Voluntary turn away from IFRS and analysts' information environment

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Synopsis

The research problem

The study takes advantage of the Swiss context to investigate the impact of a voluntary turn away from IFRS on financial analysts' information environment.

Motivation or theoretical reasoning

This paper aims to contribute to the debate on the net benefits of the growing complexity and detailed disclosure requirements of International Financial Reporting Standards (IFRS).

The test hypotheses

H1: The number of analysts following decreases for firms switching from IFRS to Swiss GAAP.

H2: Analysts following firms switching from IFRS to Swiss GAAP experience a decrease in their forecast's accuracy.

H3a: The decrease in analysts following for firms switching from IFRS to Swiss GAAP is stronger for foreign analysts.

H3b: Foreign analysts are more affected than local analysts by firms turn away from IFRS to the Swiss domestic regulation.

H4a: The decrease in analysts following for firms switching from IFRS to Swiss GAAP is stronger for analysts without prior experience with Swiss GAAP

H4b: Analysts without prior experience with Swiss GAAP are more affected than analysts with prior experience by firms turn away from IFRS to the Swiss domestic regulation.

Target population

International regulators and standard settees.

Adopted methodology

Difference-in-differences analysis

Analyses

For each company in our sample, we identify the number of foreign and local analysts as well as the number of analysts with and without prior experience with the Swiss domestic standard. We measure at the analyst level forecast accuracy as the absolute difference between analysts

forecasts and firms' earnings per share for the forecasted year scaled by the last available closing price from the prior year.

Findings

We find that firms voluntarily switching from IFRS to Swiss GAAP experience a decrease in the number of analysts following and forecasts' accuracy. Additional analysis reveal that these effects are mainly driven by analysts without prior experience with Swiss GAAP and not by foreign analysts. Our results highlight the role of financial analysts' accounting expertise in shaping the analysts' information environment.

Keywords: IFRS; Financial Analyst; Swiss GAAP; Accuracy

1. Introduction

There is an ongoing debate on the economic benefits of International Financial Reporting Standards (IFRS), as both financial statements users and preparers complain about the growing complexity and relevance of its disclosure requirements (IASB, 2013). Such "information overload", referring to investors' confusion by an excessive amount of information provided has led the IASB to respond with a new disclosure initiative to help preparers improve the materiality of their accounting policy disclosures for the primary users of financial statements (IASB, 2019). We take advantage of a country specific setting, Switzerland, where the departure from IFRS is possible for listed firms, to investigate how IFRS "information overload" could affect firms' information environment. We focus on financial analysts' information environment as they are important capital market intermediaries and primary users of corporate disclosures (e.g., Lang and Lundholm, 1996; Hope, 2003; Byard and Shaw, 2003).

As accounting regulators are converging worldwide towards the mandatory adoption of IFRS for listed firms, Switzerland maintains the choice to report under its local standards Swiss GAAP, IFRS or US GAAP. Due to the attractiveness of Swiss GAAP's lower implementation costs and disclosure requirements, a substantial number of Swiss listed firms have recently voluntarily switched back to the domestic standards. Several papers exploit this country specific particularity from a preparers' perspective. For instance, Meyer (2009) investigates the notion that Swiss GAAP compared to IFRS include less complexity, volume, and implementation costs. On the other hand, Fiechter et al. (2017) do not find adverse capital-market effects after going away from IFRS. We aim to contribute to the literature that examines the voluntary turn away from IFRS, by focusing on a financial disclosure users' perspective. We therefore investigate the effect of the voluntary turn away from IFRS on the financial analysts' information environment. Using a staggered difference-in-differences (DiD) setting, we investigate a plausibly exogenous shock to analysts' information environment to enhance our

understanding of the association between analysts' coverage and forecast accuracy with firms' disclosures.

Financial analysts are primary users of financial accounting information and act as financial information market intermediaries for well-functioning capital markets (Bradshaw et al. 2017). Previous literature identifies financial analysts as main dispensers of information. Analysts play a valuable role in improving market efficiency (Healy and Palepu, 2001) and bridging information gaps between investors and corporate entities. Moreover, Lang and Lundholm (1996) and Hope (2003) show that firms with more informative disclosure policies have a larger number of analysts following, more accurate analysts' earnings forecasts, less forecast dispersion, and lower volatility in forecast revisions.

Almost two decades after the mandatory IFRS adoption for listed firms in the European Union, there is now an abundant literature that investigates the economic effects of IFRS transition that draws evidence from international and/or country-specific settings[1]. While the purpose of the mandatory IFRS adoption was to increase financial statements comparability and transparency through enhanced disclosure and improvement of recognition practices worldwide (Schipper, 2005; Whittington, 2005; Brown et al., 2014; Beuselinck et al., 2017), empirical research shows mixed evidence on the costs and benefits of IFRS. Various papers find increased accounting comparability from its adoption (DeFond et al. ,2011; Brochet et al., 2013; Horton et al., 2013; and Wang 2014). However, other studies only find little to no effect on financial reporting disclosure and quality, particularly in countries with poor enforcement regimes[2]. Looking at the literature on financial analysts, the evidence shows that analysts tend to be attracted by IFRS and issue more accurate forecasts (Byard et al., 2011; Cotter et al., 2012;

[1] See Brueggemann et al. (2013), De George et al. (2016), and Leuz and Wysocki (2016) for detailed literature reviews.
[2] Daske and Gebhardt, 2006; Verriest et al., 2013; Morais and Curto, 2008; Iatridis, 2010; Ahmed et al., 2013.

Amhed et al., 2013; Horton et al., 2013). The evidence is however mixed and other papers find that the increase in accuracy is principally driven by foreign analysts (Tan et al., 2011), sector-specialists (Beuselinck et al., 2017) and that such gains on accuracy fade away over time while analysts become accustomed to the new standards (Barniv and Myring, 2014).

The uniqueness of the Swiss institutional environment enables us to empirically study the financial analysts' reaction to a voluntary turn away from IFRS. Swiss GAAP, as country specific reporting standards, are not recognized internationally. They are less complex and easier to implement but have limited to no guidance in certain areas (Deloitte, 2013). This should lead to a decrease in analysts' following. IFRS as internationally recognized reporting standards reduce information acquisition costs and allow analysts to cover wider portfolios of companies. Its comprehensive structure compared to local GAAPs eases analysts' understanding and predictability of financial information (Ball, 2006). However, Swiss companies switch away from IFRS to the local accounting standards due to the increasing complexity and costly implementation of IFRS (Fiechter et al., 2017; Deloitte, 2013). In fact, IFRS with more detailed requirements and extensive use of fair value accounting leads to timely accounts, difficult to implement and understand. Such information is tougher to understand for analysts due to its complexity and earnings volatility. Furthermore, culture and history play a major role in shaping countries' accounting standards, an argument against IFRS claim as a uniform and worldwide applicable regulation (Tan et al., 2011). Difficulties in complying with IFRS could lower transparency, reliability of accounting information, and enhance earnings smoothing, together canceling the objective of a worldwide uniform accounting regulation.

We begin by providing an extensive descriptive analysis of the Swiss context of listed firms and their financial analysts' coverage. Our sample consists of 148 listed firms in Switzerland covered by analysts, where 15 report under the domestic accounting standard (i.e., Swiss GAAP) and 133 firms report under international accounting standards (126 IFRS firms and 7

US GAAP firms). We identify from the 126 IFRS issuers 23 listed firms followed by analysts and switching from IFRS to Swiss GAAP that we refer to as *Switchers*. The final sample consists of 148 listed Swiss firms followed by analysts from 2006 until 2016 hence forecasts issued for 2007 until 2017 fiscal years.

We focus on the impact of the voluntary turn away from IFRS on analysts' information environment in a DiD design with the staggered adoption (phased-in over time) of Swiss GAAP, following the methodology of Bertrand and Mullainathan (2003). The number of analysts following a firm is regressed on a dummy variable for the switch from IFRS to Swiss GAAP while controlling for firm characteristics. We then repeat the same analysis using analyst-level data to see the impact of the voluntary turn-away from IFRS on analysts' forecasting accuracy. Analysts' forecasts accuracy is regressed on a dummy variable for the switch from IFRS to Swiss GAAP while controlling for firm and analysts' characteristics. Overall, we find evidence of a drop in both analysts' following and forecast accuracy after firms' departure from IFRS.

We repeat our analysis by differentiating foreign and local analysts as well as analyst with or without prior experience with Swiss GAAP. Overall, we find evidence that the drop in analysts' following and forecast accuracy is primarily explained by analysts' expertise with Swiss GAAP rather than analysts' location. We do not find evidence of differential effect on analyst following and forecast accuracy depending on analysts' location after the departure from the international accounting standard. However, investigating analyst prior expertise with Swiss GAAP, we find that the loss in analysts' accuracy is driven by analysts without Swiss GAAP experience. Even though firms leaving IFRS significantly decrease financial statements disclosure, the negative effect on accuracy is explained by analysts' lack of knowledge and preparation for the newly adopted accounting regulation rather than the loss of information. Analysts with prior experience on both standards seem not to be impacted by firms' change in

disclosure to a less demanding accounting regulation with lower complexity and disclosure requirements. The results highlight the role of financial analysts' expertise in shaping the information environment.

