions about the forecast horizon and the growth rate of the discounted dividends or abnormal earnings. After making these initial assumptions, the future expected value of these dividends or abnormal earnings are equated with the current share price by calculating an Internal Rate of Return (IRR). This IRR is the cost of equity. After subtracting the risk-free rate from the cost of equity, the equity premium is obtained. The yield on 10-year US treasury bonds is often taken as the risk-free rate. In the methods that are developed by Easton (2004) and Ohlson and Juettner-Nauroth (2005), the forecasted cost of equity can be calculated directly. Both methods are based on an inverse price-to-earnings-growth multiple. Again, the method provides the cost of equity so the risk-free rate has to be subtracted to obtain the equity premium.

The major problem with the cost of equity calculation is that there is no conclusive evidence on the superiority of one of the models. To circumvent this problem, many researchers use more than one model to calculate the cost of equity in their studies. In this paper, the method developed by Gebhardt et al. (2001) and Easton (2004) are used. These methods have the widest support from authors who have evaluated the different methods to calculate the cost of equity. The formula of the method by Gebhardt et al. (2001) discounts abnormal earnings:

\[ P_0 = b_0 + \sum_{t=1}^{n} \frac{((\text{ROE}-r_e)b_{t-1})}{(1+r_e)^t} + (r_e(1+r_e)^{11})}\frac{((\text{ROE}_{12}-r_e)b_{11})}{(1+r_e)^{11}} \]  

where \( P \) is the share price, \( b \) is the book value per share, \( r_e \) is the cost of equity and ROE is the return on equity. The cost of equity is found by estimating the \( r_e \) that equates both sides of the equation. To employ this method, several assumptions need to be made. The ROE is calculated for every firm individually for the first three years. After these initial three years the ROE reverts to the industry median ROE in year 12 and remains at that level from year 12 onwards. Furthermore this model assumes that firms have a 100% dividend pay-out ratio beyond the forecasting horizon. Although these are some simplifying assumptions, the model developed by Gebhardt et al. (2001) is currently the most sophisticated model to calculate the cost of equity.

The formula of the method developed by Easton (2004) is:

\[ r_e = \sqrt{\frac{e^{s_2} e^{s_1}}{P_0}} \]  

where \( e^{s_1} \) and \( e^{s_2} \) are the analysts’ forecasts for the earnings per share for the coming two years and \( P \) is again the share price. One of the major consequences of using Easton’s model is that only firms with growth in forecasted earnings can be included in the sample. Besides the fact that this is not a very realistic assumption, it can seriously affect the sample size in case of an economic down-turn. The sample also becomes biased because only companies with good prospects are included. Another assumption that is implied by the formula is the perpetual growth in earnings. To conclude this model does not include information on the dividend policy of the firm and therefore assumes that dividends are zero.
Table 2. Regression results for model 2. T-Statistics in parentheses. *, **, and *** indicate significance at 10%, 5% and 1%

