Portfolio Managers' Inertia towards published information: The Case of Intermediation Companies on the West African Regional Stock Exchange.

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Abstract

Purpose: This paper investigates the portfolio managers' behavior in the Regional Stock Exchange (BRVM) of the West African Economic and Monetary Union (WAEMU).

Design/Methodology/Approach: This is field survey of a population of 22 intermediation companies (and responses obtained from 11 fund managers) using a questionnaire and Likert-scale type questions

Findings: The results show that companies listed on the Regional Stock Exchange do not communicate sufficiently. The results also identify two (2) major profiles (styles) in the behavior of portfolio managers working in intermediation companies: a lack of information from listed companies and an inertia of portfolio managers toward information disseminated on the market.

Implication: As part of their investment decision, a greater portion of the portfolio managers of the management and intermediation companies focus more on the publication of information as regards to the financial health and performance of the company publishing it, and pay less attention to the company's capacity for innovation and its mode of governance as well. They are relatively indifferent regarding the information based on the company's business sector and the performance of its stock market shares and its financial communication, but they favor it more than the information based on the capacity for innovation and the mode of governance.

Originality: The results are the first to offer a portrait of the behavior of portfolio managers in management and intermediation companies of the Regional Stock Exchange

Key words: Behaviors, information publishing, investor's profiles

Introduction

The opening up of companies to the stock markets allows for the mobilization of investment funds but, it requires the provision of all useful information to allow investors weigh the investment opportunities that are offered to them (Dumontier and Maghraoui,2006). To this purpose, listed companies are therefore required by Regulators[1] to publish their financial statements and to inform the public about any new developments that are price-sensitive. However, most African countries in general and, particularly those of the Sub-Saharan countries have equipped themselves with stock markets of which their microstructures meet the set standards, such as developed stock markets in America and Europe but, each of these markets face many challenges, including the reliable information deficit. In fact, many studies highlight that some stock exchanges, such as Morocco's and Tunisia's, for example, are

[1] Financial market regulation organizations such as the Regional Stock Exchange of the West African, New York Stock Exchange

slowly adjusting to the publication of new information, as pointed out by Bakir (2002) and Trabelsi (2009) respectively. This means that investors do not react to the publication of information on these two stock exchanges. This lack of overreaction can be linked to the quality of the information published and/or the judgment that investors grant to the information. It seems in this regard that the Tunisian investor lacks confidence in the financial information reported by the publication of the accounting results (Houcine, 2014). With regards to the above, Dieng (2016) finds out on the Regional Stock Exchange a lack of information of publication on the market and the various listed companies, likewise his Tunisian counterpart despite his strong growth potential. This information deficit limits investors in their decision making. If the disposal of information is indispensable for the investor, then the information must be of a better quality. A quality financial information published improves investors' behavior (Bushman and Smith 2001, Houcine 2014). The quality of the information contained in the financial accounts has several attributes, including reliability, relevance, predictability, Francis et al (2005). Their imperfection may lead investors to a certain inertia or, as De Blic (2004) points out, to financial scandals. Nevertheless, the content of the financial accounts, including the accounting and audit professionals who have certified them, should not be blamed – given that the financial information users very often make misinterpretations. On the one hand, it is true that investors are able to interpret the content of financial accounts and to make complex calculations in order to make a good management decision, but they also face constraints that lead them to use shortcuts or rely on their emotions or intuitions, De Winne and D'Hondt (2017). On the other hand, Van der Bile (1994) emphasizes that the credibility of information on the stock market also depends on the seriousness with which the rules imposed by the Regulators are respected, the type of information available, their relevance and the requirements in terms of how the issuers communicate this information. This leads to the assumption that the disclosure of information, as well as the sincerity of the financial accounts and the way investors interpreted them play a crucial role in the good functioning of stock markets.

The question of the disclosure and use of information has been widely discussed in developed stock markets (Botosan and Forst, 2000; Bailey et al, 2003), Heflin et al, 2005; Francis et al, 2005; Cohen, 2006). But there are few studies which have dealt with the behavior of portfolio managers in the case of the Regional Stock Exchange (BRVM, now called Regional stock market) of the West African Economic and Monetary Union (WAEMU). From this point of view, it seems legitimate to question the behavior of the managers of securities portfolio within management and intermediation companies toward information disseminated on the Regional Stock Exchange. Hence, this paper has a dual purpose. First, it will theoretically study the behavior of portfolio managers in management and intermediation companies. Secondly, this paper will deduce the effects of this behavior in managerial ways. The article first presents a summary review of the literature (1) on the subject by recalling the bases of the information disclosure, its theoretical and managerial implications as well as some empirical results. The study methodology (2) and the results (3) are then presented. Finally, the article opens up a discussion (4) based on the results obtained and makes suggestions (5) to the professionals. In doing so, the paper contributes to the literature on the behavior of portfolio managers in the African and developing economies context.

1. Literature Review

After presenting the context in which stock markets in general and the Regional Stock Exchange in particular are, it seems important to us to take stock of research on the issue of publishing of information and the theoretical contributions of its work. We do not pretend to be exhaustive because of the already existence of much work on the issue, but we will only explore the key points. The objective in this paragraph is to first recall the theoretical foundations of the disclosure of information (2.1) and then the results of empirical studies (2.2).

