**Evidence on why firms use different disclosure outlets: Purchased analyst research, investor presentations and Open Briefings**

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**Abstract:**

**Purpose:** Firms can make voluntary disclosures through a variety of outlets. Although research has shown that many disclosure outlets are informative, why firms use a specific outlet is yet to be considered in the literature. We argue that the firm’s choice of disclosure outlet can be explained by voluntary disclosure theories and investigate whether the market response around different disclosure outlets varies.

**Design/methodology/approach:** We investigate differences in the characteristics of firms when they purchase analyst research, hold an investor presentation or an Open Briefing and compare the market reaction around each disclosure event.

**Findings:** We find that firm incentives to reduce information acquisition costs or mitigate disclosure risk affect firm disclosure outlet choice, and mixed evidence in support of talent signalling motivations. There is also a lower absolute abnormal return around Open Briefings and a higher signed abnormal return around purchased analyst research.

**Research limitations/implications:** Our research is exploratory in nature and as such we only consider a small subset of disclosure outlets. There may be differences in information content across disclosure outlets.

**Originality/value:** We show that disclosure outlets are not homogenous and provide empirical evidence that voluntary disclosure theories help explain differences between firms’ use of disclosure outlets. Considering the growing number of disclosure outlets available, disclosure outlet choice is likely to be an increasingly important topic in accounting research.

**Key words:** Disclosure, disclosure outlets, dissemination, resource industry

**JEL classifications:** M41, M48, D80, G14

**1. Introduction**

The number of voluntary disclosure outlets management can choose from is vast, and prior research has shown that many provide information content to market participants. Although voluntary disclosure theory suggests that firms make disclosure decisions consistent with shareholder interests and costs (Verrecchia, 1983; Dye, 1985), the literature is still developing in terms of the differences between various disclosure outlets, and why or how managers may choose a particular outlet. Thus investigating a firm’s choice of disclosure outlet and the consequences of different disclosure outlets, seems to be a natural and important next step (Mayew, 2012).

This paper investigates if firms’ choice of disclosure outlet can be explained by voluntary disclosure theories, and whether the stock market response varies dependent upon the disclosure outlet used. Specifically, we test if firm incentives to reduce the information acquisition costs of users, signal talent or mitigate disclosure risk explain the choice of disclosure outlet. We then test whether abnormal returns differ across the three disclosure outlets examined. These tests aim to show whether the market considers disclosure outlets homogeneous. We conduct our main tests on a sample of 171 observations of firms using all three different disclosure outlets with robustness tests undertaken on a sample of 1,316 observations from resource firms that have used any of the three disclosure outlets. We examine firms that have purchased a research report from a ‘star’ mining analyst, presented at an investor conference and held an Open Briefing.[[2]](#footnote-2) These three disclosure outlets are firm initiated, as they require managers to choose to use the outlet and invest time and money into their usage.[[3]](#footnote-3) As purchased analyst research, investor presentations and Open Briefings are firm initiated and have been used by all the firms in the sample, it allows us to test whether firms use the outlet which best aligns with their primary incentive to disclose. Furthermore, we attempt to isolate the effect of the disclosure outlet from the news content of the disclosure. This is done as all disclosure outlets examined are used to further disseminate previously announced news rather than make new announcements, and the Australian continuous disclosure regime prohibits the private release of information. We also control for other announcements made to the market surrounding the event day.

We find firms with greater incentives to reduce the information acquisition costs of users are more likely to disclose via purchased analyst research. Firms with a greater rationale to mitigate disclosure risk are more likely to disclose via an Open Briefing. However, we only find mixed evidence that firms with greater incentives to signal talent are more likely to disclose via an investor presentation. Overall, we show that voluntary disclosure theory can help explain a firm’s choice of disclosure outlet. Next, we find that the magnitude of the share price response varies dependent upon the type of disclosure outlet used. We interpret this as showing that these three disclosure outlets are viewed differently by the market with lower absolute abnormal returns around Open Briefings and a higher signed abnormal return to purchased analyst research over a 3 day window. These results suggest that Open Briefings have less information content relative to the other disclosure outlets, which is consistent with Open Briefings being used to comparatively minimise disclosure risk such as selective disclosure. In addition, results showing a positive reaction to purchased analyst research are consistent with these reports being more informative and lowering information acquisition costs.

The remainder of this paper proceeds as follows. Section 2 provides background information on purchased analyst research, investor presentations, Open Briefings, the resource sector, and then develops the hypotheses. Section 3 outlines the research method, with results discussed in Section 4. Conclusions are presented in Section 5.

**2. Institutional setting and hypothesis development**

*2.1 Disclosure outlets*

Purchased analyst research occurs when a firm pays an analyst to prepare a publically available report. The report outlines the firm as an investment opportunity, providing background information, forecasts and a stock price recommendation. The firm may approach the analyst, or be scouted by the analyst, but a firm can be rejected by the analyst or indeed reject the final report themselves. The report is usually disseminated, by both the firm and the analyst. Analysts who focus on purchased research have incentives to protect reputational effects they have accrued. Kirk (2011) investigates the use of paid for research and finds both a positive market reaction and an increase in analyst coverage after the release of buy recommendations. Brown *et al.* (2014) find a positive market reaction surrounding the release of analyst reports by Keith Goode, a ‘star’ analyst in the Australian resource sector.

An investor presentation is where a firm representative (typically the CEO) gives a speech to an audience comprising of analysts and investors. Investor presentations typically focus on a broad qualitative view of the firm raising investor awareness. A particular aspect of investor presentations is that they take part in a defined physical location with face-to-face interaction between the firm representative and market participants. This physical setting also provides participants with the opportunity to ask follow up questions later.[[4]](#footnote-4) Bushee *et al*. (2011) find a positive market reaction to conference presentations and stronger market reactions to larger, industry focused presentation outlets in money centres or holiday locations. Ferguson and Scott (2011) observe a positive market reaction to presentations by Australian mining firms.

Open Briefings are question and answer documents, presented in a mock analyst briefing format that are announced on the ASX. To hold an Open Briefing, firms pay Orient Capital, an investor relations consultant to create the report. The firm has the final sign-off before an Open Briefing is formally released to the market, suggesting that firms are unlikely to approve an overwhelmingly negative Open Briefing. Open Briefings typically begin by discussing an overview of the firm, followed by recent events and any pertinent performance information. However, relative to the other two disclosure outlets we examine, Open Briefings are the most controlled environment as they are co-written by the firm and there is no opportunity for independent questioning as there is during an investor presentation. Firms pay for an Open Briefing as Orient Capital partly fulfils the role of an investor relations unit by helping draft a more effective disclosure document. Ferguson and Scott (2014) find a positive market reaction to Open Briefings across all industry groups.

