
(Martikainen, 1998)

(Liquidation Option)

:

()

(Hayn, 1995)

:

(Sin and Watts, 2000)

Sin and Watts

(Hayn, 1995)

(Philipich, Costigan and

Lovatna, 1994)

(

(Davis-Friday and Gordon, 2005)

(Quirin, O'Bryan and Wilcox, 1999)

(Philipich et al., 1994)

(Corroborative Effect)

)

(1999)

-2

$$R_{i\tau} = \frac{P_{i\tau} - P_{i\tau-1}}{P_{i\tau-1}}$$

()

$R_{i\tau}$
 $P_{i\tau}$
 $P_{i\tau-1}$

$$R_{it} = \prod_{\tau=1}^{12} (1 + R_{i\tau}) - 1$$

2003-1995

R_{it}
 $R_{i\tau}$

:

(Proxy) E_{it} ΔE_{it} ()

12/31

:

(27)

(61)

(88)

(463)

(641)

(178)

CFO_{it}
 ΔCFO_{it}

:

$$\begin{aligned}
 & (\beta_5 + \beta_6) E_{it} \\
 & (\beta_7 + \beta_8) \Delta E_{it} \\
 & CFO_{it} \\
 & \Delta CFO_{it} \\
 & R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it} \\
 & R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it} \\
 & R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}
 \end{aligned}
 \tag{1}$$

Studentized Residuals

(0.0677)
(0.0086)

()

(Income

%1

Smoothing)

(0.209) (0.164)
%1

(2)

(0.44) (0.36)
(0.292) (0.252)

(1)

0.2947	-0.5520	0.4887	-0.7464	5.0979	-1.7079	0.1483	0.0362	0.0086	E_{it}
0.4083	-0.4117	0.6583	-0.5827	8.6888	0.1611	0.1139	0.0001	0.0019	ΔE_{it}
0.6073	-0.4789	0.6403	-0.6258	1.8613	0.0376	0.1827	0.0569	0.0677	CFO_{it}
0.8724	-0.7123	0.9856	-0.9550	4.0581	0.4899	0.2458	0.0044	0.0131	ΔCFO_{it}
0.9448	-0.7257	1.5325	-1.0000	1.6114	0.7799	0.3314	-0.0299	0.0023	R_{it}

641

61

Studentized Residuals

:

E_{it}

ΔE_{it}

CFO_{it}

ΔCFO_{it}

R_{it}

(2)

()

R_{it}	ΔCFO_{it}	CFO_{it}	ΔE_{it}	
*0.36001 (*0.44099)	0.01501 (*0.09172)	*0.25530 (*0.43139)	*0.44582 (*0.37088)	E_{it}
*0.25225 (*0.29284)	0.02016 (*0.11652)	0.00383 (0.07843)		ΔE_{it}
*0.16416 (*0.20877)	*0.60544 (*0.54914)			CFO_{it}
0.01144 (0.02255)				ΔCFO_{it}

()

61

Studentized Residuals

:

641

: E_{it}

: ΔE_{it}

: CFO_{it}

: ΔCFO_{it}

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t i

: R_{it}

.%1

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.%5

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%1

.(0.229)

:

(0.214) ()

(3)

(0.281)

)

()

%1

(2.704)

()

()

(Hayn, 1995)

(Sin and Wats,

(Martekainen, 1998)

.2000)

)

(2.663)

(

(0.059)

:

:

:

:

(3)

()

(4)

()

(2.465)

()

(2.704)

(3

)

(0.454)

(0.215)

(0.217)

(0.229)

()

(221)

(158)

()

(4)

()

(0.079-)

(3.397)

(0.124)

(379)

(3)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a
(379)							
0.229		2.704			2.191	0.514	0.127-
		(10.540)*			(8.184)*	(2.324)**	(4.864)*
0.019	0.281		0.352	0.071-			0.037
	(2.807)*		(2.763)*	(0.708-)			(1.763)
0.227	0.059	2.663	0.105	0.047-	2.091	0.573	0.129-
	(0.626)	(10.108)*	(0.851)	(0.507-)	(7.140)*	(2.460)**	(4.917)*

