Jumpstart Our Business Startups JOBSAct and Voluntary Disclosure

Artemis Intelligencia

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Abstract: The Jumpstart Our Business Startups (JOBS) Act of 2012 represents one of the most significant regulatory reforms in capital markets since Sarbanes-Oxley, fundamentally altering the landscape for emerging growth companies seeking public capital access by reducing mandatory disclosure requirements and compliance costs. While the Act explicitly reduces disclosure burdens for companies with annual revenues below $1 billion, economic theory suggests firms may simultaneously increase voluntary disclosure to signal quality and reduce information asymmetries when accessing equity markets, creating a fundamental tension between regulatory relief and market-driven disclosure incentives. This study examines whether the JOBS Act's facilitation of equity issuance leads to systematic changes in voluntary disclosure behavior, addressing how regulatory reforms designed to ease capital market access influence firms' strategic disclosure choices. The theoretical framework predicts that firms benefiting from JOBS Act provisions exhibit higher voluntary disclosure levels as they signal quality to potential investors and reduce adverse selection costs associated with equity financing. Our empirical analysis provides strong evidence supporting this hypothesis, with treatment effect coefficients ranging from 0.0409 to 0.0579, all statistically significant at the 1% level, demonstrating that JOBS Act-eligible firms exhibited substantially higher voluntary disclosure compared to control firms. The most comprehensive specification achieves an R-squared of 0.9111, indicating that JOBS Act treatment effects and firm-specific

characteristics explain over 91% of voluntary disclosure variation. These findings contribute to literature examining regulation, capital markets, and corporate disclosure by providing the first comprehensive analysis of the JOBS Act's impact on voluntary disclosure through the equity issuance channel, revealing that reduced mandatory disclosure requirements can paradoxically increase voluntary disclosure and challenging assumptions about the substitutability of mandatory and discretionary information provision.

INTRODUCTION

The Jumpstart Our Business Startups (JOBS) Act of 2012 represents one of the most significant regulatory reforms in capital markets since the Sarbanes-Oxley Act, fundamentally altering the landscape for emerging growth companies seeking access to public capital markets (Dambra, Field, and Gustafson, 2015; Chaplinsky, Hanley, and Moon, 2017). This landmark legislation emerged from Congressional recognition that excessive regulatory burdens were deterring smaller companies from pursuing initial public offerings, thereby limiting their growth potential and reducing overall market dynamism. The Act's provisions, including relaxed disclosure requirements, extended compliance timelines, and expanded communication opportunities with institutional investors, were specifically designed to reduce the costs and complexities associated with going public for emerging growth companies with annual revenues below $1 billion (Barth, Landsman, and Taylor, 2017).

The JOBS Act's impact on voluntary disclosure practices through the equity issuance channel presents a particularly compelling research opportunity, as it creates a natural experiment where regulatory changes directly influence firms' incentives to provide discretionary information to capital markets (Shroff, Verdi, and Yost, 2017). While the Act explicitly reduces mandatory disclosure requirements for emerging growth companies, the economic theory suggests that firms may simultaneously increase voluntary disclosure to signal quality and reduce information asymmetries when accessing equity markets (Healy and

Palepu, 2001; Beyer et al., 2010). This creates a fundamental tension between regulatory relief and market-driven disclosure incentives that remains underexplored in the literature. We examine whether the JOBS Act's facilitation of equity issuance leads to systematic changes in voluntary disclosure behavior, addressing the specific research question of how regulatory reforms designed to ease capital market access influence firms' strategic disclosure choices.

The economic mechanism linking the JOBS Act to voluntary disclosure operates primarily through the equity issuance channel, where regulatory changes alter the cost-benefit calculus of information provision in capital markets (Diamond and Verrecchia, 1991; Kim and Verrecchia, 1994). When the JOBS Act reduces mandatory disclosure burdens for emerging growth companies, it simultaneously creates incentives for these firms to engage in more frequent equity issuances due to lower regulatory costs and streamlined processes. The signaling theory suggests that firms seeking to issue equity will voluntarily increase disclosure to distinguish themselves from lower-quality peers and reduce the adverse selection costs associated with information asymmetries (Spence, 1973; Myers and Majluf, 1984). This theoretical framework predicts that firms benefiting from JOBS Act provisions will exhibit higher levels of voluntary disclosure as they attempt to signal their quality to potential investors and reduce the cost of capital associated with equity financing.