*2.2 Hypothesis development*

Voluntary disclosure theory suggests that firms make disclosure decisions consistent with shareholder interests and costs (Verrecchia, 1983; Dye, 1985). A related stream of research is the corporate communication literature, which focuses on how management uses all possible forms of communication to create a favourable impression (Argenti, 1994). Related media theories suggest firms have incentives to set the media agenda and frame attributes of a story (Carroll and McCombs, 2003). Thus, firms may choose the disclosure outlet best suited to the information they wish to disclose. However, there is currently not a well-developed understanding of why firms disclose via one particular outlet instead of another (Mayew, 2012). Similarly, Francis *et al*. (2008) emphasise the differences between disclosure outlets as a focus for future research.

Three disclosure outlets are compared, namely purchased analyst research, investor presentations and Open Briefings. As each outlet does have comparative benefits, we draw from existing voluntary disclosure theories to help predict firm choice of disclosure outlet. In the null form this can be stated as; are purchased analyst research reports, investor presentations and Open Briefings considered homogenous disclosure outlets by client firms and the equities market?

We argue firms particularly wanting to draw analyst attention and a more diverse investor base would likely use a disclosure outlet targeted to such an outcome. Broadly, such a disclosure outlet is one that most decreases the information acquisition costs of users (Stigler, 1961). Firms which want to attract analysts or a more diverse shareholder base are more likely to disclose in such a way that makes it easier for them to start being followed by analysts or market participants. We argue that purchased analyst research is the outlet that most lowers information acquisitions costs. This is because it effectively mimics analyst coverage, which would reduce the cost for an analyst to begin following the firm. Thus we state our hypothesis as:

*H1a: Firms with higher information acquisition costs for users are more likely to disclose via purchased analyst research relative to investor presentations or Open Briefings.*

Building on studies that find relatively poor share performance is associated with CEO turnover (Warner *et al*., 1988) and hostile takeovers (Palepu, 1986), managers may use voluntary disclosure to explain growth opportunities in an attempt to improve share price. Similarly managers may voluntarily disclose information to signal their talent. Miller (2002) finds firms with strong earnings performance increase all disclosure types, whilst those with weakening earnings performance change their disclosure type to a short term focus.

Thus one motivation for firms to disclose is talent, or performance signalling. We argue that talent signalling is most likely to be done at an investor presentation. This is because investor presentations are done in person, in a defined physical location in front of an audience. Furthermore, the audience contains fellow CEOs, prospective employers (boards and substantive shareholders) and key market participants (analysts and institutional investors). Green *et al.* (2014) argue that broker hosted conferences are more likely when there is a higher demand to access management. Overall, investor presentations are the strongest opportunity for CEOs to network themselves through a disclosure outlet. This hypothesis is stated as:

*H1b: Firms with higher talent signalling incentives are more likely to disclose via investor presentation relative to purchased analyst research or Open Briefings.*

Jorgensen and Kirschenheiter (2003) argue that information is valuable when it attributes high value or low risk to assets. As firms have fewer incentives to disclose bad news, the market may interpret silence as ‘bad’ news (Hollander *et al*., 2010). However, there are costs to disclosure, suggesting firms may disclose in ways to minimise their risk (e.g., Verrecchia, 1983; Dye, 1985). Related research finds conference calls ‘closed’ to invited analysts are more controlled with lower risk than conference calls ‘open’ to anyone. They are more likely to be used by larger, older firms with higher disclosure risk (Bushee *et al*., 2003). We argue that firms with higher disclosure risk would prefer to disclose in a controlled format (Stocken, 2000).[[5]](#footnote-5) The three disclosure outlets we investigate, Open Briefings are the most controlled environment as there is no opportunity for a non-firm representative to voice a negative opinion or for a firm representative to make a careless off-the-cuff comment. Although it could be argued the firms in our sample all have comparatively low disclosure risk, small resource firms do have a risk of erroneous disclosure shaping the investor agenda that they are not a good investment (Carroll and McCombs, 2003).[[6]](#footnote-6) Firms may also suffer the risk of price-sensitive being leaked. Overall, we argue that firms would prefer Open Briefings when they have comparatively higher disclosure risk and state our hypothesis as:

*H1c: Firms with higher disclosure risk are more likely to disclose via Open Briefings relative to purchased analyst research or investor presentations.*

Research on the effect of different disclosure outlets on market reactions has been limited due to the difficulty in examining the impact of the disclosure outlet as opposed to the disclosure content. Nonetheless, if as outlined above, firms have different motivations to use each disclosure outlet we would also expect a different market reaction to each disclosure outlet. A different market reaction to various disclosure outlets is also consistent with the market not considering all disclosure outlets to be homogenous. However, Campbell *et al.* (1993) conjecture that non-substantive disclosure may lead to a temporary price increase (from non-information traders) until the release of additional evidence that allows correct pricing inferences to be drawn. This suggests that disclosure outlet format will not lead to a different pricing effect, as it is the information content that is relevant.

Indirect evidence on the effect of the disclosure outlet is provided by Bushee *et al*. (2003), who find differences in volatility around conference calls restricted to invited analysts relative to those open to anyone. Kirk and Markov (2014) find stronger reactions to investor days than conference presentations. Accordingly, we argue it is an empirical question whether the market reacts differently depending on the disclosure outlet. Thus our second hypothesis is a further test that firms have different motivations to use particular disclosure outlets. We argue that if the market reaction differs based on the disclosure outlet it would suggest they are not viewed as homogenous by the market. We state the second hypothesis as:

*H2: There is a different market reaction around purchased analyst research, investor presentations and Open Briefings.*

**3. Research method**

*3.1 Data collection*

We focus on analyst research by Keith Goode, an independent analyst who issues commissioned research reports, investor presentations (at Diggers and Dealers, Association of Mining and Exploration Firms, Africa Downunder and both the Excellence in Mining and Exploration and Excellence in Oil and Gas conferences and the Sydney, Melbourne and Brisbane mining clubs) and Open Briefings. The list of purchased analyst research is obtained from Goode.[[7]](#footnote-7) Investor presentations are identified by writing to conference organisers for old programs and hand-constructing a list of presenting firms. A list of Open Briefings is hand collected from several providers of market announcements. Market, firm and analyst data is collected from DataStream, Aspect Huntley and IBES, respectively. Databases are supplemented with hand collection when necessary.