The combined results provide insights on analysts' information environment and predictability of earnings around firm's reporting changes. The ever-changing nature of IFRS leads to a growing complexity in its interpretation and implementation. This study shows that small to mid-cap Swiss companies going back to the Swiss GAAP experience a decrease in analysts following and accuracy, and that this decrease is mainly driven by analysts without prior experience with Swiss GAAP and not by foreign analysts.

Our research contributes to the prior literature on reporting changes' effects on analysts' information environment. For example, Tan et al. (2011) finds a positive relation between the number of analysts following firms that mandatory and voluntary adopt IFRS. The present results indirectly support those findings as analysts' following decrease when firms leave IFRS for a more specific and less comparable standard.

Investigating the voluntary turn away from IFRS, our study complements the existing research on the impact of reporting changes on financial analysts, that mainly focused on IFRS adoption. The impact of higher disclosure requirements on analysts is observed before 2005 for voluntary adopters and around 2005 for mandatory adopters but fails to capture the growing intricacy of IFRS since 2005. Second, such papers suffer from identification problems since IFRS benefits depend on enforcement regimes, but its adoption is probably part of wider institutional reforms (Leuz and Wysocki, 2016). This country-specific study allows to control for institutional regimes differences and changes as the choice to go away from IFRS is confined to Switzerland and staggered in time. We also contribute to the literature on financial analysts' environment and the IFRS impact on analyst following and accuracy, showing that the local versus foreign characteristics could be less relevant than their prior accounting

expertise of the firms analyzed.

2. Background and Hypotheses

2.1.Institutional background

Although not being a member state of the European Union (EU), Switzerland uses bilateral agreements to benefit from the European single market. Such special status allows Switzerland to be more independent and flexible than member states when it comes to the implementation of European directives. Following the European mandatory adoption of IFRS in 2005, Switzerland decided not to fully implement the directive, despite the country's longstanding experience with IFRS. Starting in 2005, the Swiss Infrastructure and Exchange (SIX), the regulatory body of the Swiss stock exchange, permits – but does not require – IFRS or US GAAP for listed firms, while also maintaining its domestic regulation, Swiss GAAP. Companies reporting under IFRS, or US GAAP were to be registered under the "Main Standard" and the ones reporting under Swiss GAAP under the "Domestic Standard"[3]. The only difference between the two trading segments were the minimum capital requirements and the free float market capitalization being lower for the Domestic Standard: CHF 2.5 million capital requirements for the domestic segment instead of CHF 25 million for the main segment and a free float of 20% for a capitalization of those securities for at least CHF 5 million instead of a 25% free float for a CHF 25 million capitalization of the securities for the main segment. Other listing rules did not differ and firms under both segments were subject to the same regulatory requirements and enforcements. As of 2006, 147 out of 182 listed firms in Switzerland are registered under the "Main Standard" with 140 firms reporting under IFRS and 7 under US

[3] See SIX regulation (2015)

GAAP. The remaining 35 firms are reporting under Swiss GAAP and therefor registered under the "Domestic Standard" (see Figure 1).

[Figure 1. about here]

Over time, IFRS evolved by growing the number of standards and disclosure requirements leading to the re-emergence of Swiss GAAP in Switzerland. Preparers from the "Main Segment" complained about the growing complexity of IFRS and its disclosure requirements and decided to move away from the Main Standard to the Domestic Standard by reporting under Swiss GAAP and not IFRS anymore. Until 2012 few small to medium size companies moved away from IFRS but it is after October 2012, when Swatch Group announced its decision to leave international standard even though the firm was listed on the Swiss Market Index (SMI), that an antecedent was created. To the extent that the Domestic Standard became more prevalent, the SIX decided to abolish in 2015 the differences in the minimum capital requirements and free float market capitalizations. Issuers may now decide to list under the "International Standard" and report under IFRS or US GAAP or list under the "National Standard" while being subject to the same thresholds for listing rules. Over the period of 10 years between 2006 and 2016, the number of listed firms registered under the "National Standard" segment more than doubled as a total of 43 firms representing almost 25% of the listed firms in Switzerland decided to switch back to Swiss GAAP (see Figure 1).

Following prior studies on analyst accuracy in country-specific institutional backgrounds (Peek, 2005; Ernstberger et al., 2008; Garrido-Miralles and Sanabria-García, 2014), Switzerland provides a unique setting for a comparative analysis. Regulatory requirements and

the enforcement system which prove to be determinants of analysts' forecast accuracy[4] are kept constant, thus isolating the effect of the accounting standard change (Fiechter et al., 2017).

2.2.Main differences between IFRS and Swiss GAAP

For the 43 Swiss switching firms, the number of pages and notes respectively decreased by 15% and 26% in the pre- and post-switch periods[5]. Such decrease is explained by two major differences between IFRS and Swiss GAAP concerning financial information presentation. For the financial statements and disclosure notes, IFRS have more detailed guidelines on the financial statements, mandates other comprehensive income (OCI) that does not exist under Swiss GAAP and has more detailed notes. Second, segment reporting has higher disclosure requirements whereas the only guidance under the Swiss regulations is the disclosure of segment revenues either by geographic regions or businesses (Deloitte, 2013).

Swiss GAAP also differs from IFRS in three major areas concerning recognition and measurement. First, Goodwill under IFRS is treated as an intangible asset with an indefinite useful life and must be tested at least annually for impairments. Andreicovici et al. (2019) demonstrate that the complexity and opacity of goodwill impairment testing to analysts hampers the ability to resolve information asymmetry and information uncertainty. Under the Swiss standard, Goodwill accounting is simplified as it can be accounted for as an intangible asset and amortized over its estimated useful life or can be written off against equity at the date of acquisition. Second, pension accounting is simplified under Swiss GAAP with no distinction by type of retirement benefit plans and the company only evaluates its obligations based on the financial statements of the pension fund. IFRS distinguish between defined contribution plans

[4] See Hope (2003a), Hope (2003b), Hope (2004), Barniv et al. (2005)
[5] Following Fiechter et al. (2017), the number of pages and notes in the switching firms' annual report before and after the switch were hand collected

and defined benefit plans. For defined benefit plans the company must evaluate the pension plan assets at fair value, determine the present value of the plan obligations and recognize in its income statement services costs, contributions for the period and results of the calculation of the capitalization for both plan assets and obligations. Revaluation differences are recognized immediately in OCI. Finally, hedge accounting under Swiss GAAP is streamlined, fair value hedge is authorized with no specific requirement on the hedge risk and type of instruments used whereas IFRS requires extensive documentation and hedge effectiveness assessment (SIX, 2015b; Deloitte, 2013).

Swiss GAAP should not deter analysts' ability to accurately predict earnings due to its lower reliance and guidance on fair value accounting, producing less volatile information thus facilitating analysts' balance sheet valuations and predictions of earnings. The Swiss standard should require less appraisals and adjustments for pension expenses (notably for realized and unrealized gains and losses from applying fair value accounting) in the identification of firms' core operating incomes. Moreover, goodwill can be difficult for analyst to handle in their balance sheet valuation. Firms, when acquiring an entity might have the incentives to allocate more of the purchasing price to goodwill than intangibles to only be subject to annual impairment tests for goodwill and avoid intangibles depreciations in their expenses (Penman, 2013). Offsetting Goodwill against equity should facilitate balance sheet's valuation. Finally, non-financial information can still be found under the Swiss domestic standard. Swiss GAAP provides analysts with simplified and comprehensive accounting information, to the extent that they are familiar with its practices and major differences with IFRS.

2.3.Literature Review and Hypothesis Development

Major findings on the drivers of analysts' information environment can be divided between analyst-specific and firms-specific factors (Ernstberger et al., 2008), and its relation to reporting

changes is principally studied through voluntary and/or mandatory IFRS adoptions. For IFRS voluntary adoption, Ashbaugh and Pincus (2001) find higher forecast accuracy for firms primarily listed in Switzerland, France, and Canada and observe an increase in firms' market capitalizations and analyst's following. Developing a measure of IFRS' voluntary compliance, Hodgdon et al. (2008) show that serious implementation of IFRS reduces information asymmetry and enhances the ability of financial analysts to provide accurate forecasts. Similarly, Bae et al. (2008) find that GAAP differences between countries are negatively related to both foreign analysts' following and accuracy, thus are associated with economic costs for analysts. In a country-specific environment, Ernstberger et al. (2008) and Glaum et al. (2011) find higher forecast accuracy for the estimates based on IFRS or US GAAP compared to the ones based on German GAAP accounts. However, several studies show mixed results. Studying European firms Buijink and Cuijpers (2005) find a positive relation between non-local GAAP adoption and analyst's following but fail to find evidence of a lower cost of capital for non-local GAAP adopters. Moreover, they find higher uncertainty among analysts and investors following firms using IAS or US GAAP compared to analysts covering local GAAP reporting firms. Overall, research tends to show that analysts' following, and forecasts accuracy tend to increase with voluntary adoption of IFRS.