1.1. The theoretical foundations of information publishing

Disclosure of information, communication of information, or publication of information by listed companies comes from the signal theory - under the assumption that there are information gaps between company executives and investors. So, to reduce these information gaps, it is necessary to make public the financial accounts which are thought to reveal the fundamental value of the company. Most research shows that the disclosure of information has a significant impact on the trading costs of securities and, in turn, on their liquidity. For example, press media information has a positive informational impact on the qualitative variation in the price of securities, Boya (2009), on the liquidity of securities, Saada et al (2010), Beaupain and Joliet (2011). Opaque firms, that is, firms that communicate less, therefore attract less, as Bagehot (1971), Glosten and Milgrom (1985), Kyle (1985) point out. However, investors have bought stocks and they intend to make profits from them. In a context of information asymmetry, as pointed out by Myers and Majluf (1984), they will have difficulty judging the real value of assets in order to make good investments. Because of this difficulty of having reliable information, they most often resort to portfolio managers, who are supposed to have good quality information. The literature considers this practice as delegated management. This type of management has undeniable advantages but, theoretically and managerially, this management method poses a problem of organization - in which there may be a conflict of interest - since the interests of managers are not necessarily the same as those of investors, Bellando (2008), Le Quéré (2010). According to these authors, investors expect managers to maximize their investments - while managers seek to achieve maximum profit for themselves. From this point of view, the stakes in delegated management are significant and raise questions. First, one may wonder about the willingness of portfolio managers to use information disseminated on the market and to correctly anticipate their effects on the profitability of the stock they are managing. Secondly, one may wonder about the existence of information on the market that can be of interest to managers.

1.2. The results of prior empirical studies

Although the publication of financial accounts is legitimate and common occurrence for the company and benefit of its investors, the literature bemoans of the illicit practices relating to the content of the financial statements. Smaili et al (2009) summarizes the literature on non-standard and fraudulent financial information practices, their motivations and their consequences. These authors show that between 2002 and 2006 the Security Exchange Commission in the United States ordered 676 companies listed on the American stock exchange, and suspected of fraud, to correct their financial statements - reprocessed by accounting and auditing professionals. The motivations for this reprocessing are disparate. Srinivasan (2005) distinguishes three (3) types - including reprocessing made for the sole purpose of reducing the accounting results. As a result, this reprocessing has a negative impact on the price of securities, as highlighted by Callen et al (2006).

Studies that have examined the impact of the disclosure of information by listed companies have focused on the relationship with market liquidity, Healy et al

(1999), Botosan and Forst (2000), Bailey and al (2003), Heflin et al (2005), Francis et al (2005) Cohen (2008), Espinosa et al (2008), Gruning (2010) or informational asymmetries, Dumontier and Maghraoui (2006), Petersen and Plenborg (2006), Lakhal (2008), Sougné and Ajina (2010). On the Ghana Stock Exchange, Bokpin (2013) empirically studies the impact of financial disclosure and transparency. Using a multi-dimensional approach on 27 listed companies from 2003 to 2008, he indicates that disclosure and transparency can significantly reduce the asymmetry of information among all stakeholders. In this sense, Sougné and Ajina (2010) study the communication of information on information asymmetry on a sample of 196 listed companies in the SBF index 250, over a period from 2004 to 2007. Their results conclude that the disclosure of information in the annual reports, has a positive impact on the liquidity of the French market.

The application of the international standards of financial information (IFRS)[2] confirm this impact even more. This implies that companies that apply, for example, international standards such as IFRS, suffer less information asymmetry compared to those applying local standards, Jacquillat and Levasseur (1984). In theory, this phenomenon is due to the requirements of the standards of IFRS which contain more informative figures, Pourtier (2004), Dumontier and Maghraoui (2006). However, the communication of information is costly for the company that distributes it and for the investor who wishes to use it. This cost refers to the transaction costs (commission, fees, etc.) that an investor has to bear and can therefore lead them to a certain inertia. While disclosure of information is a condition of transparency, it can also hinder the liquidity of securities - as investors may be reluctant to reveal their trading intentions, Wuyts (2007). He shows that it is unlikely to have the same effect on all market participants - because some investors who are better informed than others prefer less transparency while liquidity investors prefer broader and more frequent instances communication.

2. Methodological approach

In order to identify behaviors, Shiller (1989) focused on signals, Serret (2002) focused on economic variables, and Aaron et al (2005) focused on how portfolio managers select their securities and on their frequencies of intervention on the market. The current research is inspired by the methodology of these authors using Likert's scale. The goal is to quantify information which was originally qualitative in order to eventually lead to a score. In order to select only reliable information, we first constructed a compilation of items based on lessons learned from the literature. These items have been grouped in the form of financial and non-financial variables. Each time a "subject" responds, we calculated their score by adding the points for each modality chosen - with the assumption that each item has the same weight. This enables us to conduct an analysis of the correlations between the scores of each item and the total score of all the subjects surveyed, based on the Principal Components Analysis (PCA). The advantage of this methodology is that it reveals the styles of portfolio managers by responding to a particular category of variables. Then, in order to perceive their feelings or perception of the market, we assumed that all managers are familiar with the items and questions that are administered to them. We did so with the intention of not dissuading them from answering if the questions are asked openly. We will resort to their proposal by giving them time to express their expectations to the market authorities. This method triangulation, or even the

[2] International Financial Reporting Standards enacted by the International Accounting Standards Board

redundancy of the collected qualitative and quantitative data, will contribute to improve the reliability or the internal coherence of the results.