To compare the three disclosure outlets, we require the firm to have used each of the three outlets. This enables the investigation of why a firm might choose a particular disclosure outlet at a certain point in time rather than another it has used over the sample period. This results in 14 firms having used all three disclosure outlets. However, 1 firm was in the initial public offer phase when it purchased analyst research thus we remove it from our sample. Hence our final sample is 13 firms and a total of 171 events, of which 31 events are purchased analyst research, 57 are investor presentations and 83 are Open Briefings over 2000-2008 (disclosure subsample).[[8]](#footnote-8) We also rerun tests on a sample of 1,316 observations of resource firms that use any of the three disclosure outlets (full sample). One advantage of focusing on these three disclosure outlets is that all three outlets were available for use over the whole sample period. This facilitates comparison of the date when each firm initiated using the disclosure outlet.

*3.2 Research setting*

Mayew (2012) identifies that a key difficulty of research into disclosure outlet use is the difficulty of separating the effect of the disclosure outlet from the disclosure news content. In an attempt to isolate the effect of the disclosure outlet, this study utilises the ASX requirement for continuous disclosure and identifies disclosure outlets that are suited to disseminating news that has been previously released to the market. The ASX requires companies to report under continuous disclosure requirements, which implies entities must immediately inform the ASX of any information that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.[[9]](#footnote-9) Thus, as these disclosure outlets at least partly disseminate existing news, the variation in new information across these three outlets is likely less than for disclosure outlets used to make substantive new announcements.

Resource development stage entities (DSE’s) have significant differences compared to similar sized non-resource firms, including lower debt, profitability and analyst coverage (Ferguson *et al*., 2011b). Resource firms also have high information asymmetry, with financial information being less value relevant than non-financial information (Ferguson *et al*., 2011a). Resource disclosure is argued to contain value relevant and difficult to interpret non-financial information, such as metal purity, drilling intercepts and geochemical composition (Bird *et al*., 2013). These differences result in resource firms being likely to voluntarily disclose information to explain non-financial information through a variety of disclosure outlets.

Furthermore, as resource firms are typically located far from money markets and are less well known, they may also have greater incentives to increase the dissemination of publically available information to draw greater attention to firm news or clarify existing information content beyond an ASX announcement. All three disclosure outlets we study may contain more easy to understand information than a standard ASX announcement *per se*. Purchased analyst reports written by Goode, apply his specialised knowledge to create a report that contains an ‘expert’ opinion. Investor presentations are typically the CEOs summary of the most important information about the company and present the opportunity for questioning. Open Briefings contain information in a question and answer format that may allow users to more easily find the information they are searching for.

*3.3 Research design*

*3.3.1 Determinants of disclosure outlet choice*

To test the determinants of disclosure outlet choice, we first compare the firm characteristics of purchased analyst research, investor presentation and Open Briefing observations using Student *t*-tests and Mann-Whitney *U* rank tests for continuous variables and the *Chi*-square test for binary variables.[[10]](#footnote-10) Next, we run a logit regression on the firm’s choice to use each disclosure option. The model is specified as:

(1)

Where the dependent variable *Disclosure Outlet* is equal to one of:

*PAR* is a dummy variable equal to one if firm *i* purchased analyst research at time *t.*

*IP* is a dummy variable equal to one if firm *i* held an investor presentation at time *t.*

*OB* is a dummy variable equal to one if firm *i* held an Open Briefing at time *t*

To test Hypothesis 1a, whether firms with higher information acquisition costs are more likely to disclose via purchased analyst research, we run the model with *PAR* as the dependent variable. The test variables *LnAge*, *Top20,* *LnMCap and AnlCov* are used to estimate the firm’s information acquisition costs.

*LnAge* is the natural logarithm of the age of the firm in days at time *t* from its date of listing. Younger firms potentially have less informative accounting information, have more of their value tied up in future growth opportunities and are more likely to use a non-traditional disclosure mechanism (Bushee *et al*., 2003). Thus younger firms are more likely to purchase analyst research to offset comparatively higher information gathering costs.

*Top20* is the percentage of shares of firm *i* owned by the largest twenty shareholders as reported in the most recent annual report at time *t. Top20* proxies for ownership concentration with firms having greater ownership concentration being more likely to want to diversify their shareholder base and purchase analyst research.

*LnMCap* is the natural logarithm of the market capitalization (in millions of dollars) of firm *i* as at time *t*-11*.* Firm size can proxy for the firm’s information environment, although size can also jointly measure other attributes and is associated with higher voluntary disclosure (e.g., Ball and Foster, 1982). However, as small firms have less visibility, they have greater incentives to attract attention (Kirk, 2011). Thus we predict small firms are more likely to purchase analyst research to offset information gathering costs.

*AnlCov* is a dummy variable equal to one if firm *i* has earnings estimates on IBES as at time *t*. Firms may seek to attract or substitute analyst coverage by increasing their level of disclosure (Kirk, 2011). Firms with less analyst coverage will disclose via purchased analyst research to lower the information gathering costs of analysts to promote coverage initiation.[[11]](#footnote-11)

To test Hypothesis 1b, that firms with greater talent signalling incentives are more likely to disclose via an investor presentation, we run the model with *IP* as the dependent variable. The test variable *CFO\_Dum* is used to proxy for incentives to disclose to signal talent.

*CFO\_Dum* is a dummy variable equal to one if firm *i* has positive net cash flow from operations as reported in the most recent annual report at time *t*. A positive cash flow from operations signals the CEO’s successful transition from a mine developer into a mineral producer (Ferguson *et al*. 2011a). Firms with a positive net cash flow from operations are more likely to hold investor presentations in order for the CEO to signal these important milestone accomplishments (or performance of the firm).

To test Hypothesis 1c, that firms with greater disclosure risk are more likely to disclose via Open Briefings, we run the model with *OB* as the dependent variable. Considering that our setting is one industry, typical measures of industry competitiveness and research and development expenditure are not applicable. Instead we argue that more established, mature mining firms with greater numbers of producing mines will have greater incentives to mitigate any disclosure risk through using a more controlled disclosure outlet. Specifically, we use the test variables *LnAge, LnMCap,* and *TLTA*.

Older (*LnAge*) and larger (*LnMCap*) firms are typically more established and thus are likely more risk averse and prefer to disclose in a controlled format to set the public agenda (Carroll and McCombs, 2003). Prior literature has found that although larger and more mature firms have higher disclosure (Ball and Foster, 1982; Lang and Lundholm, 1993) they disclose less through outlets where they cannot control the content (Kirk, 2011). Bushee *et al*. (2003) finds that larger and older firms prefer to hold a closed conference call (where they have more control over the format) than an open conference call, thus managing disclosure risk.