For mandatory IFRS adoption, Byard et al. (2011) use firms that have already voluntarily adopted IFRS as a control group to show that forecast errors and dispersion decrease, especially for adopting firms domiciled in countries with both strong enforcement regimes and domestic accounting standards that differ the most from IFRS. Tan et al. (2011) find the same effect when the adoption eliminates GAAP differences between firms' and analysts' home countries, but local analysts' accuracy is unaffected by IFRS. In country-specific environments, Garrido-Miralles and Sanabria-García (2014) and Cotter et al. (2012) show identical results respectively in Spain and Australia, highlighting the importance of enforcement regimes and magnitude of

the differences between IFRS and local GAAP. Petaibanlue et al. (2015) provide evidence that comparability (i.e., the number of peer firms reporting according to IFRS) plays a key role in the improved forecasting accuracy of analysts after the mandatory adoption in Europe. Similarly, Beuselinck et al. (2017) find that IFRS mandatory adoption allows analysts to cover a wider portfolio of companies due to comparability benefits and that sector specialized analysts outperformed generalists in terms of accuracy around the adoption whereas country specialists retained a comparative advantage. Overall, mandatory adoption of IFRS tend to show a positive impact on analyst information environment.

Studying both voluntary and mandatory IFRS adoptions in 17 EU countries Wang et al. (2008) find for both groups decreasing earnings forecast errors and dispersion and conclude that IFRS improve firms' information environment. Daske et al. (2008) find that voluntary adopters benefit significantly more from mandating IFRS compared to mandatory adopters, in contradiction with Horton et al. (2013) results. The latter find after controlling for firm, industry, and country unobservable characteristics that IFRS adoption is associated with a higher quality of the information environment for mandatory adopters relative to non-adopters and voluntary adopters.

This study investigates how the growing complexity of the detailed rules and disclosure requirements under IFRS affect financial analysts' information environment. Analysts' coverage and accuracy are observed before and after the switch from IFRS to Swiss GAAP. Our first two hypotheses concern the impact of the switch on analysts' information environment. The existing research converges towards positive benefits from IFRS adoption on analysts' information environment as it provides evidence of a positive relationship between

IFRS adoption and analysts' following as well as accuracy[6]. Therefore, firms switching from IFRS to Swiss GAAP with lower disclosure requirements and less detailed guidance should see a decrease in the number of analysts covering them, and analysts' forecast accuracy should be negatively impacted by the reduction in firms' disclosures.

H1: The number of analysts following decreases for firms switching from IFRS to Swiss GAAP.

H2: Analysts following firms switching from IFRS to Swiss GAAP experience a decrease in their forecast's accuracy.

The third hypothesis relates to the impact of the switch on analysts' information environment depending on analysts' location. Prior literature demonstrates a positive relationship between IFRS adoption and foreign analysts' following due to comparability benefits. Tan et al. (2011) find that the increase in analysts predicting skills from IFRS adoption is different depending on analysts' location. Local analysts, due to their proximity with Swiss firms and possible experience relating to Swiss GAAP, should have better information networks and knowledge of the Swiss corporate culture. Foreign analysts should be the most affected by the loss of comparability and lower disclosures by switching firms. Thus, we predict the impact of the switch on analysts' information environment to be stronger for analysts located in other countries than Switzerland.

[6] Lang and Lundholm (1996), Higgins (1998), Acker et al. (2002), Hope (2003a), Hope (2003b), Hope (2004)

H3a: The decrease in analysts following for firms switching from IFRS to Swiss GAAP is stronger for foreign analysts.

H3b: Foreign analysts are more affected than local analysts by firms turn away from IFRS to the Swiss domestic regulation

Finally, the fourth hypothesis concerns analysts' information environment depending on their knowledge of both accounting standards. IFRS continuously changed since 2005, growing more complex and difficult to understand while Swiss GAAP has been relatively stable and has lower guidance in certain areas. At the country level, controlling for institutional changes, enforcement regimes and analysts' expertise, going away from IFRS should not decrease analysts' ability to predict earnings. Analysts familiar with both accounting standards, specifically with Swiss GAAP should not be affected by g, after the switch, easier to understand accounting information and experience higher forecasting accuracy.

H4a: The decrease in analysts following for firms switching from IFRS to Swiss GAAP is stronger for analysts without prior experience with Swiss GAAP

H4b: Analysts without prior experience with Swiss GAAP are more affected than analysts with prior experience by firms turn away from IFRS to the Swiss domestic regulation

Concerning analyst-specific factors, the literature shows that analysts are optimistic, revising upward their forecast for positive information (Easterwood and Nutt, 1999) and update their views rather gradually (Bartov et al., 2002). In addition, analysts exhibit different skills due to their experience, workload, or risk tolerance. Firm's characteristics (e.g., size, industry, country

location or regulatory environment) also drive analysts' information environment[7]. Ang and Ciccone (2001) study international differences in analysts' forecast properties using 42 countries and suggest that country-specific and firm-specific components help determine dispersion and error, the most important component being firms' profitability. Companies with losses are associated with significantly higher dispersion, forecast error and higher percentages of forecast optimism. The literature also points out the influence of firms' actions on analysts forecast accuracy as managers tend to smooth earnings towards the consensus forecast [8].We aim to add knowledge to prior empirical research, with analyzing the impact of voluntary abandonment of IFRS on analyst informational environment.

3. Research Design and Sample

3.1.Models

The study is restricted to Switzerland for three major reasons. First, selecting one country allows us to control for institutional factors like regulatory requirements and enforcement regimes, proven to be related to analyst forecast accuracy[9]. Secondly, under the SIX regulation firms in Switzerland have the choice to disclose their financial information under IFRS, US GAAP or Swiss GAAP, thus allowing to study a departure from IFRS. Compared to prior literature on voluntary and mandatory IFRS adoption effects on financial analysts, the Swiss particularity provides new evidence on the effects of a voluntary IFRS departure. Lastly, Swiss GAAP is a relatively stable accounting standard with lower to no guidance on specific accounting policies compared to IFRS. Comparing this study to prior findings will assess

[7] Das and Saudagaran (1998), Higgins (1998)
[8] Bannister and Newman (1996), Degeorge et al. (1999), Matsumoto (2002), Bartov et al. (2002), Abarbanell and Lehavy (2003), Hutton (2005)
[9]Hope (2003a), Hope (2003b), Hope (2004), Barniv et al. (2005), Fiechter et al. (2017)

whether similar conclusions can be drawn even though IFRS significantly changed.

We study the impact of the changes in accounting standards in Switzerland by implementing staggered difference-in-differences models since the timing for the switch from IFRS to Swiss GAAP differs for each switching firm. We estimate the following regression using a Poisson model:

$$Following_{i,t} = \alpha_t + \alpha_i + \delta\, Switch_{i,t} + \gamma\, X_{i,t} + \epsilon_{i,t} \qquad (1)$$

where i designates firms and t time. $Following_{i,t}$ designates the number of analysts following firm i at time t, α_t and α_i are time and firm fixed effects. $Switch_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm i at time t if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore. Finally, $\epsilon_{i,t}$ is an error term, and $X_{i,t}$ are control variables for firms and markets characteristics (see Appendix A for variables definition). The same methodology using OLS is applied for the accuracy of analysts, with a different sample and set of control variables $Y_{i,j,t}$,

$$Accuracy_{i,j,t} = \alpha_i + \alpha_j + \alpha_t + \beta\, Switch_{i,j,t} + \lambda\, Y_{i,j,t} + \varepsilon_{i,j,t}. \qquad (2)$$

The coefficient for β measures the effect of the reporting change on analysts' accuracy. The introduction of firm and time fixed effect for regression (2) and firm, analyst, and time fixed effects for regression (3) ensure that δ and β measure within firm (and within analyst) variations while being immune to time trends. By construction, both models take as a control group all Swiss firms not subject to a change in accounting standard at time t, independently of the accounting standard followed.

3.2.Sample and Data

[Table 1. about here]

Table 1 presents the sample selection for listed firms in Switzerland and the distribution of reporting standards. We start our sample selection with 182 listed firms in Switzerland, where 35 report under the domestic accounting standard (i.e., Swiss GAAP) and 147 firms report under international accounting standards (140 IFRS firms and 7 US GAAP firms). We identify from the 140 IFRS issuers 43 listed firms switching from IFRS to Swiss GAAP that we refer to as *Switchers* and do not find evidence of firms adopting international reporting standards during the sample period. The final sample consists of 148 (out of the 182) listed Swiss firms followed by analysts from 2006 until 2016 hence forecasts issued for 2007 until 2017 fiscal years. The starting date is at the intersection between IFRS mandatory application for EU countries in 2005 (Switzerland included) and the first switch from a Swiss company for the 2008 fiscal year. We stop our data collection after 2017 forecasts due to analyst's name availability in IBES. The final sample comprises a total of 148 firms, with 133 firms reporting under international standards with a majority reporting under IFRS (126 IFRS firms and 7 US GAAP firms) and the remaining 15 firms reporting under the national Swiss standard. We identify from the 43 firms turning away from IFRS to Swiss GAAP 23 firms with analyst coverage both in the pre and post period. Important to notice, 6 switching firms were excluded from the sample since they were only followed by analysts before the change in accounting standard but had no analyst coverage once they switched back to Swiss GAAP. The final sample contains 1'228 firm-level observations and 5'822 analyst-level observations (see Table 1).