2.1. The variables of selected analysis

Portfolio managers' attention to informational publishing may be one of the determining factors behind investment decisions, Demarchi and Thomas (1997). Table 1 shows the information variables in which portfolio managers may be interested in according to the literature. On the basis of the variables in Table 1, it is possible to discriminate among the styles of managers - insofar as the knowledge of a piece of information is considered as a signal and could, from this point of view, influence a portfolio manager to adopt such or such behavior - depending on the circumstances at hand. By focusing particularly on the process which leads them to decide, we can attempt to analyze their rationale and their styles on the stock market. This exercise is difficult and delicate because of the absence of an economic theory of styles or at least of behaviors.

Table1. The main communication variables

Financial variables	*Encoding*	*Non-financial variables*	*Encoding*
financial health	health_fin	area of activity	sect_activity
financial performance	perform_fin	innovation capacity	Capac_innova
performance of the price of one's securities	perform_act°	policy of distribution of stock dividend	pol_distri_divid
financial communication	comm_fin	type of its governance	mod_govern

However, from the literature we can select a multiplicity of styles that sometimes derive from the various behaviors of professionals, Aaron et al (2005). This diversity can be explained by the fact that portfolio managers who select stock market values do not necessarily judge the same market the same way, do not have the same information, nor the same level of risk tolerance - as is taught in the theory of portfolio management.

2.2. Descriptive analysis and data processing

Data are obtained from a field survey[3]. From August 15 to December 12, 2017 a questionnaire was given exclusively to the 22 intermediation management companies[4] which are key players in the trading of securities held by the Regional Stock Exchange during this period. This questionnaire was used to indirectly collect information on their behavior in relation to the information that is disseminated on the market on the one hand, and to collect their opinions on the Regional Stock Exchange on the other hand. Some companies were not accessible for the survey. For these cases, the questionnaire was administered electronically. Subjects were asked to express their degree of "agreement" or "disagreement" on scale-type questions with modalities that vary on a scale increasing from 1 to 5, depending on the desired accuracy: "1. none"; "2. little"; "3. average"; "4. enough"; "5. high". From the responses provided, we

[3] This survey was initially conducted as part of a doctoral research. The questions were grouped into three (3) parts. The first part of the questions (II.1) is about the stock market. The second (II.2) focuses on the bond market and the third (II.3) on the regional market clientele. Only a few answers extracted from the first part are used in this article, the others are kept for future dissemination.

[4] Management and intermediation companies are a type of exclusively authorized financial institutions, to engage in listed securities trading on behalf of third parties. They are entitled to receive and hold public funds for this activity. All transfers on securities listed on the Regional Stock Exchange are carried out through these companies, except in case of derogation granted by the Regulator.

performed a factor analysis, notably the Principal Component Analysis (PCA). Among the factor analysis techniques, the PCA is very suitable in this case - given the category of data and the number of variables. Furthermore, the limited amount of data does not enable for further statistical analysis, but gives an opportunity for exploratory factual analysis such as ACP. Some studies have made use of the ACP and have yielded interesting results with a reduced size sample (N), N = 20 (Reicherts et al, 2007), N = 15 (Marsat, 2006). In fact, the advantage of using the Principal Component Analysis (ACP) lies in its ability to represent individuals and variables in the same space. It remains a relevant method, if the individuals for whose similarity it claims to evaluate are similar or are actually close to each other and if the variables whose links it seeks to evaluate have a high correlation coefficient. At the time of the survey, the Regional Stock Exchange adds up to 22 active management and intermediation companies. Finally, on the total sample, we received responses from 11 managers, which equals a 50% response rate. This rate seems important and representative - as some similar studies have obtained a 15% response rate Michaïlesco (1999), 24% Serret (2002), 22% Aaron et al (2005), 20.65% Cauvin et al (2006) although we agree that they have submitted their questionnaires to larger number of respondents.

3. Results

The objective in this paragraph is to mainly present the results. This paragraph begins with the evaluation of the accuracy of the measuring tool (4.1) and then the profiles of portfolio managers in intermediation companies (4.2) as well as their expectations (4.3).

3.1. Reliability estimation

The reliability of the results depends not only on the rigor of a methodological approach but also on the metrological quality in terms of accuracy and validity of the measuring tool, as indicated by Fortin (1994). This author indicates, however, that there is no absolute validity but that it is necessary to make the choice of evaluation tools depending on the context in which we are and the goal we are seeking to meet. Validity can only be established if the measuring tools are accurate, Usunier et al (1993: 197). This means that accuracy is a necessary condition for validity. According to Churchill (1979), a valid scale is necessarily accurate, but the opposite is not true - explains Legardinier (2013). It is necessary to emphasize that accuracy corresponds to the degree to which the tool used constantly measures the phenomenon studied. Most often a coefficient (Cronbach's alpha) is determined to ensure that the statements are consistent, Carricano et al (2010, p.53). Some studies consider a scale fairly accurate if Cronbach's alpha is at least 0.8 to 0.9, Churchill (1979), Peter et al (1984). However, the statistical tests carried out indicate in our case that an alpha is 0.8205. This enables us to affirm that the items contained in Table 1 above, have a relationship with the attitude or behavior that we are studying.

3.2. The profile of portfolio managers

Before getting to the graphical representation, we will highlight the relationships between the variables we are studying. Table 2 shows the correlation matrix between the variables.