*TLTA* is calculated as total liabilities divided by total assets of firm *i* as reported in the most recent annual report at time *t*. Firms with higher leverage are riskier and thus disclose more information to offset concerns (Bushee and Miller, 2012). Thus we might expect risker firms to disclose via the controlled format of an Open Briefing to mitigate disclosure risk.

*3.3.2 Market reaction to disclosure outlet choice*

We test whether the market reaction around each disclosure outlet is significantly different from 0 on average using both absolute and signed abnormal returns. This is due to absolute abnormal returns providing evidence of a revision in investor expectations (i.e., information content) without having to predict the direction of the revision (Beaver, 1968). Absolute abnormal return may be more appropriate for our setting, as we are comparing the effect of different disclosure outlets without expecting one disclosure outlet to have comparatively more unexpectedly positive (or negative) news. We calculate abnormal return (*AR*) as:

Where is the abnormal return of firm *i* at time *t*, is the share price of firm *i* at time *t* and is the price of the small cap mining index at time *t*.

We then test whether the abnormal return around each disclosure outlet is significantly different using both Student *t*-tests and Mann-Whitney *U* rank tests.

**4. Results**

*4.1 Descriptive and univariate statistics*

Table 1 presents sample descriptive statistics for the disclosure subsample. Panel A shows the distribution of observations is skewed slightly towards the later years. Panel B and C show firm descriptive statistics. The firms have a mean size of $291.3m (median = $143.1m) and there is a large range in the total liabilities to total assets ratio. Approximately half our firm observations have positive net cash flow from operations (49.4%), and three quarters are covered by IBES analysts (77.3%). We also note that 28.7% of observations follow another price-sensitive announcement made on the same or previous day (*PSDisc*). Untabulated results show that investor presentations are more likely to follow another announcement (33.3%), then purchased analyst research (29.0%) and Open Briefings (25.3%). 32 announcements are made on the same day and 20 on the previous day as the disclosure outlet, with three firms having another announcement on both days. All three disclosure outlets have more announcements made on the same day as opposed to the previous day, ranging from 55.6% of other announcements around purchased analyst research, to 63.6% for Open Briefings.

In Table 2, Panel A, we use univariate tests to compare the characteristics of the users of one disclosure outlet to users of the other two. Panel A shows that firms purchasing analyst research are younger, have more concentrated ownership (*Top20*), are smaller and are less likely to have analyst coverage. Broadly, these results are consistent with firms purchasing analyst research as a way to attract analyst or investor following. This supports H1a that firms are more likely to disclose via purchased analyst research when they have greater incentives to reduce users’ information acquisitions costs. The significant *LnAge* result, also suggests that firms disclose via purchased analyst research before the other two disclosure outlets. Next, we find that firms holding investor presentations are more likely to have positive net cash flow from operations and higher leverage (*TLTA*). This could be firms having good news (the positive cash flow) and drawing attention to a growth story. The leverage result may be driven by firms presenting to investors when they are in greater need of future funding. Thus we find support that investor presentations are the preferred disclosure outlet for talent signalling. Last, Open Briefings are more likely to be used by firms that are larger, with more distributed ownership (*Top20*) and are more likely to have analyst coverage and negative net cash flows from operations. The results for Open Briefings provide broad support for H1c, as firms that are larger, with negative cash flows may prefer to communicate through the controlled format of Open Briefings to mitigate risk without the independent questioning possible in the other two outlets we examine. Analyst coverage can also proxy for a firm’s information environment, which is associated with firm maturity (Lang and Lundholm, 1993). Furthermore, considering the nature of Open Briefings, in so much they mimic an analyst briefing, firms with greater analyst coverage may prefer to disclose via an Open Briefing to supply information without making a selective disclosure. This is further supported by Open Briefings being used by firms with more diverse ownership, which would suggest they have greater reasons to avoid selective disclosures.

Panel B reruns the univariate tests on the full sample of 1,316 observations from resource firms that use any of the disclosure outlets over our sample period. We find consistent results for purchased analyst research, apart from *Top20* no longer being significant and that they are significantly less likely to have positive cash flows. As cash flows can also measure firm maturity, we find consistent evidence that firms using purchased analyst research are likely smaller than users of the other disclosure outlets. Results show firms using investor presentations are younger, smaller, have more concentrated ownership, and are less likely to have analyst coverage and positive cash flows. The cash flow results contradict the results in Panel A. One reason for this could be the wide range of resource firms that make investor presentations, ranging very small junior explorers to giant multinationals (i.e., BHP and Rio Tinto). Very small firms may be drawn to disclosing only via investor presentations, as they have a lower cost than purchasing analyst research or an Open Briefing. Thus we do not find support for talent signalling, but rather that cost (in addition to the cost of disclosing *per se*) can impact disclosure outlet choice. Further, Panel B shows that Open Briefing firms are older, have more distributed ownership, larger, higher leverage, and are more likely to have analyst coverage and positive cash flows. This is broadly consistent with Hypothesis 1c. The overall results also suggest firm lifecycle effects disclosure outlet choice, as firms are younger (older) when they purchase analyst research (Open Briefings).

*4.2 Logistic regression results*

Table 3 shows results for when we regress firm characteristics on the choice of disclosure outlet, with purchased analyst research, investor presentations and Open Briefings as the dependent variable in Models I, II and III, respectively. All regression models are significant with correct classification percentages ranging between 61.3%-93.2%.[[12]](#footnote-12)

First, H1a proposes that firms are more likely to use purchased analyst research to lower users’ information gathering costs. A significant positive coefficient on *Top20* shows that users of purchased analyst research are motivated to disclose through this outlet to attract a more diverse investor base. The result of such firms being more likely to have positive cash flows after controlling for other factors, could suggest that firms are more likely to try and lower information gathering costs when they have good news to disclose. In the full sample (Panel B) we find that firms purchasing analyst research are younger, which is also consistent with H1a.

Second, we find no support for H1b when we run our regressions on the disclosure subsample (Panel A). However, we find different results for investor presentation in tests based on the full sample, with Panel B showing that they are younger, have more concentrated ownership, are larger, and less likely to have analyst coverage and positive cash flow. Accordingly, we find mixed support for H1b, that firms are more likely to use investor presentation to signal talent, and instead find they may be used by firms that are cash constrained.