Analysts' forecasts are obtained from IBES detailed estimates files that also provide the analyst and broker code, forecast date issuance, and forecasted fiscal year end. We match this query with other IBES tables to obtain actual EPS value, earnings publication date, firms'

identifiers, analysts' names, and brokerage houses' names. Following Tan et al. (2011), we retain the last annual earnings forecast by foreign analyst *j* before the annual earnings announcement date for firm *i* in year *t* and require all forecasts to be issued at least 30 days before the earnings announcement date from the firm followed to only retain serious analysts. We require analysts to be following a company for at least two consecutive years and make sure that analysts following switching firms are present before and after the change in accounting standard for the switching firms. Finally, market data and accounting information are retrieved from Thomson Reuters (see Appendix A).

Analysts are classified as foreign or local. Using their names and if not available the name of the institution they are active into we assess whether they are based in Switzerland or not. Resources like analysts' reports, phone numbers, LinkedIn profiles and others are used to determine their geographical location. Furthermore, we compute a dummy variable *GaapExp* equal to one if the analyst follows or ever followed a firm reporting according to the Swiss domestic standard.

3.3.Descriptive Statistics

Table 2 panel A presents descriptive statistics for firm-level data across all reporting groups in Switzerland, i.e., IFRS reporting firms, US GAAP reporting firms, Swiss GAAP reporting firms and Switchers (firms that switch from international to local GAAP). On average "Switcher" firms have the lowest analyst following for both foreign and local analysts (0.643 foreign analysts and 2.479 local analysts) relative to IFRS (3.266 and 4.274) and US GAAP (9.884 and 4.837) reporting firms, but a higher number of foreign and local analysts following than Swiss GAAP reporting firms (with 0.038 foreign analysts and 2.189 local analysts). Looking at companies' characteristics, the average size and market to book ratios confirm that

the firms that switch from IFRS to Swiss GAAP or that report under Swiss GAAP during the entire sample period are on average small to mid-capitalization companies.

[Table 2. about here]

Table 2 panel B presents descriptive statistics at analyst-level data, for the four groups of firms. Switching firms have on average over the sample period an average accuracy of −2.89 with a standard deviation of 7.18 compared to an average accuracy of −2.50 (−4.00) with a standard deviation of 7.33 (7.14) for IFRS (US GAAP) reporting firms. Looking at the averages of *Time*, *FirmExp* and *BrokerSize*, no significant difference can be found between switching and non-switching companies. *Following* for switching firms is lower than both IFRS and US GAAP reporting firms but higher than Swiss GAAP reporting firms.

Table 3 panel A presents the univariate differences between switching firms and the full sample. The full sample consists of firms listed in Switzerland followed by analysts either reporting under International Standards (IFRS & US GAAP) or the domestic standard (Swiss GAAP). We find evidence that *Switchers* have on average lower size, market-to-book ratio, assets, and analyst following confirming prior literature that small to mid-capitalization companies are more likely to switch from IFRS to Swiss GAAP (see also Fiechter et al., 2012). However, we find that switching firms have higher international sales relative to total sales, trading volume and stock returns volatility. Concerning analyst level data, analysts following switching firms tend to take more time to issue their forecast, have higher experience and work for larger brokerage houses. Nevertheless, in line with the drop in analysts following from the firm level data, the number of other analysts following the firm (*Coverage*) is smaller for switching firms relative to the control group.

[Table 3. about here]

Table 3 panel B presents descriptive statistics for switching firms in the pre and post periods. The number of analysts following decreases after the change in accounting standard with an average effect of −1.584 statistically significant at the 1% level. Such decrease in analyst following seems to be driven by local analysts as the number of Swiss analysts (*Local*) in the pre and post periods is decreasing by −1.337 and is statistically significant at the 1% level. However, looking at analysts' prior experience with Swiss GAAP, it appears that the decrease in analyst following is not driven by analysts' prior knowledge of the Swiss regulation as both the number of experienced and inexperienced analysts decrease in the post period. We also observe a statistically significant decrease in volatility in the pre and post periods. Finally, the higher market to book ratio can be explained by the offset of Goodwill against equity as possible according to Swiss GAAP. Looking at analyst level data, we do not find evidence of an impact on Accuracy for the pre and post period. We find statistical evidence of an increase in *Time* and *FirmExp* but a decrease in *BrokerSize* and *Coverage*.

4. Results

The Poisson regressions in Table 4 use *Following* (i.e., the number of analysts following each firm) as the dependent variable in all specifications. We successively test our models using different control groups for the switching firms: the *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. In the first three columns, we only use time fixed effects and introduce both *Switcher* (a dummy variable equal to one for switching firms and zero otherwise) and *Switch* to implement the DiD analysis for the staggered switch from IFRS to Swiss GAAP using firm-

level data. In the last three columns we combine firms and year fixed effects to only use *Switch* as the event dummy to implement the same analysis while accounting for unobserved differences among firms and allowing our estimates to be immune to time, and firms variations. The sample contains 1'228 analyst-year observations for the same 148 Swiss listed firms.

[Table 4. about here]

Across all specifications, the coefficient estimates for *Switcher* are not significant indicating that the number of analysts following for switching firms is not statistically different from other listed firms in Switzerland when controlling for firms and markets characteristics as well as time trends. Nevertheless, in the first two columns the coefficient for *Switch* is negative (−0.240 and −0.250) and significant at the 10% level, predicting a 21% ($e^{-0.24}-1$) decrease in analyst coverage for firms turning away from IFRS. Using both time and firm fixed effects, the coefficient for *Switch* is negative (−0.211 and −0.212) and significant at the 5% level when comparing switching firms to the full sample or the International Standard sample. The results indicate a 19% decrease in analyst following for firms turning away from IFRS. Holding all other variables at their mean, the pre-predicted average analyst following for Switching firms is 3.03 hence we predict firms turning away from IFRS to lose 0.57 (3.03×0.19) analyst. Table 4 provides support for H1: on average within year and within firm, the number of analysts following a company switching from IFRS to Swiss GAAP decreases. The information loss and change to accounting standard with lower comparability has negative incentives on analysts' following decisions.

Table 5 presents the OLS results from model (3) where the accuracy is used as the dependent variable and year, firm and analysts fixed effects are added successively. The additional analysts fixed effects allow to implement the same DiD analysis for the staggered

switch from IFRS to Swiss GAAP using analyst level data while accounting for unobserved differences among analysts and allowing our estimates to be immune to time, firms, and analysts variations. The sample contains 5'822 analyst-year observations for the same 148 Swiss firms.

[Table 5. about here]

In the first two columns, the coefficients for *Switcher* are positive (1.323 and 1.366) and significant (t-stat of 1.96 and 1.98) and the coefficient estimates for *Switch* are negative (−0.953 and −0.962) but not significant (t-stat of −1.44 and −1.45). These results indicate that while controlling for time trends, analyst forecasts are more accurate for switching firms relative to the full sample or relative to firms reporting under international standards, but we only find some evidence of an incremental change in accuracy following the switch from IFRS to Swiss GAAP. However, using both firm and analysts fixed effects, the coefficients of interest for *Switch* are negative (−1.218 and −1.206) and significant at the 10% level (t-stat of −1.91). Considering the coefficients from column four and five as immune to time, firms, and analysts' variation as well as other controls, the results predict a 40% decrease in analysts forecast accuracy for firms leaving IFRS for Swiss GAAP, providing support for H2.

[Table 6. about here]

In Table 6, we replace *Following* with *Foreign* (i.e., the number of foreign analysts following each firm) and *Local* (i.e., the number of foreign Swiss analysts following each firm). In the full sample specification or when using only international reporting as a control group, we find weak statistical evidence that the decrease in analyst following is driven by local analyst

as the coefficient for Local in column two and four is negative (−0.318 and −0.325) and significant at the 1% level (t-stat of −2.80 and −0.84) but we fail to reject the null hypothesis that the coefficients are equal. The fully specified model, using both time and firm fixed effect leads to similar results, providing evidence against H3a. Interestingly, using domestic standard listed firms as a control group, we find evidence that Switching firms have higher foreign analyst following and experience an incremental increase in foreign analyst following firms' switch from IFRS to Swiss GAAP.

