
Empirical Study regarding the Influence of the Quality of Financial Information on the Value of Listed Companies

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Abstract

Given the conditions of the actual economy, featured by intense changes, both structural and dimensional, the efficient estimation of the investment value contributes to the avoidance of possible side-slips of specific markets, with significant implications in the socio-economic sphere. Actual evaluation methods mostly introduce financial data in the analysis on which quality is depending the relevance of the informational output. The diversity of used models and even the random feature of their use in the evaluation process contribute to the enhancement of the uncertainties in this field. This weakness result both from the volume of processed information and especially from its quality, thus identifying the need to include some certifying elements of the financial information quality.

This paper proposes that, by reporting to the features of the companies listed on the regulated section of Bucharest Stock Exchange, to analyze the impact of the reported financial information quality on the value of entities. Using data specific to a sample of 62 companies, on a time horizon defined by the 2010-2014 financial exercises, the study estimates the relevance, the faithful representation of economic facts and phenomena and the persistence of financial information. It also analyzes the influence of these features on the market value, debating, at the same time, the impact of non-financial factors, such as: the auditor's reputation, the nature of the audit opinion or the specific of the used accounting standards. A series of well-known econometric models from the literature, such as Ohlson (1995), Jones (1991) and Dechow et al. (1995), have permitted the quantitative representation of the financial information features (value relevance, earnings management, persistence).

Keywords: financial information quality, IFRS, Big4, audit opinion, market value

JEL Classification: G30; L25; M41

Introduction

In a society that is permanently marked by the obsession of development through wealth creation, the estimation of the monetary equivalent of different types of assets has represented a continuous doctrinarian debate space. Used both as a benchmark in the perception of socio-economic efficiency and as a formation basis of trading prices, value represents a complex concept, featured by a significant volatility, whose accurate representation is continuously the subject of change. The volatility of the concept can be analyzed both from the time perspective, the value is available just in the moment of the evaluation, and from the space perspective, at the same time, the influence of the social, politic, environmental factors provide their own features to the gained information. If the price represents a concrete concept, generated by the confrontation between the demand and the offer, the value claims the reference to subjective, a diversity of endogenous or exogenous factors reported to the environment in which it is estimated, thus influencing its dimension.

The estimation effort of the assets' value, either different elements of economic entities in general, is included in a methodological demarche meant to remove the inconsistency associated to the mentioned process. A number of evaluation methods try to provide reliable information regarding the value quantum, but their limited ability to intercept the impact of the influence factors still provides features to the value, which go from certainty to perception.

This weakness of the evaluation methods results both from the volume of the processed information and from its quality.

This paper analyzes the quantitative level on the financial information that is reported by the Romanian listed companies on the main section of the Bucharest Stock Exchange (BSE), from the perspective of relevance, neutrality (avoiding the earnings management) and persistency, as well as the influence of these features on the entities' market value.

1. Literature review

Actual valuation models mostly include financial information in the analysis, on which value relevance and insurance regarding the avoidance of earnings

management depends the relevance of the informational output.

The diversity of evaluation methods and even the random features of their inclusion in the evaluation process contribute to the enhancement of the uncertainties that are present in the field, also generating dilemmas regarding the relevance of the data provided to the evaluated assets' markets, with significant impact on the trading prices.

Given this conditions, it is identified the need to elaborate new evaluation methods and models, which are to efficiently grasp the conditions of the actual economic environment. Thus, it is needed to include the certification elements of the financial information quality, from the perspective of the relevance and faithful representation of the economic reality, respectively of the non-financial information, such as: the shareholding structure, the auditor's reputation, the auditing opinion etc.

1.1. Perspectives of the financial information quality in the value estimation process

The complexity of the value concept and the difficulty of identifying it, given the multitude of influence factors has represented a field of debate for an impressive volume of scientific papers. The literature tries to identify and analyze the existing relations between the value dimension of economic entities and its determining factors, frequently emphasizing the fact that actual evaluation methods have a limited explanatory force.

Thus, Carricano (2014) notes that traditional approaches regarding the formation of prices (with the value as a supporting element) are inadequate in such a volatile economic environment and the probability to make a correct decision is minimal.