Table 2: Correlation matrix

	santefin	performfin	sectactivite	performact	capacinnova	poldistribdiv	modgouvern	commfin

santefin	1.0000							
performfin	0.2406	1.0000						
sectactivite	0.5052	0.0833	1.0000					
performact	0.4787	0.5528	0.6219	1.0000				
capacinnova	0.3028	0.1656	0.4693	0.3663	1.0000			
poldistribdivi	0.3464	-0.1000	0.1750	0.0000	0.6515	1.0000		
modgouvern	0.3712	0.3540	0.4053	0.6489	0.7038	0.3130	1.0000	
commfin	0.7534	0.1603	0.6010	0.2278	0.5688	0.5632	0.2304	1.0000

We can see that the variable "performfin" (financial performance) and "polidistribdivi" (Policy of distribution of stock dividend) have a very low negative correlation compared to the others. Without questioning the internal[5] coherence, we will leave out the two variables for the rest of the analysis, as shown in Table 3. Finally, we select the factors that render more the information according to Kaiser's criterion. The observation of the statistical results provided in Table 3 selects 6 factorial axes or components - ordered on the basis of their eigenvalues.

According to Table 3, the first factor accounts for 57.01% of the total variance and 18.25% for the second factor. This means that the first 2 factors alone account for 75.26% of the total variance. According to the Kaiser criterion, we must keep the components which each have a specific eigenvalue greater than 1. In these conditions we will only keep the first 2 factors which contribute more to the formation of the axes. Charts 1 and 2 place each variable (individuals) in space with respect to the principal components. Overall, all variables appear to be well represented, except for the variable "capcinnova" and "sectactivity" (innovation capacity and area of activity).

The variables that contribute more to the formation of an (component) axis are those that have positive coordinates close to 1 on this axis. The root of the average contribution is 40.82% (1/6), that is, $(1/\sqrt{6})$. From this point of view, the variable "sectactivity" (area of actitity) is that which participates in the formation of component 1 and possibly (santefin, capacinnova and commfin, ie financial health, innovation capacity and financial communication) which are close to the average contribution. It seems interesting to observe no negative contribution of variables as shown in Table 4 - while in Component 2, the variable that participates more in its training is "modgovern" (governance mode) and possibly (healthfin and commfin, ie, financial health and financial communication) which contribute negatively. This means that the two components contrast fund managers of the intermediation companies of the Regional Exchange who use non-financial information (governance mode) to those using financial information (financial health and financial communication).

Table 3. Principal components/covariance

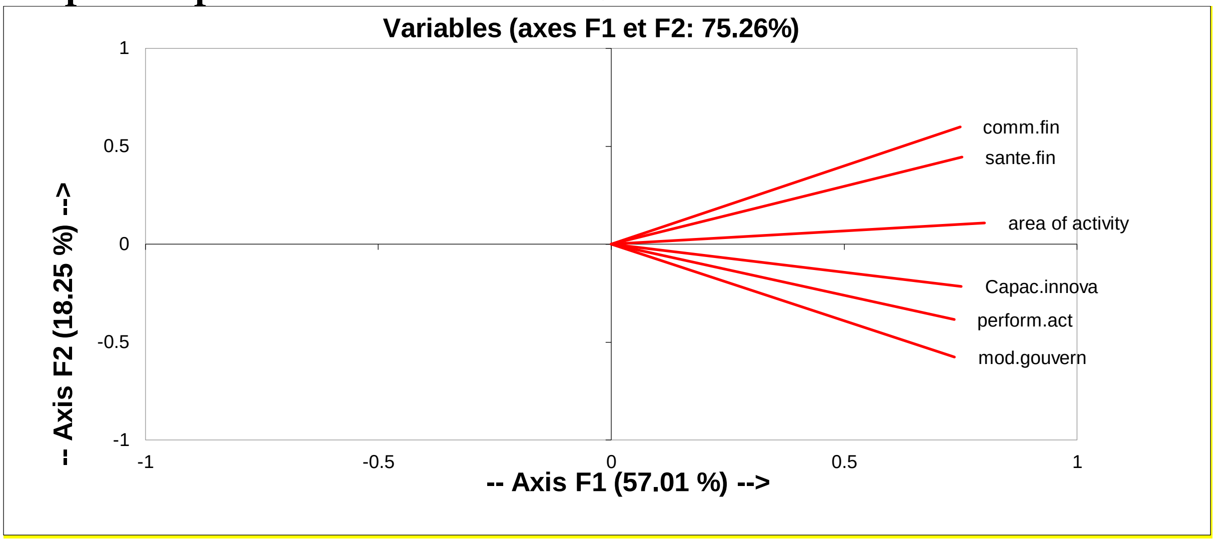
Number of obs. = 11
Number of comp. = 2
Trace = 6
Rotation: (unrotated = principal) Rho = 0.7526

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	3.42071	2.32572	0.5701	0.5701
Comp2	1.09498	.314138	0.1825	0.7526
Comp3	.780846	.281346	0.1301	0.8828

[5] Alpha de cronbach always greater than 6. In fact, with 8 variables this coefficient is 0.8205 and 0.8156 when we go down to 6 variables.