[Table 7. about here]

In Table 7, the sample is divided between foreign and local analysts to test hypothesis H3b. Concerning the sample of local analysts, coefficients for *Switcher* are positive (2.710 and 2.783) and significant (t-stat of 3.58 and 3.42) indicating that local analysts are more accurate for the Switching firms relative to the full sample or relative to firms reporting under International Standards. We find evidence that such coefficients are different than the ones for the sample of foreign analysts as we reject the null hypothesis that the coefficient for *Switcher* are equal across samples. Our coefficients of interest for *Switch* are negative (−1.487 and −1.502) and significant at the 10% level (t-stat of −1.75) for the sample of local analysts only. Such results indicate that the accuracy of local analysts following firms leaving IFRS are incrementally lower than other analysts following listed firms in Switzerland or relative to firms reporting under International Standards. In columns (5) and (6), we find evidence of an incremental change in foreign analysts' accuracy after the switch from IFRS to Swiss GAAP relative to firms reporting under the domestic standard. Furthermore, we reject the null hypothesis that the coefficients for Switch are equal across the samples of foreign and local analysts. In the last columns of Table 7, we add to our specifications both analysts and firm

fixed effects. We find that the coefficients of interest for *Switch* are negative (−1.854 and −1.875) and significant at the 5% level (t-stat of −1.67 and −1.61) for the sample of local analysts only in column (8) and (10) but fail to reject the null hypothesis that such coefficients are equal across samples. Overall, results in Tables 6 and 7 provide weak evidence of a higher impact on local analysts compared to foreign analysts, but the later result might be driven by the inherent lower foreign analysts following for firm Switching from IFRS to Swiss GAAP and do not allow us to accept hypotheses H3a and H3b.

[Table 8. about here]

In Table 8, we replace *Following* with *Gaap* (i.e., the number of analysts with prior experience on Swiss GAAP following each firm) and *NoGaap* (i.e., the number of analysts with no prior experience on Swiss GAAP following each firm). Without firm fixed effects, in the full sample specification or when using only international reporting as a control group, we find weak statistical evidence that the decrease in analyst following is driven by analyst experienced with Swiss GAAP. The coefficients for both *Switcher* and *Switch* are negative and statically significant when *Gaap* is the dependent variable but insignificant when using *NoGaap* as the dependent variable. However, such evidence is statistically weak as we fail to reject the null hypothesis that the coefficients for *Switch* are equal across specifications. Using firm fixed effects, we find evidence that the coefficients for *Switch* are negative and statistically significant for both samples.

[Table 9. about here]

In table 9, the sample is divided between analysts with or without prior knowledge on Swiss GAAP. The coefficients for *Switcher* are positive and significant across all specifications indicating that inexperienced analysts are more accurate for the Switching firms relative to other firms listed in Switzerland. Interestingly, the coefficients of interest for *Switch* are negative (−2.992 and −1.646) and significant (t-stat of −2.90 and −1.94) for the sample of non-experienced analysts and statically different from the ones for experienced analysts when using the full sample or excluding firms reporting under the domestic standard. The use of analyst and firm fixed effects provide further evidence for such result. The coefficients for *Switch* are negative (−3.856 and −3.838) and significant at the 5% level (t-stat of −2.47) for the sample of analysts with no prior experience on Swiss GAAP relative to all other listed firms or relative to firms reporting under international standards. Comparing the coefficient for the Switch in the full sample and International Standard sample, we reject the null hypothesis that the coefficients for Switch are equal in the samples of experienced analysts and inexperienced analysts. Table 8 and 9 provide evidence on our fourth hypothesis: the decrease in analysts' following and accuracy due to the switch from IFRS to Swiss GAAP is mainly explained by analysts inexperienced with the Swiss regulation hence being unprepared for the change in regulation from the firms they follow.

5. Conclusion

This paper studies the departure from IFRS for small to mid-cap companies in Switzerland to assess the impact on financial analysts' information environment. In the trade-off between accounting harmonization with IFRS and competitiveness with Swiss GAAP's lower costs, the choice for competition impacts firms' information environment quantitatively and qualitatively. Quantitatively, firms lose dispensers of information, as analysts tend to go away from firms that abandon IFRS probably due to Swiss GAAP lower attractiveness and lower comparability

benefits. Qualitatively, the predictions released for their earnings are of lower quality when issued by analysts not familiar with the Swiss domestic standard. For analysts prepared for the switch from IFRS to Swiss GAAP, their predicting skills seem to not be affected by the decrease in accounting information provided in annual reports after the change. This is evidence of Swiss GAAP lower complexity and the difficulties encountered by analysts to understand financial information disclosed in accordance with IFRS requirements.

Some policy implications can be drawn from our analysis and findings on the Swiss context. IFRS's "information overload" for this specific group seems difficult to comply with and produces difficult accounting information to interpret for a certain group of analysts. Those findings indicate that Swiss GAAP provides analysts already experimented with the regulation the necessary accounting information they need and questions the usefulness of higher disclosure for small to mid-cap companies. Cost savings and easier to understand accounting information seem to compensate the loss of information and international recognition that firms experience when going back to Swiss GAAP. For this specific group, the marginal benefits of complex accounting information are lower than the benefits from simplified accounts.

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Figures and Tables

Figure 1.

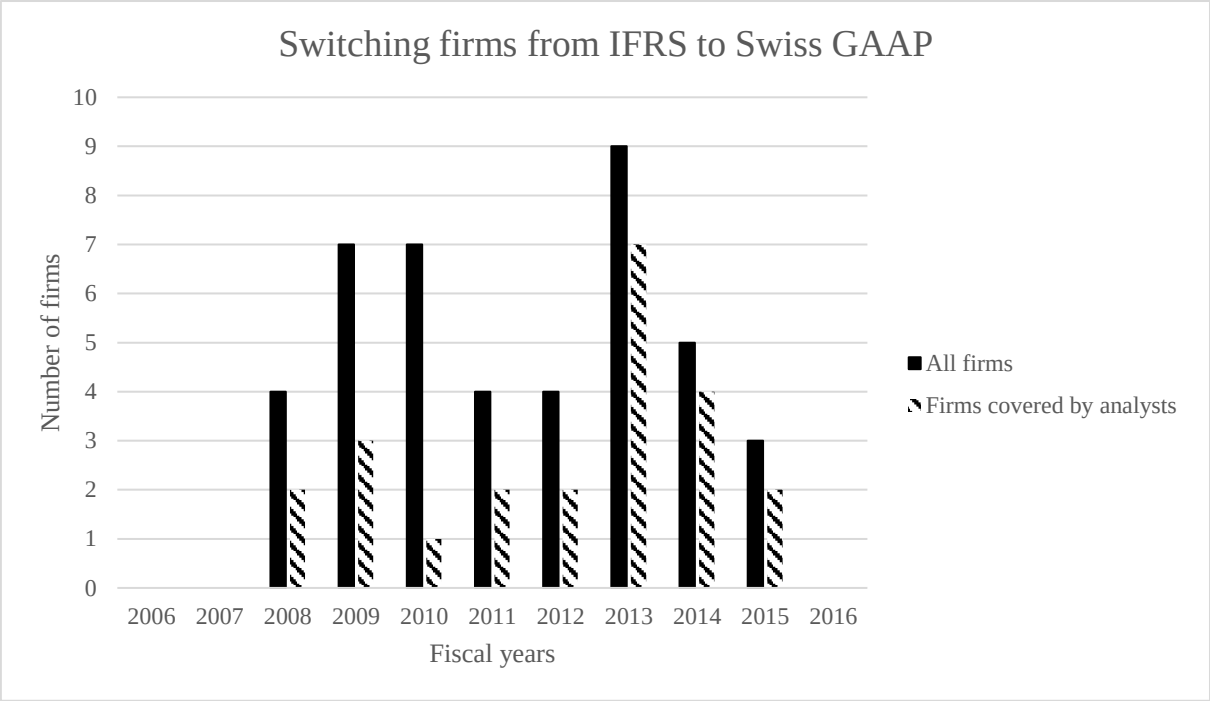

Table 1. Sample selection

	Full sample	International Standard		Domestic Standard	Switcher
Accounting standard	All	IFRS	US GAAP	Swiss GAAP	IFRS/Swiss GAAP
Listed firms in Switzerland	182	97	7	35	43
Firms covered by analysts	148	103	7	15	23
Total firms years observations	1228	835	43	106	244
Total analysts years observations	5822	4591	619	124	488

Table 2. Descriptive Statistics

Panel A: Firm-year level data

Variable	*IFRS (N=835)*					*US GAAP (N=43)*				
	Mean	*Sd*	*p1*	*Med.*	*p99*	*Mean*	*Sd*	*p1*	*Med.*	*p99*
Size	21.387	1.637	17.999	21.336	25.969	22.040	2.057	17.949	22.431	25.363
Mbook	2.742	2.176	0.440	1.980	11.367	4.374	4.026	0.391	2.624	12.090
Asset	4.223	4.809	1.112	2.382	24.667	8.640	10.398	1.305	2.568	27.492
RoA	5.003	8.758	-38.168	4.579	32.321	0.827	17.100	-38.168	0.955	32.321
Sales	0.526	0.364	0.000	0.524	1.000	0.669	0.353	0.000	0.866	1.000
Return	0.055	0.371	-1.202	0.107	0.860	0.024	0.418	-0.871	0.009	0.860
Volume	1.745	5.163	0.012	0.569	40.394	1.509	1.422	0.216	1.156	8.226
Volatility	0.310	0.128	0.102	0.290	0.771	0.362	0.132	0.133	0.332	0.665
Following	7.540	6.921	1.000	5.000	33.000	14.721	10.430	1.000	13.000	35.000
Foreign	3.266	5.235	0.000	1.000	25.000	9.884	8.229	0.000	8.000	26.000
Local	4.274	2.526	0.000	4.000	10.000	4.837	2.600	1.000	5.000	10.000
Gaap	1.995	1.580	0.000	2.000	7.000	1.326	1.375	0.000	1.000	6.000
NoGaap	5.545	6.795	0.000	3.000	30.000	13.395	9.936	0.000	11.000	32.000