### Cost of equity by Gebhardt et al. (2001)

<table>
<thead>
<tr>
<th>Year</th>
<th>Intercept</th>
<th>Size</th>
<th>B/M-ratio</th>
<th>Leverage</th>
<th>Dispersion</th>
<th>Rep. Lag</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>4.43 (3.40)***</td>
<td>-0.22 (-5.91)***</td>
<td>0.22 (5.71)***</td>
<td>0.04 (1.14)</td>
<td>0.25 (7.60)***</td>
<td>0.02 (0.46)</td>
<td>0.201</td>
</tr>
<tr>
<td>1997</td>
<td>4.50 (3.57)***</td>
<td>-0.18 (-5.33)***</td>
<td>0.08 (3.30)**</td>
<td>0.30 (9.51)***</td>
<td>0.20 (6.74)***</td>
<td>0.03 (1.01)</td>
<td>0.212</td>
</tr>
<tr>
<td>1998</td>
<td>10.54 (7.21)***</td>
<td>-0.23 (-7.29)***</td>
<td>0.28 (9.27)***</td>
<td>0.10 (3.58)***</td>
<td>0.22 (7.86)***</td>
<td>-0.02 (-0.68)</td>
<td>0.278</td>
</tr>
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<td>1999</td>
<td>5.33 (4.00)***</td>
<td>-0.17 (-5.48)***</td>
<td>0.34 (10.95)***</td>
<td>0.03 (1.12)</td>
<td>0.10 (3.70)***</td>
<td>0.04 (1.38)</td>
<td>0.230</td>
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<tr>
<td>2000</td>
<td>8.18 (6.53)***</td>
<td>-0.19 (-6.67)***</td>
<td>0.20 (6.58)***</td>
<td>0.15 (5.26)***</td>
<td>0.16 (6.43)***</td>
<td>0.04 (1.52)</td>
<td>0.215</td>
</tr>
<tr>
<td>2001</td>
<td>6.00 (4.60)***</td>
<td>-0.12 (-4.25)***</td>
<td>0.20 (6.52)***</td>
<td>0.09 (3.14)***</td>
<td>0.24 (9.03)***</td>
<td>0.00 (-0.11)</td>
<td>0.166</td>
</tr>
<tr>
<td>2002</td>
<td>11.30 (10.59)***</td>
<td>-0.25 (-9.48)***</td>
<td>0.07 (2.73)***</td>
<td>0.10 (4.08)***</td>
<td>0.06 (2.56)***</td>
<td>-0.02 (-0.80)</td>
<td>0.093</td>
</tr>
<tr>
<td>2003</td>
<td>-1.39 (-1.55)</td>
<td>0.01 (0.55)</td>
<td>0.34 (13.16)***</td>
<td>0.13 (5.43)***</td>
<td>0.07 (2.84)***</td>
<td>0.04 (1.63)</td>
<td>0.176</td>
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<tr>
<td>2004</td>
<td>-1.90 (-2.20)***</td>
<td>0.05 (1.91)</td>
<td>0.31 (13.02)***</td>
<td>0.09 (4.02)***</td>
<td>0.11 (4.54)***</td>
<td>-0.01 (-0.51)</td>
<td>0.140</td>
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<td>2005</td>
<td>-1.51 (-1.64)</td>
<td>0.05 (1.99)**</td>
<td>0.27 (10.25)***</td>
<td>0.10 (3.79)***</td>
<td>0.20 (8.59)***</td>
<td>0.00 (1.14)</td>
<td>0.158</td>
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<tr>
<td>Total</td>
<td>5.22 (14.20)***</td>
<td>-0.13 (-14.84)***</td>
<td>0.23 (24.95)***</td>
<td>0.10 (11.87)***</td>
<td>0.17 (20.95)***</td>
<td>0.01 (1.11)</td>
<td>0.155</td>
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### Cost of equity by Easton (2004)

