



Journal of Internet Banking and Commerce

An open access Internet journal (<http://www.icommercecentral.com>)

Journal of Internet Banking and Commerce, March 2023, Vol. 28, No. 2

Impact of Earnings Operations on Stock Prices

Renna Thuink

Department of Economics and Management,

University of Pisa,

Pisa, Italy

Email: rennathuink@imp.it

Received date: 22-02-2023, Manuscript No. JIBC-23-93390;

Editor assigned date: 24-02-2023, Pre QC No. JIBC-23-93390 (PQ);

Reviewed date: 10-03-2023, QC No. JIBC-23-93390;

Revision date: 17-03-2023, Manuscript No: JIBC-23-93390 (R);

Published date: 27-03-2023

Description

Earnings operations are the procedures used by businesses to tamper with their financial outcomes in order to achieve specific financial objectives or expectations. This may entail changing how revenue recognition is recorded, inflating profits, or concealing losses. Earnings operations may help a company in the short term, but they may also have long-term negative effects on investors because they can skew a company's true financial picture and consequently affect stock prices.

Earnings measurement is critical for shareholders and investors. The effective evaluation of an establishment's performance and stock returns on stock request by an investor is dependent on the selection of a dimension model relevant to earnings operation. They research aims to present and compare four earnings operation dimension models by investigating global stock request information content and the ability to interpret director's geste. They divided the variable optional supplements into advanced and lower circumstances and examined their impact on returns. According to the four models, the obtained results indicate a significant measure for the two circumstances of optional supplements.

This demonstrates that optional supplements enable Tunisian investors to more accurately estimate firm value and build their stock portfolios. This study also

emphasized the importance of establishment size and industry in determining earnings operation geste and its effect on stock returns. Earnings operations enable large Tunisian enterprises to contribute abnormal positive stock returns while reducing abnormal negative stock returns for small Tunisian enterprises. Furthermore, based on the empirical model used, they plant that optional supplements are sector sensitive. These supplements dimension models arrive at empirically reliable conclusions because they are genuinely biased to represent a complex reality.

Earnings operations are critical for shareholders and investors. The choice of a dimension model of earnings operation influences an investor's assessment of the establishment's performance and stock returns on the fiscal request. Dimension problems are numerous and complicated when detecting manipulation. Exploration on earnings operations has produced mixed outcomes over the last few decades. Some studies describe findings indicating an interest in earnings operations, while others show the opposite. Furthermore, this debate has existed since the beginning of time and can be resolved in a remarkably simple way.

Their research is motivated by a lack of empirical studies focused on measuring the effect of earnings operations on stock prices in the Tunisian context, particularly because accounting legislation is known for its financial and accounting severity, which hinders frequent changes in accounting styles and requires that fiscal communication content adhere to a set of rules, particularly when it comes to publishing earnings. In order to evaluate the impact of earnings reporting on stock returns, they focused on investors' sentiment. Overall, there are many different ways that earnings activities affect stock values. Although there may be short-term advantages to taking these actions, the long-term effects can be severe and may eventually outweigh any short-term advantages. As a result, before making any investment decisions, investors should exercise caution when assessing businesses that participate in earnings operations and carefully weighing the advantages and disadvantages.