Variable	*Swiss GAAP (N=106)*					*Switcher (N=244)*				
	Mean	*Sd*	*p1*	*Med.*	*p99*	*Mean*	*Sd*	*p1*	*Med.*	*p99*
Size	20.586	0.838	18.859	20.476	21.943	19.899	1.196	17.949	19.710	23.903
Mbook	1.156	0.664	0.354	1.080	3.776	2.212	1.743	0.489	1.658	8.737
Asset	6.319	6.016	1.241	2.291	25.136	2.252	1.093	1.193	1.979	7.357
RoA	4.034	3.385	0.373	4.578	12.560	5.002	7.957	-21.972	5.840	19.173
Sales	0.240	0.302	0.000	0.087	0.938	0.557	0.326	0.000	0.612	0.995
Return	0.104	0.234	-0.590	0.114	0.679	0.032	0.390	-1.202	0.082	0.789
Volume	2.766	6.265	0.040	0.230	25.541	2.872	7.120	0.027	0.333	40.394
Volatility	0.194	0.085	0.061	0.184	0.424	0.326	0.134	0.085	0.308	0.747
Following	2.226	1.396	1.000	2.000	6.000	3.123	3.276	1.000	2.000	17.000
Foreign	0.038	0.191	0.000	0.000	1.000	0.643	1.780	0.000	0.000	9.000
Local	2.189	1.381	0.000	2.000	6.000	2.480	1.980	1.000	2.000	8.000
Gaap	1.642	1.044	0.000	1.000	4.000	1.254	1.066	0.000	1.000	5.000
NoGaap	0.585	1.003	0.000	0.000	4.000	1.869	2.735	0.000	1.000	13.000

Panel B: Analyst-year level data

Variable	*IFRS (N=4591)*					*US GAAP (N=619)*				
	Mean	*Sd*	*p1*	*Med.*	*p99*	*Mean*	*Sd*	*p1*	*Med.*	*p99*
Accuracy	-2.504	7.332	-54.755	-0.599	-0.006	-4.000	7.144	-35.836	-1.693	-0.019
Time	0.465	0.210	0.189	0.395	1.000	0.404	0.211	0.195	0.307	0.997
FirmExp	4.761	4.687	0.000	3.000	20.000	4.637	3.915	0.000	4.000	16.000
BrokerSize	10.828	5.406	1.000	11.000	24.000	10.286	5.728	1.000	10.000	24.000
Coverage	15.866	9.105	1.000	15.000	35.000	22.223	8.551	3.000	23.000	35.000

Variable	*Swiss GAAP (N=124)*					*Switcher (N=488)*				
	Mean	*Sd*	*p1*	*Med.*	*p99*	*Mean*	*Sd*	*p1*	*Med.*	*p99*
Accuracy	-2.650	7.438	-54.755	-0.584	-0.009	-2.891	7.181	-46.704	-0.735	-0.012
Time	0.544	0.218	0.214	0.500	1.000	0.479	0.175	0.189	0.477	0.995
FirmExp	4.218	4.257	0.000	3.000	19.000	5.639	4.480	0.000	5.000	21.000
BrokerSize	12.202	4.664	3.000	11.000	24.000	11.336	4.368	1.000	11.000	22.000
Coverage	3.234	1.702	1.000	3.000	7.000	7.285	5.586	1.000	6.000	18.000

The full sample contains 1228 firm-year observations for 148 firms and 5,822 analyst-year observations for a total of 627 analysts from 2006 until 2016. Panel A(B) shows descriptive statistics for firm(analyst) level data. IFRS (US GAAP) represents firms reporting under IFRS (US GAAP) during the sample period. Swiss GAAP correspond to firms reporting under the Swiss domestic regulation during the sample period. Switcher are firms that change their accounting standard from IFRS to Swiss GAAP FER. See Appendix A for variables definitions.

Table 3. Univariate differences

Panel A: Univariate differences for the Control and Switcher group

Firm level data	*Full sample (N=1228)*		*Switcher (N=244)*		*Control group (N=984)*		*Difference*	
Variable	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*
Size	21.045	20.861	19.899	19.710	21.329	21.249	-1.430***	-1.539***
Mbook	2.557	1.749	2.212	1.658	2.642	1.790	-0.430***	-0.132*
Asset	4.167	2.282	2.252	1.979	4.642	2.368	-2.390***	-0.389***
RoA	4.773	4.787	5.002	5.840	4.716	4.550	0.286	1.290**
Sales	0.512	0.503	0.557	0.612	0.501	0.470	0.056**	0.142
Return	0.054	0.102	0.032	0.082	0.059	0.105	-0.027	-0.023
Volume	2.049	0.522	2.872	0.333	1.844	0.557	1.028**	-0.224***
Volatility	0.305	0.287	0.326	0.308	0.299	0.283	0.027***	0.025***
Following	6.455	4.000	3.123	2.000	7.282	5.000	-4.159***	-3.000***
Foreign	2.698	1.000	0.643	0.000	3.207	1.000	-2.564***	-1.000***
Local	3.757	3.000	2.480	2.000	4.074	4.000	-1.594***	-2.000***
Gaap	1.794	1.000	1.254	1.000	1.928	2.000	-0.674***	-1.000***
NoGaap	4.661	2.000	1.869	1.000	5.354	2.000	-3.485***	-1.000***

Analyst level data	*Full sample (N=5822)*		*Switcher (N=488)*		*Non-Switcher (N=5334)*		*Difference*	
Variable	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*
Accuracy	-2.699	-0.691	-2.891	-0.735	-2.681	-0.681	-0.210	-0.054**
Time	0.462	0.392	0.479	0.477	0.458	0.381	0.019**	0.093***
FirmExp	4.810	4.000	5.639	5.000	4.744	3.000	0.905***	2.000***
BrokerSize	10.842	11.000	11.336	11.000	10.767	11.000	0.539**	0.000
Coverage	15.553	14.000	7.285	6.000	16.618	16.000	-9.025***	-10.000***

Table 3. Continued

Panel B: Univariate differences pre and post switch

Firm level data	*Pre-Switch (N=137)*		*Post-Switch (N=107)*		*Difference*	
Variable	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*
Size	19.951	19.757	19.833	19.692	-0.118	-0.065
Mbook	1.818	1.561	2.717	1.756	0.899***	0.195***
Asset	2.288	2.235	2.206	1.790	-0.082	-0.445**
RoA	4.399	4.938	5.775	7.182	1.376	2.244**
Sales	0.558	0.596	0.556	0.617	-0.002	0.021
Return	0.018	0.090	0.050	0.070	0.032	-0.020
Volume	3.459	0.452	2.121	0.229	-1.338	-0.223**
Volatility	0.343	0.328	0.304	0.286	-0.039**	-0.042*
Follower	3.818	3.000	2.234	1.000	-1.584***	-2.000***
Foreign	0.752	0.000	0.505	0.000	-0.247	0.000**
Local	3.066	2.000	1.729	1.000	-1.337***	-1.000***
Gaap	1.372	1.000	1.103	1.000	-0.269*	0.000**
NoGaap	2.445	1.000	1.131	0.000	-1.314***	-1.000***

Analyst level data	*Pre-Switch (N=284)*		*Post-Switch (N=204)*		*Difference*	
Variable	*Mean*	*Median*	*Mean*	*Median*	*Mean*	*Median*
Accuracy	-3.059	-0.740	-2.657	-0.729	0.402	0.011
Time	0.462	0.468	0.503	0.500	0.041**	0.032*
FirmExp	3.937	3.000	8.010	7.000	4.073***	4.000***
BrokerSize	12.419	11.000	9.828	10.000	-2.591***	-1.000***
Coverage	7.940	7.000	6.373	3.000	-1.567**	-4.000***

The full sample contains 148 firms with 1,228 firm-year observations and 5,822 analyst-year observations for a total of 627 analysts from 2006 until 2016. Panel A shows univariate differences for the Control and Switcher group variables. Switcher are firms that change their accounting standard from IFRS to Swiss GAAP FER. The Control group contains all other listed firms in Switzerland followed by analysts. For Switching firms, Pre-Switch corresponds to the period before firms decided to leave IFRS and Post-Switch corresponds to the period after the switch to Swiss GAAP. See Appendix A for variables definitions.