<table>
<thead>
<tr>
<th>Year</th>
<th>Intercept</th>
<th>Size</th>
<th>B/M-ratio</th>
<th>Leverage</th>
<th>Dispersion</th>
<th>Rep. Lag</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>27.36 (17.61)***</td>
<td>-0.48 (-19.70)***</td>
<td>-0.03 (-1.21)</td>
<td>0.06 (2.49)**</td>
<td>0.24 (10.88)***</td>
<td>0.07 (2.96)***</td>
<td>0.297</td>
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<tr>
<td>1997</td>
<td>25.21 (16.86)***</td>
<td>-0.40 (-17.31)***</td>
<td>-0.02 (-0.08)</td>
<td>0.00 (-0.08)</td>
<td>0.26 (12.19)***</td>
<td>0.06 (2.83)***</td>
<td>0.237</td>
</tr>
<tr>
<td>1998</td>
<td>35.67 (20.90)***</td>
<td>-0.46 (-20.44)***</td>
<td>0.05 (2.56)***</td>
<td>0.09 (4.20)***</td>
<td>0.23 (11.16)***</td>
<td>0.06 (2.57)***</td>
<td>0.309</td>
</tr>
<tr>
<td>1999</td>
<td>24.71 (15.79)***</td>
<td>-0.38 (-16.26)***</td>
<td>-0.02 (-0.65)</td>
<td>0.13 (5.91)***</td>
<td>0.20 (9.82)***</td>
<td>0.12 (5.37)***</td>
<td>0.253</td>
</tr>
<tr>
<td>2000</td>
<td>21.98 (13.36)***</td>
<td>-0.30 (-13.24)***</td>
<td>0.25 (11.09)***</td>
<td>-0.05 (-2.41)**</td>
<td>0.27 (13.86)***</td>
<td>0.08 (4.06)***</td>
<td>0.288</td>
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<tr>
<td>2001</td>
<td>37.58 (17.28)***</td>
<td>-0.40 (-16.48)***</td>
<td>0.06 (2.34)**</td>
<td>-0.03 (-1.20)</td>
<td>0.21 (0.71)***</td>
<td>0.07 (2.87)***</td>
<td>0.229</td>
</tr>
<tr>
<td>2002</td>
<td>45.01 (22.48)***</td>
<td>-0.51 (-21.44)***</td>
<td>0.05 (2.13)**</td>
<td>0.05 (2.11)**</td>
<td>0.16 (7.04)***</td>
<td>-0.03 (-1.21)</td>
<td>0.281</td>
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<tr>
<td>2003</td>
<td>26.56 (26.56)***</td>
<td>-0.34 (-15.56)***</td>
<td>0.02 (0.95)</td>
<td>0.06 (2.93)***</td>
<td>0.20 (9.91)***</td>
<td>0.09 (3.97)***</td>
<td>0.180</td>
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<tr>
<td>2004</td>
<td>30.09 (20.43)***</td>
<td>-0.38 (-18.61)***</td>
<td>-0.06 (-3.26)**</td>
<td>0.06 (3.19)**</td>
<td>0.23 (11.85)***</td>
<td>0.07 (3.38)***</td>
<td>0.201</td>
</tr>
<tr>
<td>2005</td>
<td>23.26 (15.64)***</td>
<td>-0.33 (-15.35)***</td>
<td>-0.02 (-1.11)</td>
<td>0.13 (6.20)**</td>
<td>0.28 (13.54)***</td>
<td>0.12 (5.84)***</td>
<td>0.210</td>
</tr>
<tr>
<td>Total</td>
<td>28.61 (53.60)***</td>
<td>-0.38 (-32.32)***</td>
<td>0.05 (7.43)***</td>
<td>0.06 (9.28)***</td>
<td>0.22 (31.96)***</td>
<td>0.07 (10.04)***</td>
<td>0.222</td>
</tr>
</tbody>
</table>
In past research, quite some factors have been found that have an influence on the cost of equity. The variables that have widest empirical support are used as control variables in this paper. To test whether a shorter reporting lag indeed leads to a lower cost of equity the following regression model is used:

\[
E_p = \alpha_0 \text{Size} + \alpha_1 \text{B/M-ratio} + \alpha_2 \text{Leverage} + \alpha_3 \text{Forecast dispersion} + \alpha_4 \text{Reporting lag} + \epsilon
\]

## 5 Sample and results

The sample that is used to test whether companies with a short reporting lag have a lower cost equity consists of a large number of US listed companies that have December 31st as their fiscal year-end. Companies that have sufficient data in the I/B/E/S, Compustat, and CRSP databases to calculate the cost of equity and the independent variables are included. The sample period runs from 1996 to 2005.