Third, firms disclosing via an Open Briefing have more disperse ownership, are larger and more likely to have a negative net cash flow from operations. Although size can measure many attributes, when combined with the negative cash flow dummy, it suggests that users of Open Briefings are large firms without good performance. This is presumably a firm type with incentives to disclose in a controlled environment to minimise disclosure risk which supports H1c. Furthermore an Open Briefing may more effectively communicate to a disperse investor base than the other two disclosure outlets. Panel B finds results consistent with H1c for the full sample, apart from cash flow now being significantly positive.

*4.3 Market reactions*

Building on prior literature that shows that all three disclosure outlets are significant market events (Ferguson and Scott, 2011; Brown *et al*., 2014; Ferguson and Scott, 2014), we first test whether there are differences in the market reaction.[[13]](#footnote-13) Table 4, Panels A to C show that Open Briefings have a lower absolute abnormal return on day *t*, *t*-1 and over the 3 day window.[[14]](#footnote-14) In contrast, investor presentations have a higher absolute abnormal return on day’s *t*-3, *t*-2, *t*+1 and over the 21 day window. There is no consistent evidence from parametric and non-parametric tests of difference in absolute abnormal return for purchased analyst research apart from a lower absolute abnormal return in the pre-period (*t*-10 to *t*-2). This could suggest lower stock volatility before using this outlet. Overall, this shows that disclosure outlets have different information content. In addition, a lower absolute abnormal return is consistent with the (comparative) incentive for firms to use Open Briefings to minimize risk (H1c). Disclosure outlet choice motivated by minimising risk would likely have less information content than disclosures motivated by talent signalling or lowering the information acquisition costs of users.

Panels D-F test differences in signed abnormal return and show that purchased analyst research has a significantly higher abnormal return over the 3 day window of 2.39%. This suggests that the market does not consider all disclosure outlets equal and purchased analyst research is more informative, or contains more unexpected good news, over a 3 day window than investor presentations or Open Briefings. A more positive abnormal return around purchased analyst research is also consistent with H1a, as firms motivated to decrease the information acquisition costs of users are likely to disclose more information content for users (or more unexpected good news), resulting in a stronger positive reaction. However, Table 2 shows that the mean market capitalization when firms purchase analyst research, hold investor presentations and Open Briefings is significantly different. Therefore, the economic effect for holding an Open Briefing/investor presentation may be higher than purchased analyst research despite having a smaller reaction in percentage terms. Based on mean abnormal returns on day *t* of 2.15%, 1.17% and 0.74% and market capitalizations of $228.9m, $299.9m and $307.1m, there are economic effects of $4.9m, $3.5m and $2.3 for purchased analyst research, investor presentations and Open Briefings, respectively.[[15]](#footnote-15) Thus, purchased analyst research reports have a larger economic effect despite being used when the firms are smaller. Purchased analyst research may be followed by a more positive market reaction because it is a disclosure outlet that contains an expert opinion, similar to the ‘expert’ advice contained in investor advice columns (Foster, 1979; Brown *et al*., 2009).

In untabulated tests we also conduct regressions on abnormal market returns with a dummy variable equal to one for each disclosure outlet. We find consistent results of Open Briefings having a lower absolute abnormal return and investor presentations having a higher signed abnormal return, even after controlling for firm characteristics (*LnAge*, *Top20*, *LnMCap*, *AnlCov*, *CFO\_Dum* and *TLTA*), whether it is the first time the firm used that disclosure outlet, if another price-sensitive announcement was made by the firm and year fixed-effects. Results are robust to removing observations where there was another market announcement on the same or previous day.

*4.4 Robustness testing*

To ensure the robustness of our results we rerun tests with alterative variables (natural logarithm of total assets, return on assets, whether the firm made a loss, debt-to-equity ratio, current ratio and proportion of assets that are cash) and find broadly consistent results. We also compare differences in the abnormal turnover around each disclosure outlet (calculated relative to average turnover over the *t*-100 to *t*-15 period). We find that each disclosure outlet has abnormal turnover on day *t,* although the only significant difference is a lower abnormal turnover on day *t*-1 for Open Briefings. This is consistent with Open Briefings having a lower absolute abnormal return on day *t*-1, and provides further, albeit weaker, evidence that Open Briefings have lower information content. Different regression specifications (e.g., clustering standard errors by year, firm, and disclosure outlet) and various market measures for calculating abnormal return produce similar results. To ensure that our findings are not driven by a single firm, we rerun all tests excluding each firm one at a time and find qualitatively similar results.

**5. Conclusions**

This paper adds to the existing literature by comparing the use of different voluntary disclosure outlets. First, we draw on existing theories of voluntary disclosure to help predict disclosure outlet choice. We find that firms are motivated by voluntary disclosure theories of lowering information acquisition costs, and disclosure risk when choosing from amongst our limited set of disclosure outlets. Only mixed evidence in support of the talent signalling hypothesis is found. Our results suggest that firms are aware that these disclosure outlets are different and choose the most suitable outlet. Furthermore, we find that the market does not consider all disclosure outlets homogenous, as Open Briefings have less information content and purchased analyst research contains more unexpected positive news. These results provide further evidence that Open Briefings are chosen to (comparatively) minimise risk and purchased analyst research to lower information acquisition costs.

Overall, we demonstrate that disclosure outlets are different and that it matters how firms disclose. Thus we contribute to the broader voluntary disclosure literature in two main ways. Firstly, we examine the motivations for firms choosing different disclosure outlets. This adds to the existing literature in terms of gaining insights into not just why firms disclose, but why they disclose the way they do. We contribute to voluntary disclosure theory by showing that it is also applicable in motivating firms’ choice of disclosure outlet. Considering the growing number of disclosure outlets available, disclosure outlet choice is likely to be an increasingly important topic in accounting research. However, our research is exploratory in nature and we only consider a small subset of all disclosure outlets. Our study is also limited by any uncontrolled for differences in information content across disclosure outlets.