Comp4	|	.499499	.344824	0.0832
0.9660				
Comp5	|	.154676	.105387	0.0258
0.9918				
Comp6	|	.0492886	.	0.0082
1.0000				

Graph 1. Representation of the variables



Graph 2. Representation of individuals

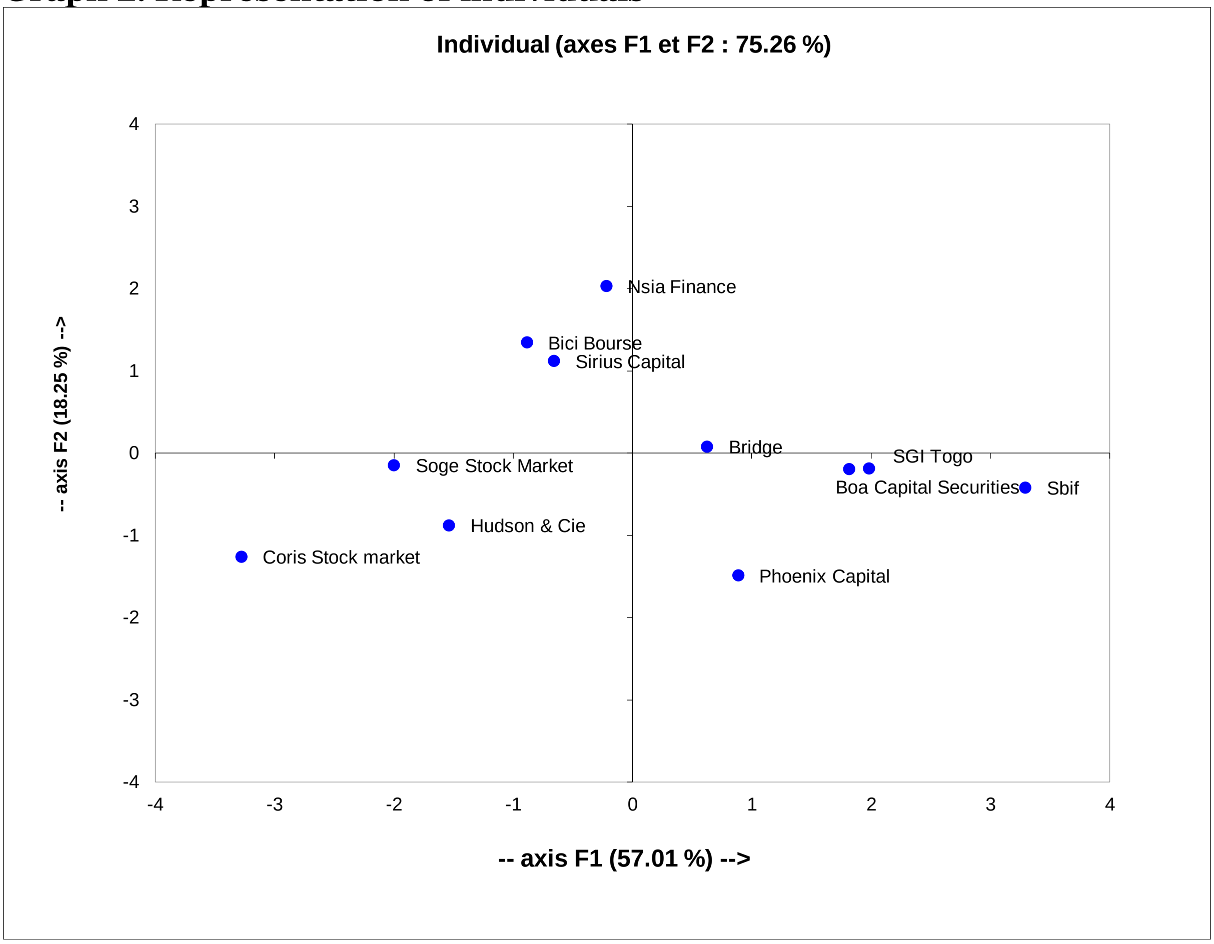
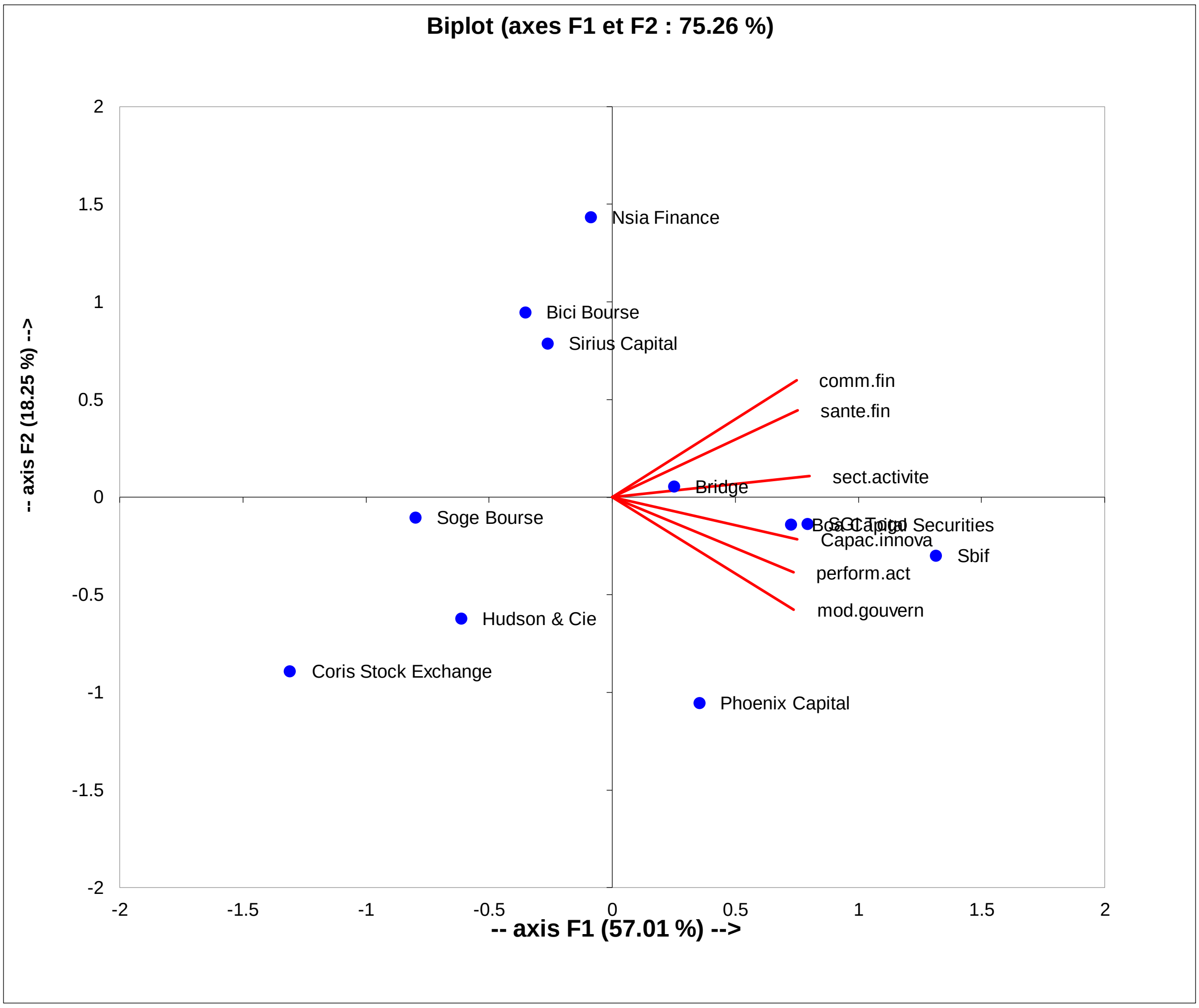