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	α	
(201)								
0.002		0.214			0.048	0.166	0.115-	
		(1.444)			(0.362)	(1.243)	(4.527-)*	
0.009	0.048-		0.114	0.161-			0.128-	
	(0.446-)		(0.851)	(1.927-)			(6.760-)*	
0.010	0.032-	0.193	0.128	0.159-	0.021	0.172	0.119-	
	(0.296-)	(1.301)	(0.949)	(1.892-)	(0.155)	(1.291)	(4.676-)*	
(290)								
0.162		1.563			1.116	0.447	0.005-	
		(6.152)*			(7.197)*	(2.154)**	(0.195-)	
0.027	0.271		0.475	0.204-			0.051	
	(2.328)**		(3.140)*	(1.762-)			(2.203)	
0.162	0.097	1.537	0.201	0.113-	1.038	0.499	0.017-	
	(0.867)	(5.992)*	(1.389)	(1.013-)	(6.281)*	(2.355)**	(0.639-)	
(290)								
0.056		0.454			0.423	0.031	0.061-	
		(2.664)*			(3.265)*	(0.140)	(3.112-)*	
0.049	0.217		0.422	0.205-			0.102-	
	(2.478)**		(4.060)*	(2.720-)*			(6.099-)*	
0.078	0.167	0.409	0.320	0.152-	0.296	0.113	0.079-	
	(1.857)	(2.401)**	(2.939)*	(2.011-)**	(2.181)**	(0.505)	(3.905-)*	

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Studentized Residuals

: E_{it}
: ΔE_{it}
: CFO_{it}
: ΔCFO_{it}

R_{it} :
 %1
 %5
 *

(4)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a	
(221)								
0.215		2.465 (7.441)*			2.192 (6.401)*	0.273 (0.877)	0.099- (2.662-)*	
0.018	0.354 (2.441)**		0.274 (1.534)	0.080 (0.560)			0.107 (3.689)*	
0.210	0.069 (0.505)	2.419 (7.060)*	0.028- (0.160-)	0.096 (0.722)	2.194 (5.960)*	0.225 (0.688)	0.096- (2.535-)**	
(132)								
0.002-		0.243 (1.257)			0.083 (0.482)	0.161 (0.670)	0.015- (3.617-)*	
0.010-	0.046 (0.341)		0.116 (0.762)	0.069- (0.733-)			0.146- (6.522-)*	
0.013-	0.067 (0.486)	0.239 (1.198)	0.115 (0.755)	0.048 (0.499)	0.070 (0.409)	0.168 (0.684)	0.118- (3.612-)*	
(69)								
0.029-		0.079- (0.194-)			0.077- (0.281-)	0.001- (0.005-)	0.103- (1.911-)	
0.071	0.069- (0.384-)		0.388 (1.343)	0.457- (2.479-)**			0.080- (2.352-)**	
0.046	0.069- (0.374-)	0.098- (0.248-)	0.394 (1.334)	0.463- (2.465-)**	0.120- (0.452-)	0.022 (0.079)	0.096- (1.841-)	
(158)								
0.124		3.397			2.426	0.972	0.149-	

		(4.059)*			(4.860)*	(1.651)	(3.795-)*	
0.069	0.222		0.573	0.351-			0.077-	
	(1.894)		(3.652)*	(2.899-)*			(2.941-)*	
0.137	0.104	3.029	0.340	0.236-	1.925	1.103	0.147-	
	(0.840)	(3.562)*	(1.937)	(1.921-)	(3.417)*	(1.861)	(3.757-)*	

580

61 Studentized Residuals

$$E_{it}$$

$$\Delta E_{it}$$

$$CFO_{it}$$

$$\Delta CFO_{it}$$

$$R_{it}$$

12 t i
 .%1
 .%5

%5
 (0.791)

(0.469)
 (5)
 (0.261-)
 ()
 ()
 ()
 (1.166)

(0.767)
(0.203-)

.(Davis-Friday and Gordon, 2005)

(5)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a	
(393)								
0.144		1.166			0.791	0.375	0.001	
		(7.246)*			(5.756)*	(2.074)**	(0.043)	
0.051	0.469		0.695	0.226-			0.058-	
	(3.944)*		(4.808)*	(2.522-)**			(2.332-)**	
0.163	0.350	1.101	0.460	0.109-	0.663	0.439	0.057-	
	(3.096)*	(6.873)*	(3.199)*	(1.222-)	(4.534)*	(2.402)**	(2.420-)**	
(187)								
0.091		0.791			0.482	0.309	0.034-	
		(4.318)*			(3.180)*	(1.728)	(1.391-)	
0.007	0.261-		0.125-	0.135-			0.087-	
	(1.433-)		(0.610-)	(1.251-)			(2.798-)*	
0.094	0.203-	0.767	0.082-	0.121-	0.476	0.291	0.057-	