Table 4. Impact of the Switch on analysts following

This table shows the impact of turning away from IFRS on analyst following based on the Poisson model:

$$Following_{i,t} = \alpha_t + \alpha_i + \delta\, Switch_{i,t} + \gamma\, X_{i,t} + \epsilon_{i,t}$$

where *i* designates firms and *t* time. $Following_{i,t}$ designates the number of analysts following firm *i* at time *t*, α_t and α_i are time and firm fixed effects. $Switcher_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. $Switch_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample	International Standard	Domestic Standard	Full sample	International Standard	Domestic Standard
Dependent variable: Following	(1)	(2)	(3)	(4)	(5)	(6)
Switcher	-0.151	-0.178	0.218			
	(-1.40)	(-1.60)	(1.29)			
Switch	-0.240*	-0.250*	-0.084	-0.211**	-0.212**	-0.045
	(-1.74)	(-1.76)	(-0.61)	(-2.40)	(-2.41)	(-0.36)
Size	0.393***	0.374***	0.468***	0.151***	0.144***	0.463***
	(15.86)	(14.96)	(13.31)	(3.58)	(3.38)	(3.72)
MB	0.012	0.012	-0.105**	-0.002	-0.001	-0.164***
	(0.69)	(0.66)	(-2.53)	(-0.17)	(-0.13)	(-3.25)
Asset	0.009	0.013**	-0.065***	-0.008	-0.008	0.002
	(1.53)	(2.22)	(-3.39)	(-1.15)	(-1.12)	(0.06)
ROA	-0.003	-0.003	-0.004	-0.004	-0.004	-0.008
	(-1.04)	(-1.15)	(-0.49)	(-1.48)	(-1.45)	(-0.99)
Sales	0.362***	0.327**	0.081	0.011	0.012	0.071
	(2.80)	(2.53)	(0.47)	(0.14)	(0.15)	(0.31)
Return	-0.255***	-0.221***	-0.251***	-0.064	-0.064	-0.116
	(-4.18)	(-3.77)	(-2.78)	(-1.25)	(-1.22)	(-0.84)
Volume	0.004	0.004	0.013*	-0.002	-0.003	0.021**
	(1.26)	(1.20)	(1.78)	(-0.39)	(-0.59)	(1.99)
Volatility	1.074***	0.755***	0.951*	0.144	0.122	0.425
	(3.82)	(2.73)	(1.82)	(0.72)	(0.60)	(0.72)
Year fixed-effects	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed-effects	No	No	No	Yes	Yes	Yes
Log Likelihood	-3023.660	-2801.972	-575.949	-1832.908	-1717.667	-411.639
N	1228.000	1122.000	350.000	1228.000	1122.000	350.000

The sample contains 148 firms with 1230 firm-year observations from 2006 until 2016. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by firms and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Table 5. Impact of the Switch on forecasts accuracy

This table shows the impact of turning away from IFRS on analysts accuracy using OLS.

$$Accuracy_{i,j,t} = \alpha_i + \alpha_j + \alpha_t + \beta\ Switch_{i,j,t} + \lambda\ Y_{i,j,t} + \varepsilon_{i,j,t}$$

Where *i* designates firms, *j* analysts, and *t* time. *Accuracy* is measure as the absolute difference between an analyst forecast and the actual earnings of a firm scaled by the last available stock price from the prior year and multiplied by -100. α_i, α_j and α_t are firm, analyst, and time fixed effects. *Switcher* $_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. *Switch* $_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample	International Standard	Domestic Standard	Full sample	International Standard	Domestic Standard
Dependent variable: Accuracy	(1)	(2)	(3)	(4)	(5)	(6)
Switcher	1.323*	1.366**	2.930			
	(1.96)	(1.98)	(1.24)			
Switch	-0.953	-0.962	0.041	-1.218*	-1.206*	-0.566
	(-1.44)	(-1.45)	(0.04)	(-1.91)	(-1.91)	(-0.66)
Size	-0.090	-0.116	-0.546	2.010***	2.085***	-1.183
	(-0.64)	(-0.83)	(-0.66)	(5.44)	(5.61)	(-1.03)
Mbook	0.030	0.036	-0.559	-0.169***	-0.177***	0.386
	(0.81)	(0.96)	(-1.44)	(-3.38)	(-3.52)	(0.66)
Asset	0.003	0.003	0.268	-0.107***	-0.102***	-0.447**
	(0.23)	(0.19)	(0.80)	(-5.19)	(-4.79)	(-2.02)
RoA	0.030	0.030*	0.117*	-0.029	-0.029	0.011
	(1.64)	(1.68)	(1.87)	(-0.96)	(-0.95)	(0.14)
Sales	1.397***	1.319***	1.175	1.369**	1.365**	0.115
	(3.16)	(2.91)	(0.72)	(2.45)	(2.41)	(0.14)
Return	4.045***	4.062***	4.629**	3.816***	3.922***	3.508*
	(7.96)	(8.01)	(2.43)	(8.35)	(8.48)	(1.83)
Volatility	-0.428***	-0.433***	-0.106*	-0.981***	-0.958***	-0.064
	(-5.06)	(-4.91)	(-1.70)	(-9.94)	(-9.24)	(-0.45)
Volume	-4.854***	-4.914***	-20.932**	-7.167***	-6.884***	2.645
	(-3.37)	(-3.27)	(-2.43)	(-3.98)	(-3.76)	(0.85)
Time	-2.623***	-2.636***	-0.527	-2.364***	-2.439***	-0.696
	(-5.09)	(-5.02)	(-0.44)	(-5.36)	(-5.42)	(-0.80)
FirmExp	-0.024	-0.022	0.155*	-0.058	-0.055	0.476**
	(-0.97)	(-0.87)	(1.72)	(-1.45)	(-1.34)	(2.35)
BrokerSize	0.062**	0.066**	0.178**	0.039	0.038	0.091
	(2.44)	(2.55)	(2.01)	(1.24)	(1.19)	(1.13)
Coverage	-0.012	-0.006	0.348	-0.044	-0.044	0.206
	(-0.49)	(-0.24)	(1.24)	(-1.41)	(-1.39)	(1.20)
Year fixed-effects	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Firm fixed-effects	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*
Analyst fixed-effects	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*
N	5822	5698	612	5822	5698	612
Adj. R2	0.138	0.138	0.227	0.413	0.403	0.570

The sample contains 627 analysts with 5,825 analyst-year observations from 2006 until 2016. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by analysts and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Table 6. Analysts following depending on analysts' location

This table shows the impact of turning away from IFRS on analyst following based on the Poisson model:

$$\begin{cases} Foreign_{i,t} \\ Local_{i,t} \end{cases} = \alpha_t + \alpha_i + \delta\, Switch_{i,t} + \gamma\, X_{i,t} + \epsilon_{i,t}$$

where *i* designates firms and *t* time. *Foreign(Local)*$_{i,t}$ designates the number of foreign(local) analysts following firm *i* at time *t*,. *Switcher* $_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. *Switch* $_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample		International Standard		Domestic Standard		Full sample		International Standard		Domestic Standard	
Dependent variable:	Foreign	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign	Local
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Switcher	-0.470	-0.119	-0.526*	-0.143	1.680***	0.097						
	(-1.61)	(-1.07)	(-1.72)	(-1.25)	(2.75)	(0.55)						
Switch	-0.103	-0.318***	-0.109	-0.325***	0.735**	-0.185	0.095	-0.308***	0.093	-0.309***	1.276**	-0.146
	(-0.39)	(-2.80)	(-0.40)	(-2.84)	(1.99)	(-1.47)	(0.53)	(-3.02)	(0.51)	(-3.02)	(2.27)	(-1.06)
Switch(Foreign) = Switch(Local) [p-value, two-tailed]		[0.776]		[0.727]		[0.001]		[0.922]		[0.750]		[0.001]
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed-effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed-effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Log Likelihood	-2191.916	-2388.340	-2088.997	-2206.700	-167.758	-551.874	-987.756	-1624.471	-979.228	-1507.922	-96.356	-393.721
N	1228.000	1228.000	1122.000	1122.000	350.000	350.000	913.000	1214.000	881.000	1108.000	167.000	350.000

This table shows the impact of turning away from IFRS analyst following based on the Poisson model. The sample contains 148 firms with 1230 firm-year observations from 2006 until 2016. *Switcher* is an indicator variable for firms changing their accounting standard from IFRS to Swiss GAAP FER. *Switch* is an indicator variable for the change in accounting standard equal to 1 if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by firms and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Table 7. Forecasts accuracy depending on analysts' location

This table shows the impact of turning away from IFRS on analysts accuracy using OLS.

$$Accuracy_{i,j,t} = \alpha_i + \alpha_j + \alpha_t + \beta\ Switch_{i,j,t} + \lambda\ Y_{i,j,t} + \varepsilon_{i,j,t}$$

