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Abstract

This study investigates the relationship between earnings quality and analyst preference for full-text reports. The study examines the preference of analysts for full-text reports over time periods. These results show that analysts associate high earnings quality with near-term earnings predictability. This predictability is defined in an economic sense in terms of a low level of earnings volatility, and in an accounting sense in terms of management discretion over the establishment and adjustment of certain conservative reserves, allowances, and off-balance-sheet assets. Limited association was found between earnings quality and the application of conservative accounting methods, per se.



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