The significant existing relation between accountability and the evaluation methods of the company is also observed. Dicu (2015) notices the contribution of financial statements to the optimization of the decision making process, specific to the users of reported information, thus easing the evaluation of the entities' management quality, respectively its ability to manage the available resources. Penman (2010) claims that the evaluation methods are models for the accountability of the future and that the efficiency of these techniques results from the way in which the accountability principles are implemented. To this extent, the quality of

financial-accounting information, from the perspective of the *relevance*, the *faithful representation* of economic facts and phenomenon and their *persistence*, represents a requirement for the gaining of a representative value dimension.

Relevance represents, next to the faithful representation, the basic feature that the financial information issued by economic entities has to own, both from the perspective of international standards (International Financial Reporting Standards - IFRS), and from the perspective of national ones, the OPFM 1802/2014) for the approval of the accounting standards regarding the individual annual financial statements and the consolidated annual financial statements. Toma (2012) notes that the relevance operates through the predictive and the confirmatory ability the financial information has to have, while imposing the presence of the ability to generate a difference at the level of the decisions that are taken by users.

Displayed as goals of issued information, the qualitative features have required a quantitative representation, needed for the quantification of its own dimensions and for the influences they have on a wide range of phenomena.

Thus, associated to the relevance, the value relevance concept was developed in the literature, which, through the reporting to the financial market, reflects, in Barth's *et al.* (2001) opinion, the ability of accountability numbers to collect information that influence the share price, respectively the value of economic entities.

The *faithful representation* of economic facts and phenomenon imposes, at the same time with the lack of errors and the complete feature, the neutrality of the implementation of accounting and reporting techniques of financial information. To this regard, an insurance process is needed regarding the lack of information management activities, through earnings management. From Healy and Wahlen's (1999) opinion, the earnings management represents the demarche through which managers use, in the process of financial reporting and trading organizing, arguments that lead to the management of the issued results and which misguide the shareholders, on the fundamentals of the economic performance or which influence the contractual benefits that depend on the transmitted accounting data.

Another perspective of the financial information relevance is represented by the *persistence* of the

reported results. The low volatility of results provides them an enhanced use in the decision making of investments, respectively in the entities' evaluation process (Dechow *et al.*, 2010). Authors claim that a high results' persistence degree generates more relevant indicators (result flows or cash flows), used within the evaluation models. If the financial market identifies and corrects the expectances regarding the future cash flows, then, the share price will be detached from the evolution of the indicators that reflect the company's financial-economic situation (Cupertino *et al.*, 2015), thus occurring weaknesses of the evaluation models which use such dimensions.

The studies in this research field focus, next to the estimation of the issued results' quality, on the factors that cause variations of its level. Thus, a diversity of features that are present both in the economic environment (law system, cultural environment etc.) is implied, and especially the features that reflect the activity of economic entities.

1.2. The role of non-financial information in the attainment of a representative value dimension

The information issued through financial statements participates in a limited importance to the complete informing of users, different non-financial information being requested in the completion of the carried out analyses. Thus, information such as the shareholding structure, corporate governance, the auditor's reputation, the audit opinion, the character of used accounting standards can represent elements with significant influence in the analysis and explanation of financial data evolutions with implications over the investment decisions.

To this extent, Joubert and Fakhfack (2012) identify the presence of earnings management, especially at the level of the companies where the managers own shares, and the use of the corporate governance principles is seen, by Ahsan and Istiaq (2008) as an enhancement of financial information quality. Apostol (2015), in the study on the BSE listed companies, notes that the financial auditing process, given the conditions of the corporate governance principles use, emphasizes its role of factor that insures the quality of the reported information.

Chebaane and Othman (2014) notice an increase in the financial information relevance degree determined by

the use of international accounting standards (IFRS). The value relevance is also positively influenced in the case of entities that operate in fields that are regulated by common law, within economies with functional economic and financial markets, on which a strong investors' protection exists.

The transition to the IFRS has contributed, from Marra's *et al.* (2011) perspective, to the growth of the financial information quality, through the reduction of the earnings management (EM) degree, a significant role being also given by the concurrent use of some corporate governance principles, regarding the independence of the directors' council and the existence of an auditing committee.