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**Table 1: Descriptive statistics**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Panel A: Sample descriptives** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Variable | ***2000*** | ***2001*** | | | ***2002*** | | | ***2003*** | | ***2004*** | | | | ***2005*** | | ***2006*** | | ***2007*** | | ***2008*** | | ***Total*** | |
| *All* | 1 | 2 | | | 7 | | | 14 | | 20 | | | | 27 | | 29 | | 38 | | 33 | | 171 | |
| *PAR* | 0 | 0 | | | 3 | | | 6 | | 4 | | | | 5 | | 3 | | 5 | | 5 | | 31 | |
| *IP* | 1 | 2 | | | 4 | | | 7 | | 6 | | | | 8 | | 5 | | 11 | | 13 | | 57 | |
| *OB* | 0 | 0 | | | 0 | | | 1 | | 10 | | | | 14 | | 21 | | 22 | | 15 | | 83 | |
| **Panel B: Firm continuous variables** | | | | | | | | | | | | | | |  | |  | |  | |  | |  | |
| **Variable** | ***Mean*** | | ***Median*** | | | ***Std. Dev.*** | | | ***Min.*** | | | ***Max.*** | | |  | |  | |  | |  | |  | |
| *Age* | 3,996 | | 2,444 | | | 3,838 | | | 165 | | | 13,783 | | |  | |  | |  | |  | |  | |
| *LnAge* | 7.880 | | 7.801 | | | 0.937 | | | 5.677 | | | 9.531 | | |  | |  | |  | |  | |  | |
| *Top20* | 0.576 | | 0.588 | | | 0.132 | | | 0.309 | | | 0.906 | | |  | |  | |  | |  | |  | |
| *MCap* | 291.3 | | 143.1 | | | 299.6 | | | 2.4 | | | 1,421.0 | | |  | |  | |  | |  | |  | |
| *LnMCap* | 5.077 | | 4.963 | | | 1.211 | | | 1.963 | | | 7.259 | | |  | |  | |  | |  | |  | |
| *TLTA* | 0.345 | | 0.344 | | | 0.216 | | | 0.013 | | | 0.765 | | |  | |  | |  | |  | |  | |
| **Panel C: Firm binary variables** | | | | | | |  | | | |  | |  | |  | |  | |  | |  | |  |
|  | | | |  | |  | |  | |  | |  | |  | |  |
| **Variable** | ***Yes (=1)*** | | | ***Percent*** | | |  | | | |  | |  | |  | |  | |  | |  | |  |
| *AnlCov* | 133 | | | 77.3% | | |  | | | |  | |  | |  | |  | |  | |  | |  |
| *CFO\_Dum* | 85 | | | 49.4% | | |  | | | |  | |  | |  | |  | |  | |  | |  |
| *PSDisc* | 49 | | | 28.7% | | |  | | | |  | |  | |  | |  | |  | |  | |  |

Table 1 presents descriptive statistics. Panel A shows the distribution of disclosure outlet use over time. Panel B and C present firm descriptive statistics. *PAR* is a dummy variable equal to one if firm *i* purchased analyst research at time *t*; *IP* is a dummy variable equal to one if firm *i* held an investor presentation at time *t* and *OB* is a dummy variable equal to one if firm *i* held an Open Briefing at time *t; Age* is the age of firm *i* at time *t* in days; *LnAge* is the natural logarithm *Age*; *Top20* is the percentage of shares of firm *i* owned by the largest twenty shareholders as reported in the most recent annual report at time *t*; *MCap* is the market capitalization at time *t*-11 in millions; *LnMCap* is the natural logarithm of *MCap*; *TLTA* is total liabilities divided by total assets of firm *i* as reported in the most recent annual report at time *t*; *AnlCov* is a dummy variable equal to one if firm *i* has earnings estimates on IBES as at time; *CFO\_Dum* is a dummy variable equal to one if firm *i* has positive net cash flow from operations as reported in the most recent annual report at time *t*; and *PSDisc* is a dummy variable equal to one if another price-sensitive document (i.e. not the disclosure outlet) is released by firm *i* on day’s *t*-1 to *t* and 0 otherwise.

**Table 2: Univariate differences in firm characteristics**

**Panel A: Disclosure subsample**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Purchased analyst research = 1** | | | | | | **Investor presentations = 1** | | | | | | **Open Briefings = 1** | | | | | | |
| **Continuous variables** | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | |
| *LnAge* | - | -0.354 | -1.916 | \* | -1.702 | \* | ? | 0.178 | 1.174 |  | 1.145 |  | + | 0.051 | 0.358 |  | 0.232 |  |
| *Top20* | + | 4.280 | 1.646 |  | 1.853 | \* | ? | 1.621 | 0.758 |  | 0.680 |  | ? | -3.986 | -1.995 | \*\* | -2.070 | \*\* |
| *LnMCap* | - | -0.543 | -1.873 | \* | -1.610 |  | ? | 1.621 | 0.758 |  | 0.100 |  | + | 0.327 | 1.793 | \* | 1.335 |  |
| *TLTA* | ? | -0.044 | -1.033 |  | -1.055 |  | ? | 0.071 | 2.031 | \*\* | 1.880 | \* | - | -0.037 | -1.108 |  | -0.960 |  |
| **Binary variables** | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  |
| *AnlCov* | - | -0.201 | 5.955 | \*\* |  |  | ? | -0.201 | 0.017 |  |  |  | + | 0.127 | 4.015 | \*\* |  |  |
| *CFO\_Dum* | ? | 0.023 | 0.055 |  |  |  | + | 0.023 | 4.679 | \* |  |  | ? | -0.170 | 4.932 | \*\* |  |  |

**Panel B: Full sample**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Purchased analyst research = 1** | | | | | | **Investor presentations = 1** | | | | | | **Open Briefings = 1** | | | | | | |
| **Continuous variables** | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Predict sign*** | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | |
| *LnAge* | - | -0.596 | -5.122 | \*\*\* | -5.153 | \*\*\* | ? | -0.254 | -4.328 | \*\*\* | -4.201 | \*\*\* | + | 0.407 | 6.989 | \*\*\* | -6.807 | \*\*\* |
| *Top20* | + | 1.081 | 0.674 |  | -0.571 |  | ? | 2.631 | 2.960 | \*\* | 3.098 | \*\*\* | ? | -2.917 | -3.277 | \*\*\* | -3.392 | \*\*\* |
| *LnMCap* | - | -0.731 | -3.950 | \*\*\* | -3.460 | \*\*\* | ? | -0.230 | -2.429 | \*\* | -3.679 | \*\*\* | + | 0.416 | 4.561 | \*\*\* | -5.431 | \*\*\* |
| *TLTA* | ? | -0.038 | -1.558 |  | -1.637 |  | ? | -0.018 | -1.465 |  | -2.114 | \*\* | - | 0.028 | 2.280 | \*\* | -2.944 | \*\*\* |
| **Binary variables** | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  | ***Predict sign*** | ***Mean diff.*** | ***Chi-square*** | |  |  |
| *AnlCov* | - | -0.186 | 12.437 | \*\*\* |  |  | ? | -0.177 | 44.097 | \*\*\* |  |  | + | 0.225 | 71.103 | \*\*\* |  |  |
| *CFO\_Dum* | ? | -0.118 | 4.725 | \*\* |  |  | + | -0.116 | 18.056 | \*\*\* |  |  | ? | 0.147 | 28.664 | \*\*\* |  |  |

Table 2 tests differences in the firm characteristics of each disclosure outlet, with Student *t*-tests and paired Mann-Whitney *U* rank tests on continuous variables, and the *Chi*-square test for binary variables. Panel A reports results on the subsample of 171 observations where firms use all three disclosure outlets, and Panel B reports results for the full sample of 1,316 observations from resource firms that use any disclosure outlet. Variables are as defined in Table 1. Two-tailed test of significance: \*\*\* = less than 0.01, \*\* = less than 0 .05 and \* = less than 0.1.

