



The impact of earnings management on stock returns the case of firms

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ABOUT THE STUDY

Measuring earnings operation is a pivotal for stockholders and investors. Investor's effective evaluation of an establishment performance and its stocks returns on the stock request depends on the selection of a dimension model applicable to earnings operation. Our study aims at presenting and comparing four earnings operation dimension models examining world wise stock request information content and the capability to read directors geste. We classified the variable optional supplements into advanced and lower situations and also analyzed its effect on returns. The attained results point to a significant measure for the two situations of optional supplements according to the four models.

This confirms that optional supplements allow Tunisian investors to more estimate firm value and optimally form their stocks portfolios. Also, this study stressed the determining part of establishment size and sector to more seize earnings operation geste and its impact on stocks returns. Earnings operation allows for adding abnormal positive stocks returns for large Tunisian enterprises and reducing abnormal negative stocks returns for small Tunisian enterprises. Also, we plant that optional supplements are sensitive to sector depending on the empirical model used. In these supplements dimension models reach conclusions which are empirically dependable, this comes from the fact that they're veritably partial to reflect a complex reality.

Earnings operation is a pivotal issue for stockholders and investors. Investor's evaluation of the establishment performance and stocks returns on the fiscal request depends on opting a dimension model of earnings operation. Our study aims at presenting and comparing four dimension models of earnings operation in terms of information content of the Tunisian stock request, trying to prognosticate directors' geste. According to Selon Dechow and Skinner (2000) the current exploration methodologies simply aren't that good that relating directors of enterprises that exercise earnings operation. Dimension problems assessed while detecting manipulation are multitudinous and complex. During these last decades, exploration conducted on earnings operation reached mixed results.

Some studies report results attesting interest in earnings operation and the reverse is true. These mixed results in the literature are justified by the difficulty in giving a universal description to earnings operation conception and the limitations of the espoused methodologies. Also, this debate exists since ever and can be resolved in a veritably simple manner.

Our study is motivated by lack of empirical studies fastening on measuring effect of earnings operation on stock prices within the Tunisian environment, substantially because counting legislation is known for its financial and counting severity which hinders frequent changes of account styles and requires that fiscal communication content should admire a certain number of rules specially in terms of publishing earnings. In the

analogous tone, according to Courteau (2011), use of Chtourou model (2001), seems to produce an elaboration in earnings operation practice. Taking into account these lacks, a pivotal question is raised on the possibility to confirm that directors tend really to affect the

Tunisian fiscal request through earnings operation? To this end, we concentrated on investors' geste with the end of testing the effect of earnings publishing on stock returns.