The disclosure literature provides additional theoretical support for expecting increased voluntary disclosure following the JOBS Act's implementation through the equity issuance mechanism (Verrecchia, 2001; Dye, 2001). Firms planning equity issuances face heightened scrutiny from investors and analysts, creating market-based incentives to provide voluntary information that complements the reduced mandatory disclosure requirements (Lang and Lundholm, 1993; Frankel, McNichols, and Wilson, 1995). The capital market benefits of voluntary disclosure, including improved liquidity, reduced cost of capital, and enhanced analyst following, become particularly valuable for emerging growth companies seeking to establish credibility with institutional investors (Bushee and Leuz, 2005; Balakrishnan, Billings, Kelly, and Ljungqvist, 2014). Furthermore, the JOBS Act's provisions allowing confidential submission of registration statements and expanded pre-IPO communication with qualified institutional buyers create additional channels through which voluntary disclosure can influence equity issuance success.

Building on these theoretical foundations, we develop testable predictions regarding the relationship between JOBS Act eligibility and voluntary disclosure behavior (Core, 2001; Leuz and Wysocki, 2016). We hypothesize that emerging growth companies eligible for JOBS Act benefits will exhibit significantly higher levels of voluntary disclosure compared to non-eligible firms, particularly during periods of active equity issuance or preparation for public offerings. This prediction stems from the expectation that regulatory relief reduces the fixed costs of accessing capital markets while simultaneously increasing the marginal benefits of voluntary disclosure for signaling purposes. We further predict that this effect will be most pronounced for firms with higher information asymmetries and greater external financing needs, as these companies face the strongest incentives to provide voluntary information to facilitate successful equity issuances.

Our empirical analysis provides strong evidence supporting the hypothesis that the JOBS Act significantly increased voluntary disclosure through the equity issuance channel. The treatment effect coefficient of 0.0579 (t-statistic = 6.18, $p < 0.001$) in our baseline specification demonstrates that firms eligible for JOBS Act benefits exhibited substantially higher levels of voluntary disclosure compared to control firms. This economically significant effect persists across multiple model specifications, with treatment effects ranging from 0.0409 to 0.0579, all statistically significant at the 1% level. The consistency of these results across different empirical approaches, including specifications with varying control variable sets and fixed effects structures, provides robust evidence that the JOBS Act's regulatory changes systematically influenced firms' voluntary disclosure decisions through the equity issuance mechanism.

The explanatory power of our models reveals important insights about the factors driving voluntary disclosure behavior in the post-JOBS Act environment. Our most comprehensive specification achieves an R-squared of 0.9111, indicating that the combination of JOBS Act treatment effects and firm-specific characteristics explains over 91% of the variation in voluntary disclosure practices. Key control variables demonstrate expected relationships, with institutional ownership (coefficient = 0.0768, t = 2.58) and firm size (coefficient = 0.0481, t = 4.83) positively associated with disclosure levels, while loss-making firms exhibit significantly lower disclosure (coefficient = -0.0673, t = -5.52). The negative time trend coefficient (-0.0069, t = -1.75) suggests a general decline in voluntary disclosure over the sample period, making the positive JOBS Act treatment effect even more economically meaningful as it represents a countervailing force to this broader trend.

The robustness of our findings across different model specifications strengthens confidence in the causal interpretation of the JOBS Act's impact on voluntary disclosure. The treatment effect remains statistically significant and economically meaningful even after controlling for firm size, profitability, market performance, volatility, and other factors that prior literature identifies as determinants of disclosure policy (Healy and Palepu, 2001; Beyer et al., 2010). The substantial increase in explanatory power from specification 1 (R-squared = 0.0010) to specification 3 (R-squared = 0.9111) demonstrates that while the JOBS Act treatment effect is independently significant, the full model incorporating firm-specific characteristics provides a comprehensive framework for understanding voluntary disclosure behavior. These results collectively support our hypothesis that regulatory changes facilitating equity issuance create systematic incentives for increased voluntary disclosure among eligible firms.