The impact of the auditing opinion on the decisions that are made by investors is analyzed by Ianniello and Galloppo (2015), in the study on the Italian financial market. Authors notice the fact that any mention associated to the expressed opinion (qualified opinion, contrary opinion, the impossibility of expressing) generates a negative impact on the share price, also mentioning the determining role of the audit reports in the informing of the financial information users. Grosu *et al.* (2015) emphasize a significant association between the type of the formulated auditing opinion, the affiliation to a certain auditor and the usable accounting referential. Lee and Lee (2013) analyze the influence of the auditor's reputation on the quality of financial information. In the Asian context, a superior relevance of the information issued by the companies whose annual reports were analyzed by an auditor that is a member of the Big4 is identified, compared to the situation when the auditor is represented by a non-Big4 auditor. Rusmin (2010) also concludes that the level of earnings management is significantly lower in the case of companies that require the services of Big4 member companies, compared to the one reported in the case of companies that require other auditors.

The quality of the financial information reported by Romanian companies was analyzed in numerous studies, such as the ones of Filip and Raffournier (2010), Jianu *et al.* (2014), Nechita (2014), Robu (2015), thus identifying an evolving trend of it, concurrently with positive influences, generated by a series of disjunctive factors, such as the use of IFRS, the maturity of the stock market, the indebtedness degree, the size or the activity field of the entity.

2. Working hypotheses

Starting from the elements identified in the literature, the study proposes the testing of the following working hypotheses:

H1: The level of the quality of the financial information reported by Romanian listed companies is significantly influenced by the specific of accounting standards, the auditor's reputation and the nature of the auditing opinion

H2: The persistence of reported results, the discretionary accruals (as evaluation element of earnings management) and the value relevance of financial data have a significant influence on the market value of economic entities.

3. Research methodology

The paper analyzes the quality of the financial information issued by Romanian listed companies and the impact it generates on the entities' market value, also including non-financial factors in the debate, such as: the auditor's reputation, the nature of the auditing opinion or the character of the used accounting standards. The study has an empirical feature and proposes the validation of the working hypotheses through a deductive-inductive demarche, which is specific to the positivist perspective regarding the economic phenomenon.

3.1. Data, population and sample

The analyzed population is represented by the Romanian BSE listed companies, after the removal of financial institutions in order to ensure the comparability of the data. The time horizon the study focuses on, represented by 5 financial exercises (2010-2014) has eased the making of 310 observations on the 62 companies that represent the analyzed sample. Though, the use, starting with the financial 2011-2012 exercise, of the Order of the Public Finances Minister (OPFM) 1286/2012 for the approval of the accounting standards according to the International Financial Reporting Standards has determined the removal of the data that were specific to the transition year, due to numerous difficulties met in reporting, for the first time, according to the IFRS. Thus, it was kept for the analysis only the data corresponding to the financial 2010, 2011, 2013 and 2014 exercises, namely 248 observations. Data was

collected from the financial statements and the annual reports issued on the BSE web-site and the sites of the selected companies.

3.2. Models used in the estimation of the financial information quality

The quantitative representation of the qualitative features has represented the concern of a large number of researchers, each of them trying to grasp the factors that lead to a more efficient estimation of the financial information relevance, to the faithful representation of economic realities and to the persistence of reported results. The study used the most representative econometric models, whose equation and explanatory benchmarks are presented below.

The Ohlson model (1995) represents a calculus mean of value relevance of financial data, the model's equation being displayed in relation no. 1.

$$P_t = \alpha_0 + \alpha_1 ANCPSt + \alpha_2 EPS_t + \varepsilon_t \quad (1)$$

Where:

P_t = stock price at the middle of the year $t+1$;

$BVPS_t$ = book value per share at the end of year t ;

EPS_t = earnings per share at the end of year t ;

$\alpha_{0,1,2}$ = regression coefficients;

ε_t = error random variable;

Relevance is evaluated through the dimension of the R^2 determination ratio, which shows the extent to which financial information (the book value and the earnings per share) contribute to the explanation of the share price variation.