Table 4. Principal components

Variable	Comp1	Comp2	Unexplained
healtfin	0.4072	-0.4250	.2351
sectactivite	0.4333	-0.1034	.346
performact	0.3982	0.3677	.3095
capacinnova	0.4062	0.2064	.3889
modgovern	0.3984	0.5509	.1248
commfin	0.4051	-0.5722	.08003

We notice that managers have heterogeneous behaviors. Graph 3 allows us to visualize at the same time this heterogeneous behavior between managers because of their scattering in graph 3, and to identify their profiles.

Graph 3. The profile of portfolio managers on the Regional stock exchange.



The scattering of managers of intermediation companies along with their distance from the informational variables observed in Chart 3 is a sign of a variety of styles. This result is in line with the main conclusions of similar studies (Aaron et al 2005), especially on the multiplicity of styles.

The distribution analysis of the total score (353) obtained reveals furthermore that the information content of the variables that have been studied (items) does not have the same importance for all the portfolio managers as part of their investment decision. In fact, the portfolio managers of management and intermediation companies on the West African Regional Stock Exchange pay a closer attention to the publication of information as related to health (52 out of 353) and financial performance (53) of the company publishing it and grant less importance to its capacity for innovation (32) as well as its mode of governance (37). They are relatively indifferent regarding the information based on the company's business sector (45) and the performance stock market share (44), and its financial communication (48), but they favor it more than the information based on the capacity for innovation and the mode of governance.

3.3. The expectation of the managers of intermediation companies

Without relying on the previous results based on a quantitative processing of item data, we will now look at the views of managers of intermediation companies. The goal of such an approach is twofold. First, because of the sample size, and secondly, due to the survey bias. On the one hand, the goal is to uncover other factors that we have not identified and that could contribute to the explanation of their behaviors regarding the allocation of the funds they manage. On the other hand, the objective is to avoid that the subjects provide wrong answers, as for Michelat (1975) to whom, the recourse to the free choice makes it possible to overcome certain constraints of the questionnaire surveys which generally ask for close-ended questions. In this perspective, we have chosen to give managers time to express themselves on the following question: «*What are your specific expectations vis-à-vis the authorities of the Regional Stock Exchange*? ». The answer to such a question, is likely to lead to any direction. But it should be highlighted that, in general, what is outside the field of study is often of a paramount importance, Raymond (1968). From this standpoint and beyond the objectives mentioned above, the issue related to managers' expectations can be of a great benefit. We agree that the exploitation of such qualitative remarks is very delicate, in the sense that the exact transcription is not obvious. Nevertheless, to avoid and mitigate this bias, we have included in the questionnaire a reserved space for comments. Without doubt, this rigor helps to treat the content of the speeches without being mistaken. The comments' analysis goes in all directions but matches up. The results are presented in Table 5 in the form of a matrix that faithfully repeats the words in the lines and the variables observed in the columns - under the mark of a distinctive sign (x). The analysis of the content of the words of managers as they appear in Table 5 enables us to select 5 variables which characterize the market. Out of seven (7) comments, we have noted the lack of communication from listed companies (cited 5 times); the quality of the information that is disseminated (twice); lack of stock exchange culture (once); the non-compliance with the regulations (3 times) and the creation of a section dedicated to small and medium-sized companies (once). As shown, the lack of dissemination of information is more predominant in the words of the managers of management and intermediation companies.