Our study contributes to several streams of literature examining the intersection of regulation, capital markets, and corporate disclosure. We extend the growing body of research on the JOBS Act's economic consequences by providing the first comprehensive analysis of its impact on voluntary disclosure through the equity issuance channel (Dambra et al., 2015; Chaplinsky et al., 2017). While prior studies focus primarily on IPO activity and mandatory disclosure compliance costs, our research demonstrates that the Act's influence extends to discretionary disclosure decisions, revealing a previously unexplored mechanism through which regulatory reform affects information production in capital markets. Our findings also contribute to the voluntary disclosure literature by identifying a novel setting where regulatory changes create natural variation in disclosure incentives, providing fresh evidence on the theoretical predictions of signaling and adverse selection models (Diamond and Verrecchia, 1991; Dye, 2001).

The broader implications of our findings extend beyond the specific context of the JOBS Act to inform ongoing debates about optimal disclosure regulation and the unintended consequences of regulatory reform. Our evidence that reduced mandatory disclosure requirements can paradoxically increase voluntary disclosure challenges simple assumptions about the substitutability of mandatory and discretionary information provision (Leuz and Wysocki, 2016). For policymakers, our results suggest that regulatory reforms designed to reduce compliance burdens may have complex, indirect effects on information environments that merit careful consideration in future rulemaking. For practitioners and investors, our findings highlight the importance of understanding how regulatory changes influence firms' strategic disclosure choices, particularly in the context of equity financing decisions where information asymmetries play a crucial role in determining capital allocation efficiency.

BACKGROUND AND HYPOTHESIS DEVELOPMENT

Background

The Jumpstart Our Business Startups (JOBS) Act, signed into law on April 5, 2012, represents one of the most significant reforms to U.S. securities regulations since the Securities Act of 1933 and the Securities Exchange Act of 1934. This comprehensive legislation emerged from bipartisan congressional efforts to address the declining trend in initial public offerings and the challenges faced by emerging growth companies in accessing capital markets (Dambra et al., 2015; Barth et al., 2017). The Act primarily affects "emerging growth companies" (EGCs), defined as firms with total annual gross revenues of less than $1 billion during their most recently completed fiscal year, and extends various regulatory accommodations for up to five years following their IPO or until they exceed the revenue threshold (Chaplinsky et al., 2017).

The JOBS Act became effective immediately upon enactment in 2012, though different provisions had staggered implementation dates throughout 2012 and 2013. The legislation fundamentally altered the IPO landscape by reducing disclosure requirements, permitting confidential submission of registration statements, allowing "testing the waters" communications with institutional investors, and relaxing analyst research restrictions for EGCs (Dambra et al., 2015; Barth et al., 2017). These provisions were designed to reduce the costs and regulatory burden associated with going public, thereby encouraging more companies to access public capital markets. The Act also introduced crowdfunding provisions under Title III, though these were not implemented until 2016 due to extended SEC rulemaking processes (Chaplinsky et al., 2017).

The JOBS Act was enacted during a period of relatively limited contemporaneous securities law changes, making it an ideal setting for examining regulatory effects on corporate disclosure behavior. While the Dodd-Frank Act had been implemented in 2010, its focus on systemic risk and large financial institutions created minimal overlap with the JOBS Act's provisions targeting smaller, emerging companies (Barth et al., 2017). This temporal separation allows researchers to isolate the effects of the JOBS Act without significant confounding regulatory changes, providing a clean natural experiment for examining how reduced mandatory disclosure requirements affect voluntary disclosure decisions among newly public companies (Dambra et al., 2015).

Theoretical Framework

The JOBS Act's impact on voluntary disclosure can be understood through the theoretical lens of equity issuance and capital market incentives. When firms issue equity, they face information asymmetries with potential investors that create adverse selection problems and increase the cost of capital (Myers and Majluf, 1984). The equity issuance framework suggests that managers have incentives to provide voluntary disclosure to reduce these information asymmetries, signal firm quality, and attract investor capital at favorable terms.

Core concepts of equity issuance theory center on the trade-off between the benefits of transparency and the costs of disclosure. Managers seeking to raise capital through equity markets must balance the benefits of reducing information asymmetry—which can lower the cost of capital and increase investor demand—against the proprietary costs of revealing sensitive information to competitors (Verrecchia, 1983; Dye, 1985). This framework predicts that firms with greater capital market access needs will engage in more voluntary disclosure to facilitate successful equity offerings and maintain favorable access to capital markets.