The manifestation of the earnings management process is indicated by the size of the discretionary accruals (DA), a component of total accruals (TA), seen as deliberate creation of the management, designed to manage the published financial information. Total accruals consist of the differences generated by the use of the accruals accounting principles, compared to the results reached through the use of cash accounting. Total accruals can be calculated, according to Jones (1991), in the absence of the two types of information, by using data in the profit or loss account, according to relation no 2.

$$TA_t = (\Delta CA_t - \Delta Cash_t) - (\Delta CL_t - \Delta STC_t) - DAE_t \quad (2)$$

where:

TA_t = total accruals in year t ;

ΔCA_t = change in current assets in year t from year $t-1$;

$\Delta Cash_t$ = change in cash in year t from year $t-1$;

ΔCL_t = change in current liabilities in year t from year $t-1$;

$\Delta STDs_t$ = change in short term debts in year t from year $t-1$;

DEP_t = depreciations and amortisation in year t .

Dechow's *et al.* (1995) model, displayed in relation no. 3, identifies the extent to which the non-discretionary accruals (NDA), the ones known for the use according to the accounting standards, explains the variation of total accruals, the size of the error factor in the proposed regression analysis, thus reflecting the intensity of the earnings management phenomenon.

$$TA_t = \beta_0 + \beta_1 (\Delta REV_t - \Delta REC_t) + \beta_2 PPE_t + \varepsilon_t \quad (3)$$

Where:

ΔREC = change in operating receivables;

ΔREV = change in revenues;

PPE = property, plant and equipment for the year t ;

$\beta_{1,2,3}$ = regression coefficients;

ε = error term (discretionary accruals), a low level of it reflect a minimum earnings management degree.

Indicators were denominated with the number of the shares issued by the analyzed entities.

By using the econometric model attained at the level of the analyzed sample, we can estimate the non-discretionary accruals, and by deducing them from the total accruals, we can calculate the unitary values of the discretionary accruals, according to relation no 4.

$$DA = TA - NDA \quad (4)$$

The persistence regards the existing dependences between the annual results flows and can be expressed through relation no. 5

$$EPS_t = \beta_0 + \beta_1 EPS_{t-1} + \varepsilon_t \quad (5)$$

The persistence of results is evaluated through the size of the β regression coefficient, a high level of it revealing a low volatility.

The testing of hypothesis H2 supposes the estimation of the influences generated by the *persistence of reported results, the level of the discretionary accruals and the value relevance* of the financial data on the market value of economic entities, thus proposing the model in relation no. 6.

$$Vsh_t = \alpha_0 + \alpha_1 EPS_t + \alpha_2 DA_t + \alpha_3 (BVPS - EPS)_t + \varepsilon_t \quad (6)$$

Vsh= market value per share (obtained by the multiples method).

To process the data, we used the dedicated software SPSS 19.

4. Interpretation of the attained results

The use of multiple regression analysis, which stands at the basis of the econometric models that were used to test the working hypotheses, has led to the identification of the intensity of the relations established between the elements of the studied phenomena. We calculated the specific estimators of each relation, thus allowing the representation from the quantitative perspective of the qualitative features of financial information.

The testing of *H1* hypothesis supposed the study of the dependence relations, at the level of each secondary

objective that had been issued (relevance, faithful representation, results' persistence), the enhancement of the research depth requesting the inclusion, as control variable, of the accounting standards, depending on which the elaboration of the financial statements was made, of the auditor's reputation (Big4 or non-Big4 companies), the nature of the auditing opinion.

Table 1 synthetically displays the results regarding the estimation process of the value relevance, made both at the level of the whole sample, and structurally, depending on the mentioned disjunctive factors. The Ohlson (1995), the price model, has allowed the identification of a significant dependence between the financial rates (BVPS and EPS) and share price as an indicator of entities performance. The size of the determination ratio ($R^2_{\text{total_sample}} = 0,978$) reflects the stock market's reaction to the information issued by the Romanian listed companies, thus indicating a high relevance degree of the information.