In Table 2, the results from the regression model are shown. There are some differences in the results between the model that is based on the equity premium calculation by Gebhardt et al. (2001) and the model that is based on the equity premium calculation by Easton (2004). Despite this difference in results, the independent variables do change with the equity premium in the predicted direction for most years and for the total sample period. For both models, the relation between the size and the equity premium is negative, indicating that larger companies tend to have a lower equity premium. This is according to expectations because big firms are perceived to be less risky. The book-to-market ratio (B/M-ratio) is also related to the cost of equity in the predicted manner. Firms with a high B/M-ratio are expected to deliver lower future returns than firms with a low B/M-ratio. Therefore firms with a high B/M-ratio are expected to have a high cost of equity and vice versa. The same story applies to leverage. Firms with higher leverage are more risky investments and therefore have a higher cost of equity. This is also indicated by the empirical results. To conclude, dispersion in analysts’ forecasts is included as a control variable. A higher dispersion in analysts’ forecasts indicates an unpredictable future of the firm. An unpredictable future implies more risk and therefore a higher cost of equity. Again this relation is supported by the results from the regression. With respect to the relation between the reporting lag and the cost of equity the results are much more ambiguous compared to the results for the control variables. When the method developed by Gebhardt et al. (2001) is used to obtain the cost of equity, the results indicate that there is no significant relation between the reporting lag and the cost of equity despite the fact that the relation is weakly positive. There is a sharp contrast between this result and the results when the method developed by Easton (2004) is used to calculate the cost of equity. As is shown in the lower part of Table 2 there is a highly significant positive relation between the reporting lag and the cost of equity. This result is consistent throughout all sample years except for 2002. When all sample years are considered the cost of equity is lowered by 0.07% when the reporting lag is shortened by one day. Taking both methods together, the results show that there is quite some, although not conclusive evidence that a short reporting lag indeed leads to a lower cost of equity.

To put this finding into a more concrete context a numerical example will be considered next. A company with a group equity of € 15 bln and a cost of equity of 7.50% faces a forecasted cost of equity of € 1.125 bln. Shortening their reporting lag by one day will lower their cost of equity to 7.43% according to the regression that is based on the cost of equity calculation by Easton (2004). € 15 bln multiplied by 7.43% gives a forecasted cost of equity of € 1.1145. Shortening the reporting lag by one day can therefore save this company € 1.125 bln minus € 1.1145 is € 10.5 mln. Although this estimate is not necessarily accurate, it gives an indication of the pay-off for projects that companies undertake to shorten their reporting lag.

## 6 Conclusion

Although the results are not conclusive, there is quite some evidence that a short reporting lag leads to a lower cost of equity. When the method developed by Gebhardt et al. (2001) is used to calculate the cost of equity, there is only a very weak and statistically insignificant positive relation between the reporting lag and the cost of equity. When the method developed by Easton (2004) is used to calculate the cost of equity there is a positive and highly significant relation between the reporting lag and the cost of equity. This, together with the fact that the control variables change with the cost of equity in the predicted direction
makes it reasonable to conclude that a shorter reporting lag indeed leads to a lower cost of equity. This finding is of course subject to some limitations. First, there is no perfect method to calculate the cost of equity. Once improved methods are developed, this study can be performed again to obtain even more solid evidence. Second, the number of control variables is incomplete. In the past, many factors have been found that influence the cost of equity. When these factors were subsequently used as control variables in research on the determinants of the cost of equity, they turned out not to be significant anymore. The control variables that are used in this paper have wide empirical support but they are by no means exhaustive. Third, the research is performed with US data only. In the future, research can aim at establishing a relation between the reporting lag and the cost of equity with data from other countries as well.

Besides research to remove the limitations that are mentioned above, future research can also aim at other features of financial reporting and their impact on the cost of equity. Besides legal requirements, managers face many choices with respect to the release of financial information. Since the production of financial information comes at a cost, it is good to have some idea of the rewards of producing this information. Future research can provide managers with information to make better decisions on the quality, quantity, and timeliness of financial information. It is in this field of research that still a lot of work can be done.

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**Websites**

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- [Jeroen Ruiter](http://www.mca.princeton.edu)