

Table 4: **Description of the qualitative variables**

Name	Variable Definition	Mean	ES
NYSE	(1) if the firm's stock trades on the New York stock Exchange	0.61	?
AMEX	(1) if the stock trades on the American stock Exchange	0.31	?
FYRD	(1) if firm's close of fiscal year is December	0.64	?
FIFO	(1) if primary inventory valuation method is FIFO	0.28	?
LIFO	(1) if primary inventory valuation method is LIFO	0.19	?
AUDIT	(1) if audited (qualified or unqualified opinion)	0.82	+
FORTUNE	(1) if excluded from Fortune ranking	0.72	- ?
BONDA	(1) if firm's bonds are rated A or higher by the S & P	0.15	+
BONDB	(1) if firm's bonds are rated in the B range	0.17	?
STOCKA	(1) if firm's stock is rated A or higher by the S & P	0.24	+
STOCKB	(1) if firm's stock is rated in the B range	0.34	?
PAPER A	(1) if firm's commercial papers are rated A and higher	0.17	+
C283D	(1) if firm's commercial papers are not rated	0.82	-

ES= Expected Sign of Coefficient