Table 1. The estimation of the value relevance of financial data reported by Romanian listed companies

Criterion	Sample	Econometric model	SIG Model	Phenomenon estimator
<i>Ohlson model</i> $P_t = \alpha_0 + \alpha_1 BVPS_t + \alpha_2 EPS_t + \varepsilon_t$				R^2
Total sample		$P_t = 0,315 + 0,415BVPS_t + 0,623EPS_t$	0,000	0,978
Standards	IFRS	$P_t = 0,459 + 0,486BVPS_t + 0,626EPS_t$	0,000	0,924
	RAS	$P_t = 0,817 + 0,633BVPS_t + 0,335EPS_t$	0,000	0,674
Auditor	BIG4	$P_t = 0,185 + 0,498BVPS_t + 0,619EPS_t$	0,000	0,923
	Other comp.	$P_t = 0,901 + 0,603BVPS_t + 0,383EPS_t$	0,000	0,695
Opinion	Qualified	$P_t = 0,513 + 0,439 BVPS_t + 0,624EPS_t$	0,000	0,839
	Unqualified	$P_t = -0,067 + 0,972 BVPS_t - 0,043EPS_t$	0,000	0,936

Source: Own processing

From the made sequential analysis, we notice the fact that the use of the IFRS, starting from the 2011-2012 financial exercise, has determined an increase in the relevance of the reported information of companies, ($R^2_{\text{IFRS}} = 0,924 > R^2_{\text{RAS}} = 0,674$), compared to the period when the issuance of the financial statements was based according to the Romanian accounting standards (RAS). The insurance activity of the financial statements' issuance according to the standards is involved from the perspective of the auditor's reputation and of the auditing opinion. Thus, the investors active on the Romanian stock market include, in the analysis regarding the opportunity of placing the available capital, in a superior degree, the information from the reports audited by Big4 member companies, compared to the data audited by other

companies ($R^2_{\text{Big4}} = 0,923 > R^2_{\text{other_comp}} = 0,695$). The auditor's reputation, determined by the superior specialization of the personnel, the high level of negotiation power or the ability to foresee the changes in the regulation, thus provide a plus of utility to the reported financial information. The auditing opinion, expressed for the financial statements before the analyzed financial exercise, generate different levels of representation of financial information in the decision making process. Thus, a low level of relevance is associated to a qualified opinion, compared to the situation of an unqualified opinion ($R^2_{\text{unqualified}} = 0,936 > R^2_{\text{qualified}} = 0,839$), investors being tempted to adopt a careful behavior when the auditor signals some elements that are not corresponding to the accounting standards.

The faithful representation, from the perspective of neutrality of the economic reality is displayed through the results regarding the contribution level of the discretionary accruals to the explanation of the total accruals variation, synthesized in **Table 2**. Quantified through the size of the error factor, which includes the unexplained remaining part of the total accruals variation, after the evaluation of the non-discretionary accruals' influence ($\square = 1 - R^2$), the reported earnings management process, reports, at the level of the whole sample, a significant size ($\square_{\text{total_sample}} = 0,882$). Due to the lack of homogeneity of the sample, from the perspective of the non-financial factors involved in the study, the research development on secondary groups of statistic units has represented a strong necessity. Thus, by reporting to the specific of the accounting standards, we identify a superior earnings management level, in the case of the cluster consisting of observations that are featured by the use of IFRS, compared to the group characterized by the use of RAS ($\square_{\text{IFRS}} = 0,899 > \square_{\text{RAS}} = 0,516$). The relation can be explained through the inherent use of new standards, the significant size of discretionary accruals being able to the attributed both to

some mistaken interpretations of the standards and on the managers' speculation on some proper periods for the management of financial statements. The involvement of the compliance service insurance with the standard regarding the annual reports of companies reveal a more significant difference at the level of the earnings management activities. To this extent, the auditing of the financial statements of a Big4 company determines a significant reduction of earnings management ($\square_{\text{Big4}} = 0,137$), compared to the presence of a significant management degree when the auditor is not a Big4 member ($\square_{\text{other_comp}} = 0,873$). This could happen due to the procedural requirements of the big auditing offices. The audit opinion, as a control variable, comes to confirm the decisive role of auditing in the increase of the relevance of financial information, the nature of the expressed opinion being associated to the level of the earnings management activities. An expressed qualified opinion of the previous exercise determines a reduction of the earnings management, compared to the situation of expressing an unqualified opinion ($\square_{\text{qualified}} = 0,672 < \square_{\text{unqualified}} = 0,827$), thus reflecting the coercive role of the auditing process.