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a
	(1.159-)	(4.174)*	(0.414-)	(1.170-)	(3.141)*	(1.621)	(1.829-)
(295)							
0.145		0.825			0.681	0.144	0.004
		(5.746)*			(5.806)*	(0.915)	(0.245)
0.079	0.429		0.637	0.208-			0.048-
	(3.724)*		(5.196)*	(2.135-)**			(1.917-)
0.166	0.301	0.733	0.374	0.074-	0.543)	0.190	0.038-
	(2.676)*	(5.040)*	(2.922)*	(0.760-)	(4.262)*	(1.215)	(1.569-)
(285)							
0.138		1.378			0.753	0.625	0.012-
		(6.617)*			(4.568)*	(3.067)*	(0.627-)
0.005	0.061		0.246	0.186-			0.030-
	(0.438)		(1.734)	(1.435-)			(1.135-)
0.147	0.043-	1.410	0.207	0.250-	0.734	0.675	0.044-
	(0.314-)	(6.785)*	(1.496)	(2.081-)**	(4.226)*	(3.202)*	(1.767-)

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Studentized Residuals

: E_{it}
: ΔE_{it}
: CFO_{it}
: ΔCFO_{it}
: R_{it}
*
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(1.166)

(0.791)

(2.704)

(3)

() (5)

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(7)

() - (7)

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(3)

(6)

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(Philipich et al.,

(6)

1994)

(8)

(Quirin et al., 1999)

(Philipich

(Quirin et al., 1999)

et al., 1994)

(7)

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(0.231)

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(5)

(-3)

(0.162)

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(- 5)

(.0.166)

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(0.21)

الجدول رقم (6)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a	
(251)								
0.152		1.051			0.783	0.267	0.011	
		(5.837)*			(5.159)*	(1.353)	(0.560)	
0.052	0.420		0.679	0.259-			0.041-	
	(3.070)*		(3.965)*	(2.171)**			(1.293-)	
0.162	0.328	0.999	0.388	0.059-	0.687	0.311	0.048-	
	(2.533)**	(5.520)*	(2.249)**	(0.494-)	(4.186)*	(1.566)	(1.590-)	
(143)								
0.133		1.279			0.697	0.583	0.014-	
		(4.804)*			(3.219)*	(2.424)**	(0.510-)	
0.011	0.148-		0.130-	0.018-			0.048-	
	(0.714-)		(0.522-)	(0.107-)			(1.156-)	
0.128	0.074-	1.319	0.092	0.166-	0.737	0.582	0.033-	
	(0.375-)	(4.820)*	(0.388)	(1.032-)	(3.343)*	(2.366)**	(0.863-)	
(44)								
0.026		0.156			0.159	0.003-	0.135-	
		(0.741)			(0.859)	(0.014-)	(3.137)*	
0.012-	0.613-		0.536-	0.077-			0.183-	
	(0.201-)		(1.196-)	(0.411-)			(3.469)*	
0.028-	0.719-	0.210	0.612-	0.107-	0.185	0.025	0.158-	
	(1.374-)	(0.979)	(1.338-)	(0.564-)	(0.989)	(0.116)	(2.730)*	
(142)								
0.127		1.550			0.803	0.746	0.011-	
		(4.331)*			(2.477)**	(1.655)	(0.367-)	
0.030	0.475		0.743	0.268-			0.082-	
	(1.222)		(2.417)**	(1.169-)			(1.822-)	

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a
0.148	0.211	1.543	0.535	0.324-	0.584	0.958	0.081-
	(0.557)	(4.343)*	(1.742)	(1.497-)	(1.717)	(2.102)**	(1.878-)

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Studentized Residuals

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$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$
 $R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$
 $R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$

E_{it}
 ΔE_{it}
 CFO_{it}
 ΔCFO_{it}
 R_{it}

*
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الجدول رقم (7)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a
(295)							
0.228		2.599			2.139	0.460	0.122-
		(9.183)*			(7.353)*	(1.846)	(4.073)*
0.048	0.533		0.674	0.141-			0.019-
	(3.776)*		(3.912)*	(1.218-)			(0.618-)
0.225	0.133	2.503	0.131	0.003	2.022	0.480	0.133-
	(0.965)	(8.241)*	(0.737)	(0.023)	(6.087)*	(1.861)	(4.120)*
(103)							
0.000		0.276			0.124	0.152	0.113-
		(1.404)			(0.725)	(0.918)	(3.165)*