**Table 3: Logit regression on differences in firm characteristics**

**Panel A: Disclosure subsample**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Model I** | | | **Model II** | | | **Model III** | | |
| **Variables** | **Purchased analyst research = 1** | | | **Investor presentations = 1** | | | **Open Briefings = 1** | | |
| ***coeff.*** | ***p-value*** |  | ***coeff.*** | ***p-value*** |  | ***coeff.*** | ***p-value*** |  |
| *Constant* | 1.054 | 0.659 |  | -2.926 | 0.134 |  | 0.850 | 0.657 |  |
| *LnAge* | -0.260 | 0.310 |  | 0.337 | 0.112 |  | -0.209 | 0.348 |  |
| *Top20* | 0.032 | 0.050 | \*\* | 0.017 | 0.196 |  | -0.040 | 0.005 | \*\*\* |
| *LnMCap* | -0.244 | 0.381 |  | -0.325 | 0.147 |  | 0.515 | 0.034 | \*\* |
| *AnlCov* | -0.739 | 0.254 |  | -0.227 | 0.694 |  | 0.774 | 0.178 |  |
| *CFO\_Dum* | 1.558 | 0.031 | \*\* | 0.627 | 0.207 |  | -1.461 | 0.004 | \*\*\* |
| *TLTA* | -1.997 | 0.196 |  | 1.391 | 0.245 |  | -0.493 | 0.695 |  |
| *Chi-square* | 15.352 | 0.180 | \*\* | 11.112 | 0.085 | \* | 26.513 | 0.000 | \*\*\* |
| *Nagelkerke R2* |  | 14.0% |  |  | 8.7% |  |  | 19.2% |  |
| *Classification %* |  | 83.0% |  |  | 69.6% |  |  | 65.5% |  |
| *N* |  | 171 |  |  | 171 |  |  | 171 |  |

**Panel B: Full sample**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Model I** | | | **Model II** | | | **Model III** | | |
| **Variables** | **Purchased analyst research = 1** | | | **Investor presentations = 1** | | | **Open Briefings = 1** | | |
| ***coeff.*** | ***p-value*** |  | ***coeff.*** | ***p-value*** |  | ***coeff.*** | ***p-value*** |  |
| *Constant* | -0.118 | 0.917 |  | -1.478 | 0.016 | \*\* | 0.398 | 0.523 |  |
| *LnAge* | -0.346 | 0.003 | \*\*\* | -0.107 | 0.088 | \* | 0.217 | 0.001 | \*\*\* |
| *Top20* | 0.011 | 0.153 |  | 0.016 | 0.000 | \*\*\* | -0.019 | 0.000 | \*\*\* |
| *LnMCap* | -0.158 | 0.147 |  | 0.112 | 0.029 | \*\* | -0.079 | 0.128 |  |
| *AnlCov* | -0.259 | 0.401 |  | -0.983 | 0.000 | \*\*\* | 1.106 | 0.000 | \*\*\* |
| *CFO\_Dum* | -0.091 | 0.763 |  | -0.420 | 0.004 | \*\*\* | 0.435 | 0.003 | \*\*\* |
| *TLTA* | 0.392 | 0.535 |  | 0.425 | 0.193 |  | -0.503 | 0.133 |  |
| *Chi-square* | 31.273 | 0.000 | \*\*\* | 82.459 | 0.000 | \*\*\* | 128.554 | 0.000 | \*\*\* |
| *Nagelkerke R2* |  | 6.0% |  |  | 8.1% |  |  | 12.4% |  |
| *Classification %* |  | 93.2% |  |  | 61.3% |  |  | 62.8% |  |
| *N* |  | 1316 |  |  | 1316 |  |  | 1316 |  |

Table 3 tests differences in the firm characteristics of each disclosure outlet through logit regressions. Panel A reports results on the subsample of 171 observations where firms use all three disclosure outlets, and Panel B reports results for the full sample of 1,316 observations from resource firms that use any disclosure outlet. Variables are as defined in Table 1. Two-tailed test of significance: \*\*\* = less than 0.01, \*\* = less than 0 .05 and \* = less than 0.1.