Table 5. Matrix of the expectations, opinions and perception of managers

	lack of communication	quality of the information	absence of stock exchange culture	non-compliance with regulations by listed companies	new section for SMEs
The creation of a section dedicated to small and medium size companies					X
Work to improve the quality of information provided by the issuers	X	X			
A flowing communication of tools that take into account the lack of market culture of the WAEMU population	X	X	X	X	
Publish the results of listed companies within three months after the closure of each financial year	X			X	
Require listed companies to comply with market regulations				X	
Publish financial statements within the deadline	X				
Communicate more on the evolution of the activities of listed companies	X				

4. Discussions on the results

The objective in this paragraph is to discuss results – while highlighting the need for information (5.1) the styles of portfolio managers within management and intermediary companies (5.2).

4.1. The need for financial and non-financial information

All observations show that companies listed on the Regional Stock Exchange communicate less on the market. These facts undoubtedly reflect a presence of information asymmetry between companies and portfolio managers. As a result, this significantly reduces transactions, thus reducing the liquidity of the market, Myers and Majluf (1984). Yet, as pointed out by Depoers (2000), the dissemination of information by listed companies is essential not only for themselves – because it improves their accounting reputation – but, also for investors because it allows them to assess risk along with investment opportunities. According to Bushee and Noe (2000), companies that communicate more attract more investors. Without information, it will be difficult for a manager to anticipate the future. In such a context, everyone will have to build their own vision of the future, as pointed out by Bourghelle and Hyme (2010). This situation may create, on the one hand, a climate of suspicion between portfolio managers and the Regional Stock Exchange through the securities it lists, and on the other hand, promote a lasting conservation of securities by those who hold them. Thus, securities will become scarce over time and cause a scarcity of liquidity of the market. Under these conditions, market orders are likely to not find buyers immediately - due to the lack of regular listing of securities. The choice of the political authorities of the OHADA (Organization for the Harmonization of Business Law in Africa) space and that of the authorities of the Regional Stock Exchange to require listed companies to establish and present financial statements respectively according to IFRS, and to establish the summary of financial statements and the decision of allocation of the result, are efforts to reduce the asymmetry of information, but these alone aren't enough. It is still necessary that these financial statements be sincere and faithful. However, through the words of portfolio managers in management and intermediation companies, we have noted that the quality of information provided on the market is called to question. This leads us to think that financial statements are the only ones that bear the blame– given that they are the only ones the regulator requires to be published. Nevertheless, it would be a mistake to think that just disseminating a given quantity of information and making it available to investors, is likely to attract them regularly on the market. Too much information flow can alter the investor's choices due to the dissonance in the information processing. As a result, this situation may make them decide to preserve their securities for a long time, Séjourné (2007). This means that both the investor and the portfolio managers need information, but that too much information flow can sometimes lead to unsatisfactory results.

4.2. The styles of portfolio managers

Charts 1 and 2, highlighted above, provide insights into the profile of managers and allow us to observe managers with exceptional styles. Indeed, we can observe 2 major profiles (styles). The first managers who are the least numerous (3), are mainly motivated by informational factors which are both financial and non-financial. On the other hand, the second type of managers are totally different from the first ones and are looking for personal information. The latter are the most numerous (8). Obviously, the former place great importance on the business sector to which the company belongs as well as its capacity for innovation and, to a lesser extent, the performance of its stock - whereas the latter rarely use the information. Our results seem to contrast with the results of the survey conducted by Demarchi and Thomas (1997) among the largest managers of French stock market, where nearly 80% of the managers surveyed pointed out that information is at the center of the factors which motivate their decision to invest. This does not mean that the informational need is called into question in the specific case of the behavior of managers of intermediation companies on the Regional Stock Exchange. The lack of information that emerges from their comments undoubtedly helps to explain their inertia. Indeed, taking this factor (the lack of information) into account could cause them to remain insensitive towards information that is disseminated on the market or to rely primarily on their own private information to intervene into the stock market. We can thus deduce from this inertia, that the dominant strategy in the context of delegated management of funds to managers within management and intermediation companies of the Regional Stock Exchange, moves toward a passive management strategy rather than toward an active management strategy. The disadvantage when passive management is more practiced as a management strategy is that it makes securities unavailable at a given moment. Each shareholder prefers to wait ("buy and hold"). Some empirical results such as those of Gallais-Homonno and Arbulu (1995) tend to show that the longer the investor is willing to wait, the more he/she is rewarded with much higher earnings. This period of holding can last more than 4 years on average according to Séjourné (2007). When such behavior occurs and is perpetuated, the immediate impact is undoubtedly on the liquidity of the market because of the scarcity of securities it implies or creates.

5. Implications and contribution of the research

The previous discussions provide contributions to the existing literature - especially the behavior of portfolio managers in management and intermediation companies. The purpose of this paragraph is therefore to highlight these scientific and practical implications (5.1) and to make recommendations for professionals (5.2).

5.1. Implications of the research

Our results are the first to offer a portrait of the behavior of portfolio managers in management and intermediation companies of the Regional Stock Exchange. From this point of view, this research provides explanations that will be of interest to all the shareholders of the Regional Stock Exchange and to any natural or legal person who is directly or indirectly interested in the stock market. On the one hand, our results make it possible to meet the needs of market authorities as Regulators and, on the other hand, of management and intermediation companies as securities portfolio managers. Beyond the Regional Stock market, the results of this work could also be of interest to other actors of stock exchange which are similar to the Regional Stock Exchange and to accounting and auditing professionals.