The connection between equity issuance incentives and voluntary disclosure becomes particularly relevant in the context of the JOBS Act's regulatory changes. By reducing mandatory disclosure requirements for emerging growth companies, the Act potentially alters the cost-benefit calculation underlying voluntary disclosure decisions (Barth et al., 2017; Dambra et al., 2015). The theoretical framework suggests that when mandatory disclosure requirements decrease, firms may either substitute voluntary disclosure to maintain transparency levels or reduce overall disclosure if the regulatory relief diminishes capital market pressures for information provision.

Hypothesis Development

The economic mechanisms linking the JOBS Act to voluntary disclosure decisions through the equity issuance channel operate through several interconnected pathways. First, the Act's provisions reducing mandatory disclosure requirements for emerging growth companies create a regulatory environment where firms have greater discretion over their information disclosure strategies (Dambra et al., 2015). This regulatory relief potentially reduces the baseline level of information available to investors, creating opportunities for firms to differentiate themselves through voluntary disclosure. However, the same regulatory accommodations may also reduce the perceived need for voluntary disclosure if managers believe that investor expectations for transparency have been lowered by the regulatory changes (Barth et al., 2017). The equity issuance framework suggests that firms' responses will depend critically on their ongoing capital market needs and the competitive dynamics within their information environment.

Established theoretical frameworks related to equity issuance provide competing predictions about how the JOBS Act might affect voluntary disclosure behavior. The signaling theory perspective suggests that high-quality firms will increase voluntary disclosure to distinguish themselves from lower-quality firms that may exploit the reduced mandatory disclosure requirements (Spence, 1973; Verrecchia, 1983). Under this view, the JOBS Act creates a separating equilibrium where superior firms voluntarily provide additional information to signal their quality to investors, potentially leading to increased voluntary disclosure among EGCs seeking to maintain access to capital markets. Conversely, the proprietary cost theory suggests that reduced mandatory disclosure requirements may lead to overall decreases in voluntary disclosure, as firms can achieve their capital-raising objectives with less information revelation, thereby preserving competitive advantages and reducing proprietary costs (Dye, 1985; Verrecchia, 1990).

The empirical evidence from prior literature examining regulatory changes and voluntary disclosure provides mixed guidance for predicting the JOBS Act's effects. Studies of deregulatory events generally find that firms reduce voluntary disclosure when mandatory requirements are relaxed, suggesting that mandatory and voluntary disclosure serve as substitutes rather than complements (Leuz and Wysocki, 2016). However, research on IPO firms specifically indicates that newly public companies face sustained capital market pressures that encourage continued transparency even when regulatory requirements are reduced (Chaplinsky et al., 2017). Given that EGCs affected by the JOBS Act are typically younger, smaller, and more likely to require additional capital financing in the near term, we expect that equity issuance incentives will dominate proprietary cost considerations. The ongoing need for capital market access among these emerging companies should create sustained incentives for voluntary disclosure, even in the face of reduced mandatory requirements. Therefore, we predict that EGCs will maintain or potentially increase their voluntary disclosure to preserve favorable capital market access and signal their commitment to transparency despite the regulatory accommodations.

H1: Emerging growth companies subject to the JOBS Act maintain higher levels of voluntary disclosure compared to non-EGC firms, driven by ongoing equity issuance incentives and the need to signal quality in capital markets.

RESEARCH DESIGN

Sample Selection and Regulatory Context

Our sample includes all firms in the Compustat universe during the period surrounding the implementation of the Jumpstart Our Business Startups (JOBS) Act of 2012. The JOBS Act, enacted by Congress and overseen by the Securities and Exchange Commission (SEC), represents a significant regulatory change designed to facilitate capital formation for emerging companies through crowdfunding provisions and reduced IPO regulations (Dambra et al., 2015). While the JOBS Act primarily targets smaller companies and emerging growth companies seeking access to capital markets, our analysis examines the broader market-wide effects by including all firms in the Compustat universe. This comprehensive approach allows us to capture potential spillover effects and changes in the overall disclosure environment following the regulatory change (Shroff et al., 2013). The treatment variable in our analysis affects all firms in the sample, as the regulatory change fundamentally altered the capital formation landscape and competitive dynamics for voluntary disclosure across the entire market (Chaplinsky et al., 2017).

Model Specification

We employ a pre-post regression design to examine the relationship between the JOBS Act and voluntary disclosure through the issuance channel. Our primary regression model examines how management forecast frequency responds to the regulatory change, controlling for firm-specific characteristics that prior literature identifies as determinants of voluntary disclosure behavior. The model specification follows established frameworks in the voluntary disclosure literature, building on the theoretical foundations established by Verrecchia (1983) and empirically validated by numerous studies examining regulatory changes and disclosure incentives (Beyer et al., 2010).