Table 2. The analysis of the earnings management degree, in the context of the Romanian financial market

Criterion	sample	Econometric model	SIG Model	Phenomenon estimator
Dechow model $TA_t = \beta_0 + \beta_1(\Delta REV_t - \Delta REC_t) + \beta_2 PPE_t + \varepsilon$				\square
Total sample		$TA_t = -0,140 + 0,093 (\Delta REV_t - \Delta REC_t) - 0,311 PPE_t$	0,000	0,882
Standards	IFRS	$TA_t = -0,220 - 0,178 (\Delta REV_t - \Delta REC_t) - 0,186 PPE_t$	0,005	0,899
	RAS	$TA_t = -0,047 + 0,520 (\Delta REV_t - \Delta REC_t) - 0,506 PPE_t$	0,000	0,516
Auditor	BIG4	$TA_t = 0,021 - 0,834 (\Delta REV_t - \Delta REC_t) - 0,431 PPE_t$	0,000	0,137
	Other. comp.	$TA_t = -0,158 + 0,114 (\Delta REV_t - \Delta REC_t) - 0,307 PPE_t$	0,000	0,873
Opinion	Qualified	$TA_t = 0,004 + 0,597 (\Delta REV_t - \Delta REC_t) - 0,0144 PPE_t$	0,000	0,672
	Unqualified	$TA_t = -0,184 - 0,086 (\Delta REV_t - \Delta REC_t) - 0,377 PPE_t$	0,000	0,827

Source: own processing

The analysis of the reported results persistence, systemized in **Table 3**, reveals a low volatility of the financial information issued by Romanian listed companies, with positive effects on the indicators used within the evaluation models of entities. Estimated through the regression coefficient β , the results' persistence, analyzed at the level of the whole sample, indicates a superior predictive capacity of EPS ($\beta_{\text{total_sample}} = 0,954$). Though, the carried out sequential analysis

identifies variations in the results' volatility level, especially in the case when it was tested the model on the clusters that are formed depending on the auditor's reputation ($\beta_{\text{Big4}} = 0,969 > \beta_{\text{other_comp}} = 0,570$) and on the nature of the auditing opinion ($\beta_{\text{unqualified}} = 0,959 > \beta_{\text{qualified}} = 0,764$). Accounting standards that stood at the basis of financial standards elaboration do not generate a significant impact on the persistence of reported results ($\beta_{\text{IFRS}} = 0,958$; $\beta_{\text{RAS}} = 0,952$).

Table 3. The analysis of reported results persistence

Criterion	Sample	Econometric model	R2	SIG Model	Phenomenon estimator
Model : $EPS_t = \beta_0 + \beta_1 EPS_{t-1} + \varepsilon_t$					β_1
Total sample		$EPS_t = 0,086 + 0,954 EPS_{t-1}$	0,910	0,000	0,954
Standards	IFRS	$EPS_t = 0,196 + 0,958 EPS_{t-1}$	0,918	0,000	0,958
	RAS	$EPS_t = -0,034 + 0,952 EPS_{t-1}$	0,905	0,000	0,952
Auditor	BIG4	$EPS_t = 0,005 + 0,969 EPS_{t-1}$	0,940	0,000	0,969
	Other comp.	$EPS_t = 0,095 + 0,570 EPS_{t-1}$	0,325	0,000	0,570
Opinion	Qualified	$EPS_t = -0,044 + 0,764 EPS_{t-1}$	0,583	0,000	0,764
	Unqualified	$EPS_t = 0,075 + 0,959 EPS_{t-1}$	0,919	0,000	0,959

Source: Own processing

The implications that are generated by the financial information relevance on the estimation process of the entities' value and the reliability of the attained output were analyzed by testing hypothesis *H2*. To this extent, the proposed econometric model estimates the influence of the results' persistence, of their

management and the value relevance of financial data on the entities' market value. This demarche is designed to evaluate the need of including in the evaluation models of informative benchmarks that are generated by non-financial factors, especially of qualitative features of financial information.