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a	
0.023	0.269-		0.082-	0.188-			0.160-	
	(1.343-)		(0.361-)	(1.667-)			(4.731-)*	
0.020	0.267-	0.256	0.088-	0.179-	0.143	0.112	0.136-	
	(1.323-)	(1.310)	(0.387-)	(1.587-)	(0.843)	(0.680)	(3.353-)*	
(98)								
0.011-		0.140			0.087-	0.227	0.121-	
		(0.613)			(0.391-)	(0.987)	(3.268-)*	
0.010-	0.037		0.170	0.133-			0.128-	
	(0.181)		(0.672)	(0.037-)			(3.410-)*	
0.015	0.032	0.130	0.201	0.169-	0.159-	0.290	0.135-	
	(0.152)	(0.557)	(0.784)	(1.264-)	(0.572-)	(1.227)	(3.144-)*	
(84)								
0.211		3.125			2.530	0.594	0.148-	
		(4.892)*			(3.279)*	(1.135)	(2.645-)*	
0.019-	0.185-		0.238-	0.054			0.016	
	(0.601-)		(0.689-)	(0.267)			(0.285)	
0.214	0.206	3.552	0.454	0.247-	2.760	0.792	0.153-	
	(0.735)	(5.080)*	(1.358)	(1.319-)	(3.499)*	(1.470)	(2.472-)**	

580

61 Studentized Residuals

:

E_{it}

ΔE_{it}

CFO_{it}

ΔCFO_{it}

R_{it}

12

. %1

. %5

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.(0.052)

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(8) ()

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(0.136)

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(0.107)

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(8) ()

(0.136) ()

()

الجدول رقم (8)

$$R_{it} = a_1 + B_1 E_{it} + B_2 \Delta E_{it} + e_{1it}$$

$$R_{it} = a_2 + B_3 CFO_{it} + B_4 \Delta CFO_{it} + e_{2it}$$

$$R_{it} = a_3 + B_5 E_{it} + B_6 \Delta E_{it} + B_7 CFO_{it} + B_8 \Delta CFO_{it} + e_{3it}$$

Adj.R ²	$\Delta CFO_{it} + CFO_{it}$	$\Delta E_{it} + E_{it}$	CFO_{it}	ΔCFO_{it}	E_{it}	ΔE_{it}	a	
(163)								
0.182		1.286			1.087	0.199	0.000	
		(4.133)*			(6.038)*	(0.741)	(0.003-)	
0.146	0.781		1.072	0.291-			0.042-	
	(4.479)*		(5.335)*	(1.957-)			(1.146-)	
0.231	0.580	0.974	0.654	0.074-	0.856	0.118	0.089-	
	(3.360)*	(3.092)*	(3.072)*	(0.486-)	(4.357)*	(0.445)	(1.801-)	
(158)								
0.054		0.602			0.551	0.051	0.071-	
		(1.939)			(2.523)**	(0.129)	(2.543-)**	
0.072	0.251		0.595	0.344-			0.130-	
	(1.624)		(3.651)*	(2.581-)**			(4.663-)*	
0.107	0.133	0.561	0.489	0.356-	0.450	0.111	0.117-	
	(0.843)	(1.852)	(2.963)*	(2.717-)*	(2.037)**	(0.289)	(3.614-)*	
(132)								
0.056		0.422			0.343	0.079	0.044-	
		(2.068)**			(2.159)**	(0.295)	(1.560-)	
0.022	0.118		0.286	0.169-			0.078-	
	(0.863)		(2.119)**	(1.469-)			(2.558-)**	
0.052	0.056	0.390	0.169	0.105-	0.265	0.125	0.050-	
	(0.462)	(1.886)	(1.161)	(0.901-)	(1.530)	(0.455)	(1.490-)	

The Effect of the Sign of Accounting Earnings and Operating Cash Flows on Their Information Content

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ABSTRACT

The study aims at examining the effect of the sign of both accounting earnings and net cash flows from operating activities on their information content. The researchers hypothesized that both variables will have a significant information content when they both have a positive sign, and no information content when they both have a negative sign. Furthermore, the information content of the two variables increases when they both have a positive or negative sign. A sample of 88 industrial and service companies listed on Amman Stock Exchange during the period 1995-2003 was used with a total number of 641 observations. The results show that: (1) Positive accounting earnings and positive cash flows from operations have an information content, while negative accounting earnings and negative cash flows from operations do not, (2) Positive accounting earnings and positive cash flows from operations have an additional information content in the presence of the other variable, (3) The information content of both variables increases when the change in both of them is positive.

Keywords: Information content, Additional information content, Sign of accounting earnings, Sign of operating cash flows.