**Table 4: Differences in the market reaction between users of disclosure outlets**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Panel A: Absolute return** | | | | | **Panel B: Absolute return** | | | | | **Panel C: Absolute return** | | | | |
| **Event window** | **Purchased analyst research = 1** | | | | | **Investor presentations = 1** | | | | | **Open Briefings = 1** | | | | |
| ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | |
| *t-3* | -0.76% | -1.316 |  | -1.941 | \* | 1.42% | 2.807 | \*\*\* | 2.844 | \*\*\* | -0.81% | -1.862 | \* | -1.187 |  |
| *t-2* | 0.85% | 1.319 |  | 1.608 |  | 0.94% | 1.800 | \* | 1.999 | \*\* | -0.33% | -0.671 |  | -0.646 |  |
| *t-1* | 0.09% | 0.142 |  | 0.593 |  | 1.05% | 1.790 | \* | 1.629 |  | -0.88% | -1.740 | \* | -1.993 | \*\* |
| *t* | 0.34% | 0.555 |  | 0.577 |  | 0.67% | 1.357 |  | 1.448 |  | -0.80% | -1.715 | \* | -1.811 | \* |
| *t+1* | 0.78% | 1.766 | \* | 1.119 |  | 1.04% | 2.381 | \*\* | 2.556 | \*\* | -0.46% | -1.109 |  | -1.548 |  |
| *t+2* | 0.02% | 0.028 |  | 0.613 |  | 0.78% | 1.520 |  | 1.045 |  | -0.71% | -1.592 |  | -1.459 |  |
| *t+3* | 0.39% | 0.359 |  | 1.155 |  | 0.26% | 0.386 |  | 1.425 |  | -0.46% | -0.739 |  | -0.454 |  |
| *t-1 to t+1* | 0.58% | 0.677 |  | 0.433 |  | 1.19% | 1.563 |  | 1.117 |  | -1.41% | -2.180 | \*\* | -1.388 |  |
| *t -10 to t+10* | -4.44% | -1.615 |  | -1.620 |  | 4.02% | 1.793 | \* | 2.661 | \*\*\* | -0.94% | -0.440 |  | -1.261 |  |
| *t-10 to t-2* | -4.41% | -3.291 | \*\*\* | -3.031 | \*\*\* | 1.48% | 1.054 |  | 0.708 |  | 1.31% | 0.989 |  | 1.669 | \* |
| *t+2 to t+10* | -2.82% | -1.608 |  | -1.471 |  | 1.80% | 1.249 |  | 1.635 |  | 0.08% | 0.057 |  | 0.408 |  |
|  | **Panel D: Signed return** | | | | | **Panel E: Signed return** | | | | | **Panel F: Signed return** | | | | |
| **Event window** | **Purchased analyst research = 1** | | | | | **Investor presentations = 1** | | | | | **Open Briefings = 1** | | | | |
| ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | | ***Mean diff.*** | ***t-stat*** |  | ***z-score*** | |
| *t-3* | 0.63% | 0.724 |  | 0.946 |  | 0.21% | 0.265 |  | 0.206 |  | -0.56% | -0.841 |  | -0.924 |  |
| *t-2* | -0.26% | -0.292 |  | 0.136 |  | 0.11% | 0.154 |  | 0.072 |  | 0.05% | 0.079 |  | -0.173 |  |
| *t-1* | 1.13% | 1.186 |  | 0.850 |  | -0.50% | -0.585 |  | -0.347 |  | -0.23% | -0.305 |  | -0.328 |  |
| *t* | 1.24% | 1.401 |  | 1.504 |  | 0.05% | 0.064 |  | -0.318 |  | -0.78% | -1.142 |  | -0.859 |  |
| *t+1* | 0.02% | 0.019 |  | -0.116 |  | -0.33% | -0.445 |  | -0.144 |  | 0.28% | 0.440 |  | 0.226 |  |
| *t+2* | -0.32% | -0.371 |  | -0.064 |  | 0.02% | 0.032 |  | -0.393 |  | 0.17% | 0.256 |  | 0.420 |  |
| *t+3* | 1.20% | 1.085 |  | -0.096 |  | -0.43% | -0.473 |  | 0.321 |  | -0.33% | -0.388 |  | -0.229 |  |
| *t-1 to t+1* | 2.39% | 1.805 | \* | 1.752 | \* | -0.78% | -0.656 |  | -1.216 |  | -0.72% | -0.710 |  | -0.204 |  |
| *t -10 to t+10* | 4.63% | 1.089 |  | 1.087 |  | 2.80% | 0.805 |  | 0.577 |  | -5.25% | -1.607 |  | -1.382 |  |
| *t-10 to t-2* | -0.27% | -0.106 |  | 0.225 |  | 2.74% | 1.317 |  | 1.733 | \* | -2.28% | -1.159 |  | -1.808 | \* |
| *t+2 to t+10* | 2.51% | 0.932 |  | 0.982 |  | 0.85% | 0.383 |  | 0.459 |  | -2.25% | -1.082 |  | -1.190 |  |

Table 4 presents Student *t*-tests and Mann-Whitney *U* rank tests on differences in the absolute and signed abnormal return between disclosure outlets. Two-tailed test of significance: \*\*\* = less than 0.01, \*\* = less than 0 .05 and \* = less than 0.1.

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2. An Open Briefing is a purchased (Q&A) document from an investment relations firm that is announced to the Australian Securities Exchange. [↑](#footnote-ref-2)
3. Other disclosure outlets such as press coverage may be outside the firm’s control (Solomon and Soltes, 2012), while disclosure via the stock exchange is ‘free’ (beyond any disclosure costs *per se*) and may be required due to regulation. [↑](#footnote-ref-3)
4. Presentations can also be filmed and posted online. [↑](#footnote-ref-4)
5. Selective disclosure in the resource sector has become an increasing concern in recent years, with the Australian Securities and Investments Commission commenting that it will pay greater attention to analyst briefings due to concerns over selective disclosures (Ker, 2013). [↑](#footnote-ref-5)
6. For example, see the Forbes story entitled “How a CEO can wreck a brand in one interview” about how the CEO of Abercrombie & Fitch said in an interview that he didn’t want fat people wearing his clothes (Temin, 2013). [↑](#footnote-ref-6)
7. Goode focuses exclusively on the mining industry and can be considered a ‘star’ analyst as there is greater coverage of his opinion in the Australian business press than other resource analysts (Brown *et al*., 2014). The reports are freely emailed to a proprietary distribution list and disseminated by the firm of interest. Goode issues only buy or speculative buy recommendations. [↑](#footnote-ref-7)
8. Our paper is premised on the idea that firms rationally choose the disclosure outlet, which results in the independence of observations. [↑](#footnote-ref-8)
9. See ASX Listing Rules, Chapter 3 Continuous Disclosure, 1/1/2003 *p*. 302. [↑](#footnote-ref-9)
10. We compare firm variables that are more appropriate for the resource sector (Ferguson *et al*., 2011b). For example, we do not compare typical accounting measures of performance such as return-on-assets as many resource firms are still at the exploration stage without positive cash flows. We also winsorize the outlying 5% of continuous variables to remove any bias created from outliers, although results are substantively similar without winsorising. [↑](#footnote-ref-10)
11. A related variable we considered controlling for is media coverage. However, there is little variation of media coverage by firms in our sample due to media coverage bias to more well-known firms (Carroll and McCombs, 2003). [↑](#footnote-ref-11)
12. In untabulated results, we find that the highest correlation among independent variables is less than 0.6, suggesting that multi-collinearity is not a major concern. [↑](#footnote-ref-12)
13. In untabulated tests we find that all three disclosure outlets are significant events. [↑](#footnote-ref-13)
14. We run market return tests only on the disclosure subsample in an attempt to control for information content as outlined in the research method section. [↑](#footnote-ref-14)
15. Based on median values the economic effects are $2.4m, -$0.2m and $0.8m for purchased analyst research, investor presentations and Open Briefings, respectively. [↑](#footnote-ref-15)