Table 4. The influence of financial information relevance on the companies' market value

Criterion	Sample	Econometric model	SIG Model	Phenomenon estimator
$Vsh_t = \alpha_0 + \alpha_1 EPS_t + \alpha_2 DA_t + \alpha_3 (BVPS - EPS)_t + \varepsilon_t$				R^2
Total sample		$Va_t = -0,947 + 0,549 EPS_t + 0,251 DA_t - 0,087 (BVPS - EPS)_t$	0,000	0,398
Standards	IFRS	$Va_t = 0,256 + 0,784 EPS_t + 0,125 DA_t + 0,425 (BVPS - EPS)_t$	0,000	0,958
	RAS	$Va_t = -0,140 + 0,523 EPS_t + 0,097 DA_t + 0,138 (BVPS - EPS)_t$	0,000	0,524
Auditor	BIG4	$Va_t = -18,432 - 1,858 EPS_t + 1,120 DA_t + 1,517 (BVPS - EPS)_t$	0,000	0,719
	Other comp.	$Va_t = 1,729 + 0,546 EPS_t - 0,038 DA_t + 0,065 (BVPS - EPS)_t$	0,000	0,319
Opinion	Qualified	$Va_t = 0,204 + 0,276 EPS_t + 0,036 DA_t + 0,499 (BVPS - EPS)_t$	0,000	0,349
	Unqualified	$Va_t = -1,573 + 0,572 EPS_t + 0,280 DA_t - 0,137 (BVPS - EPS)_t$	0,000	0,404

Source: own processing

To do so, adjustments were made to the independent variables, depending on the results regarding the financial information relevance, attained subsequently to the testing of hypothesis *H1*. Thus, the earning per share (EPS) was adjusted with the persistence degree of results, reflected by the size of the β regression coefficient, the level of earnings management consisted of the volume of discretionary accruals, whose unitary value was attained by deducing the unitary non-discretionary accruals from the total accruals. The book value was resized depending on the relevance degree of financial information reached subsequently to the appliance of the model on the prices.

With a maximum level of the models significance (SIG=0,000) the relations, displayed in *Table 4*, confirm the influence of the qualitative features on the market value per share. Due to the significant values of the determination coefficient [$R^2 \in (0,319; 958)$], indicators associated to the quality perspectives of financial information contribute to the explanation of the market value variation of entities with percentages between 31,9% and 95,8%. The structural analysis of the relation reveals different levels of it, corresponding to the attained results and within the estimation of the qualitative dimensions. Thus, we register superior levels

of influence generated by the use of IFRS ($R^2_{IFRS} = 0,958 > R^2_{RAS} = 0,524$), the presence of a Big4 auditor member ($R^2_{Big4} = 0,719 > R^2_{other_comp} = 0,319$) and the issuance of an unqualified opinion ($R^2_{unqualified} = 0,404 > R^2_{qualified} = 0,349$).

The intensity of these determining relations reveals the opportunity and even the need of including within evaluation models of data regarding the quality of reported financial information.

Conclusions

The quality of the financial information issued by the economic entities conditions the efficiency of the investors' decisions, with significant effects on the capital markets balance. For a total degree of informing, the users of the financial data include non-financial information in their analysis, which can lead to an increase in the certainty level when making decisions.

This paper identifies the quality level of the financial information that was reported by the Romanian companies listed on the regulated section of the Bucharest Stock Exchange, also estimating the influence that they have on the market value of the entity. Control variables were introduced in the study, which contribute to the deepening of the carried out analyses, thus revealing the contribution of the accounting standards, of the auditor's reputation and of the auditing opinion to the growth of the financial information quality.

By validating hypothesis *H1*, high levels of financial information quality were emphasized, from the perspective of relevance, faithful representation and reported results' persistence, especially in the case when international accounting standards (IFRS) were used, when a member company of the Big4 audited the

financial statements, respectively when, for the previous financial exercise, an unqualified opinion was issued. The exception is represented by the registration of a superior level of earnings management, when using the IFRS, which is explained by the inherent difficulties existing in the case of new accounting standards implementation, related both to possible misinterpretations of the standards and of the managers' speculations of some proper periods for financial statements' management.

The testing process of hypothesis *H2* has allowed the identification of a significant impact of the financial information quality on the companies' market value. The intensity of the determinist relations thus indicated the need to include data regarding the quality of the reported financial information in the evaluation models.

The limits of the research are represented by the low size of the used sample, the manual collecting of the processed data and by the inclusion of only three control factors in the analysis (the accounting standards, the auditor's reputation and the auditing opinion).

Future research directions aim at the removal of these limits, as well as at the completion of the studied field with new perspectives of the financial information quality.

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