Where *i* indexes firms, *j* analysts, and *t* time. *Accuracy* is measure as the absolute difference between an analyst forecast and the actual earnings of a firm scaled by the last available stock price from the prior year and multiplied by -100. α_i, α_j and α_t are firm, analyst, and time fixed effects. *Switcher* $_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. *Switch* $_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample		International Standard		Domestic Standard		Full sample		International Standard		Domestic Standard	
Dependent variable:	Foreign (1)	Local (2)	Foreign (3)	Local (4)	Foreign (5)	Local (6)	Foreign (7)	Local (8)	Foreign (9)	Local (10)	Foreign (11)	Local (12)
Switcher	-0.887	2.710***	-0.833	2.783***	0.521	3.417						
	(-0.60)	(3.58)	(-0.57)	(3.42)	(0.14)	(1.32)						
Switch	0.793	-1.487*	0.784	-1.502*	5.588**	-0.889	-0.068	-1.854**	-0.059	-1.875**	-0.240	-0.635
	(0.68)	(-1.75)	(0.68)	(-1.75)	(2.16)	(-0.97)	(-0.06)	(-2.40)	(-0.05)	(-2.47)	(-0.15)	(-0.61)
Switcher(Foreign) = Switcher(Local) [p-value, two-tailed]		[0.021]		[0.023]		[0.350]						
Switch(Foreign) = Switch(Local) [p-value, two-tailed]		[0.051]		[0.052]		[0.059]		[0.167]		[0.161]		[0.874]
Controls	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Year fixed-effects	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Firm fixed-effects	*No*	*No*	*No*	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Analyst fixed-effects	*No*	*No*	*No*	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
N	3551	2271	3539	2159	150	460	3551	2271	3539	2159	147	458
Adj. R2	0.135	0.154	0.136	0.154	0.546	0.126	0.422	0.410	0.422	0.386	0.752	0.435

This table shows the impact of turning away from IFRS on analysts accuracy using OLS. The sample contains 627 analysts with 5,825 analyst-year observations from 2006 until 2016. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. *Accuracy* is measure as the absolut difference between an analyst forecast and the actual earnings of a firm scaled by the last available stock price from the prior year and mutliplied by -100. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by analysts and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Table 8. Analysts following depending on analysts' expertise

This table shows the impact of turning away from IFRS on analyst following based on the Poisson model:

$$\begin{cases} Gaap_{i,t} \\ NoGaap_{i,t} \end{cases} = \alpha_t + \alpha_i + \delta\, Switch_{i,t} + \gamma\, X_{i,t} + \epsilon_{i,t}$$

where *i* designates firms and *t* time. $Gaap(NoGaap)_{i,t}$ designates the number analysts with (without) prior experience with Swiss GAAP following firm *i* at time *t*. α_t and α_i are time and firm fixed effects. $Switcher_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. $Switch_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample		International Standard		Domestic Standard		Full sample		International Standard		Domestic Standard	
Dependent variable:	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Switcher	-0.261*	-0.119	-0.272*	-0.165	-0.215	0.699**						
	(-1.80)	(-0.87)	(-1.80)	(-1.17)	(-1.23)	(2.10)						
Switch	-0.277**	-0.359	-0.289**	-0.376	-0.184	0.300	-0.236*	-0.283**	-0.239*	-0.296**	-0.238	0.541***
	(-2.25)	(-1.58)	(-2.34)	(-1.61)	(-1.20)	(1.19)	(-1.68)	(-2.42)	(-1.69)	(-2.53)	(-1.35)	(2.64)
Switch(Gaap) = Switch(NoGaap) [p-value, two-tailed]		[0.873]		[0.993]		[0.012]		[0.098]		[0.195]		[0.000]
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed-effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed-effects	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Log Likelihood	-1963.343	-2991.165	-1811.215	-2789.282	-461.436	-438.729	-1282.646	-1583.838	-1173.322	-1518.994	-322.217	-280.165
N	1228.000	1228.000	1122.000	1122.000	350.000	350.000	1188.000	1172.000	1082.000	1085.000	350.000	308.000

This table shows the impact of turning away from IFRS analyst following based on the Poisson model. The sample contains 148 firms with 1230 firm-year observations from 2006 until 2016. *Switcher* is an indicator variable for firms changing their accounting standard from IFRS to Swiss GAAP FER. *Switch* is an indicator variable for the change in accounting standard equal to 1 if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by firms and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Table 9. Forecasts accuracy depending on analysts' expertise

This table shows the impact of turning away from IFRS on analysts accuracy using OLS.

$$Accuracy_{i,j,t} = \alpha_i + \alpha_j + \alpha_t + \beta\ Switch_{i,j,t} + \lambda\ Y_{i,j,t} + \varepsilon_{i,j,t}$$

Where *i* indexes firms, *j* analysts, and *t* time. *Accuracy* is measure as the absolute difference between an analyst forecast and the actual earnings of a firm scaled by the last available stock price from the prior year and multiplied by -100. α_i, α_j and α_t are firm, analyst, and time fixed effects. *Switcher* $_{i,t}$ is a dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period. *Switch* $_{i,t}$ is a dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore.

Control group:	Full sample		International Standard		Domestic Standard		Full sample		International Standard		Domestic Standard	
Dependent variable:	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap	Gaap	NoGaap
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Switcher	1.552	2.549***	2.935**	1.377**	1.240	38.135***						
	(1.63)	(3.58)	(2.20)	(2.13)	(0.71)	(6.38)						
Switch	-0.446	-2.992***	0.255	-1.646*	1.022	-3.288	-0.634	-3.856**	-0.698	-3.838**	0.360	-5.126
	(-0.54)	(-2.90)	(0.19)	(-1.94)	(1.02)	(-1.16)	(-1.14)	(-2.47)	(-1.12)	(-2.47)	(0.39)	(-1.73)
Switcher(Gaap) = Switcher(NoGaap) [p-value, two-tailed]		[0.382]		[0.785]		[0.000]						
Switch(Gaap) = Switch(NoGaap) [p-value, two-tailed]		[0.027]		[0.041]		[0.150]		[0.061]		[0.077]		[0.155]
Controls	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Year fixed-effects	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Firm fixed-effects	*No*	*No*	*No*	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
Analyst fixed-effects	*No*	*No*	*No*	*No*	*No*	*No*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*	*Yes*
N	1035	4787	749	4949	490	122	1035	4787	915	4783	490	122
Adj. R2	0.235	0.115	0.255	0.121	0.383	0.664	0.526	0.379	0.531	0.364	0.598	0.123

This table shows the impact of turning away from IFRS on analysts accuracy using OLS. The sample contains 627 analysts with 5,825 analyst-year observations from 2006 until 2016. The *Full sample* uses all non-switching firms as a control group, the *International Standard* only uses firms reporting under IFRS or US GAAP as controls and finally the *Domestic Standard* only includes firms reporting under Swiss GAAP. *Accuracy* is measure as the absolut difference between an analyst forecast and the actual earnings of a firm scaled by the last available stock price from the prior year and mutliplied by -100. All continuous variables are winsorized at the 1th and 99th percentiles. See Appendix A for other variables definitions. The standard errors are clustered by analysts and the resulting t statistics are in parentheses. *, **, and *** indicate significance levels at 10%, 5%, and 1% respectively.

Appendix A. Variables definitions and sources

Name	*Description*	*Source*
Accuracy	Absolut difference between analyst *j* forecast for firm *i* at year *t* and the earnings per share (EPS) for the forecasted year multiplied by -100 and scaled by the last available closing price of the firm's stock from the prior year.	IBES
Switcher	dummy variable equal to one for firm *i* if the firm changes from IFRS to Swiss GAAP during the sample period.	Thomson Reuters
Switch	dummy variable for the change in accounting standard equal to 1 for firm *i* at time *t* if the firm now publishes EPS under Swiss GAAP and not in accordance with IFRS anymore	Thomson Reuters
Following	Number of analysts following firm *i* at year *t*	IBES
Foreign	Number of foreign analysts following firm *i* at year *t*	IBES
Local	Number of local analysts following firm *i* at year *t*	IBES
Gaap	Dummy variable equal to 1 if analyst *j* has prior experience on Swiss GAAP over the sample period	Thomson Reuters
NoGaap	Dummy variable equal to 1 if analyst *j* has no prior experience on Swiss GAAP over the sample period	Thomson Reuters
FirmExp	Number of years analyst *j* has been following firm *i* as of year *t*	IBES
BrokerSize	Number of analysts working at the brokerage house where analyst *j* works as of year *t*	IBES
Coverage	Number of other analysts following firm *i* as of year *t* for analyst *j*	IBES
Time	Time in years between the forecast date and the EPS announcement date for firm *i*	IBES
Sales	International sales computed as firm *i* international sales divided by total sales from the last published annual report	Thomson Reuters
Size	Logarithm of market capitalization for firm *i* calculated as the number of outstanding shares multiplied by the last available closing price from the prior year	Thomson Reuters
Mbook	Market-to-book ratio calculated as the market capitalization of firm *i* divided by its book value of equity from the last published annual report	Thomson Reuters
RoA	Return on asset computed as firm *i* net income divided by total assets from the last published annual report	Thomson Reuters
Volume	Number of shares traded in year t, divided by the firm's average number of shares outstanding for firm *i* for year *t-1*	Thomson Reuters
Volatility	Standard deviation of firm *i* stock return for year *t-1*	Thomson Reuters
Return	Monthly stock return of firm *i* at month *t-1*	Thomson Reuters