5.2. Recommendations for professionals

The dissemination of information, whether financial or not, imposed by the Regulator or made on a voluntary basis, helps to improve the image of the company. Although the Regulator imposed that listed companies communicate a certain amount of information, the regulations do not constitute a means of pressure in the first place, but for the sole purpose of allowing the company to communicate with its financial partners. It should be understood that the Regulator, by this requirement, attempts to stabilize the powers of a particular stakeholder, which could have a negative impact - either against the company itself - or against its partners. The obligation to make public certain information such as financial statements is one of the rules of this requirement, Micchaïlesco (1999). Penman (1980) maintains that companies with poor prospects avoid communicating - while companies with good prospects communicate more. From this point of view, not communicating can be interpreted as an unfavorable signal in the eyes of investors. Under these conditions, the legitimacy of the dissemination of information becomes advantageous, and even necessary for listed companies. It is therefore important that listed companies communicate more to gain their partners' trust, notably investors in general and portfolio managers in a particular way. This form of communication can be done through a voluntary offer of communication, either via a channel of the stock exchange or via any other media - such as the written or visual press, or the participation in communication events days organized by market participants. The use of websites is also of great contribution in terms of visibility that can be strongly encouraged. Numerous works, such as those of Cauvin et al (2006) for example, highlight a number of informational factors that the company can emphasize in its communication strategy. Among these factors, we can cite the dividend distribution policy, its share in the market compared to its competitors, its commitment to environmental standards, its CSR (Company Social Responsibility) policy, its innovation policies and its commitment to research and to development.

Voluntarily communicating information is beneficial not only to listed companies but also to investors - because it constitutes an alternative mechanism for reducing information asymmetry. The need for information is certainly crucial in the specific case of the Regional Stock Exchange, but the abundance of information often causes a cognitive dissonance as mentioned above. Too much information can alter investors' vision and lead to investment illusions. Portfolio managers and investors therefore need to be cautious in the handling of information. However, one needs to have the right information to be able to make wise allocation choices in order to hope for better gains. It is sure that most often this leads the individual investor to an arbitration that is not easy because of the diversity of the information that is presented to him, but a simple familiarization with the basic rules of portfolio management can help them in this situation - or simply asking for the help of management and intermediation companies which can serve as a point of reference.

It should also be noted that investors are concerned by the inherent risk in their investments and therefore need to get information about the prospects and commitments made by the managers of the company. As pointed out by Dumontier & Maghraoui (2006) and Cormier et al (2012), the application of IFRS produces more informative accounting and financial figures than those resulting from the application of local standards at European level. Compliance with the provisions of the financial reporting standards and the obligations concerning the permanent dissemination of information imposed by the accounting standards and the regulations governing the functioning of the Regional market is incumbent upon the accounting and auditing professionals - because the accounting documents they certify are of major interest to investors. These investors are very sensitive to the financial aspects as well as to the economic aspects[6]. It should be noted that financial statements have not yet lost their usefulness despite the growth of financial analysts and rating agencies, Francis et al (2002). However, the informative content of accounting figures depends on their informational added value and the credibility with which these figures have been prepared by professionals. Accounting and audit professionals are therefore invited to pay attention to these important facts. Their role must not only be subordinated to the certification of financial accounts, but also to advise companies subject to the publication of information within the required deadlines - in order to balance the powers between company executives and stock investors.

Conclusion

The purpose of this paper was to study the behavior of managers in management and intermediation companies of the Regional Stock Exchange towards information that is disseminated on the market. The results mainly display two major lessons. First, it is about the lack of information from companies and second, the inertia of portfolio managers towards the information that is disseminated in the market. However, as part of their investment decision, a larger portion of the portfolio managers of the management and intermediation companies focus more attention on the publication of information regarding the health and financial performance of the investment of the company publishing it and give less importance to its capacity for innovation as well as its mode of governance. They are relatively indifferent regarding the information based on the company's business sector and the performance of its shares on the stock market as well as its financial communication, but they favor it more than the information based on the capacity for innovation and the mode of governance. Most of them make use of information of their own (private information) - despite the publication of financial accounts (public information). This attitude allows them to make abnormal profits - as long as everyone has different information than what the other has. All these lessons suggest two (2) implications. First, the lack of information can lead managers of management and intermediation companies to influence the behavior of investors to hold their securities for long periods of time. On the one hand, this will inevitably lead to a reduction of the depth and liquidity of the market due to the scarcity of securities on the market that this situation entails - on the other hand, it will lead to an informational asymmetry and high transaction costs.

[6] Uniform Act on accounting law and financial information and the OHADA accounting system p.73

Therefore, an investor will have difficulty finding immediate buyers. Second, the rate of managers who are willing to use the information remains low, only 3 out of 11 use it. This is probably due to the delays in the publication of financial statements, the quality and reliability of the information they contain. Rating agencies and accounting and audit professionals - must be very strict regarding these key points. These lessons and implications constitute a rich contribution to this paper but, it would be useful to include, in future analysis, the behavior of all the (and a much larger sample of) actors in order to better understand and identify their styles or profiles and their attitudes towards the stock market.

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