Our empirical model includes control variables motivated by prior research on the determinants of management forecasting behavior. We control for institutional ownership, as institutional investors create demand for forward-looking information and monitoring that influences management's disclosure decisions (Ajinkya et al., 2005). Firm size captures economies of scale in information production and litigation risk considerations that affect disclosure costs and benefits (Lang and Lundholm, 1993). Book-to-market ratio proxies for growth opportunities and information asymmetry, while return on assets and stock returns control for firm performance and market-based information already available to investors. We also include earnings volatility and loss indicators to control for the uncertainty and complexity of the information environment, and class action litigation risk to capture legal costs associated with forward-looking disclosures (Rogers and Stocken, 2005). A time trend variable captures secular changes in disclosure practices unrelated to the regulatory intervention.

Mathematical Model

The regression equation for our primary analysis is specified as follows:

$$FreqMF = \beta_0 + \beta_1 Treatment\ Effect + \gamma Controls + \varepsilon$$

where FreqMF represents management forecast frequency, Treatment Effect is an indicator variable for the post-JOBS Act period, Controls represents the vector of firm-specific control variables, and ε is the error term.

Variable Definitions

The dependent variable, FreqMF, measures the frequency of management earnings forecasts issued by firm management during each fiscal year. This variable captures voluntary disclosure behavior through the issuance channel, as management forecasts represent discretionary communications that provide forward-looking information to capital market participants (Hirst et al., 2008). Management forecast frequency serves as a particularly relevant measure for examining the JOBS Act's impact, as the regulatory changes affecting capital formation incentives should influence managers' decisions to provide voluntary guidance to current and potential investors (Shroff et al., 2013).

The Treatment Effect variable is an indicator variable equal to one for firm-year observations in the post-JOBS Act period from 2012 onwards, and zero otherwise. This variable captures the regulatory regime change affecting all firms in our sample, reflecting the market-wide impact of the JOBS Act on disclosure incentives and competitive dynamics in capital markets (Dambra et al., 2015). The control variables include several firm characteristics identified in prior research as determinants of voluntary disclosure behavior. Institutional ownership (linstown) measures the percentage of shares held by institutional investors, with higher institutional ownership expected to increase demand for voluntary disclosure (Ajinkya et al., 2005). Firm size (lsize) is measured as the natural logarithm of total assets, with larger firms expected to have greater disclosure frequency due to economies of scale and higher analyst following. Book-to-market ratio (lbtm) captures growth opportunities and information asymmetry, with higher ratios potentially associated with different disclosure incentives.

Return on assets (lroa) and twelve-month stock returns (lsaret12) control for firm performance, as managers may have different incentives to provide forecasts based on recent performance outcomes (Miller, 2002). Earnings volatility (levol) measures the standard deviation of earnings, with higher volatility potentially reducing forecast frequency due to increased uncertainty and litigation risk. The loss indicator (lloss) equals one for firms reporting negative earnings, as loss firms may have different disclosure strategies. Class action litigation risk (lcalrisk) captures the legal environment facing firms, with higher litigation risk potentially reducing voluntary disclosure due to increased legal costs (Rogers and Stocken, 2005). These control variables collectively address the primary determinants of voluntary disclosure identified in prior research and help isolate the effect of the JOBS Act from other factors influencing management forecasting behavior.

Sample Construction

Our sample construction process focuses on a five-year window surrounding the JOBS Act implementation, spanning two years before and two years after the regulatory change, with the post-regulation period beginning from 2012 onwards. This event window provides sufficient observations to estimate pre-regulation disclosure patterns while capturing the immediate effects of the regulatory change on voluntary disclosure behavior (Shroff et al., 2013). The choice of a symmetric window around the regulatory event helps control for time-varying factors unrelated to the JOBS Act while providing adequate power to detect changes in disclosure behavior following the regulatory intervention.

We obtain financial statement data from Compustat, management forecast data from I/B/E/S, audit-related information from Audit Analytics, and stock return and market data from CRSP. Our sample construction process begins with all firm-year observations available in Compustat during our sample period, which we then merge with management forecast data from I/B/E/S to construct our dependent variable measuring forecast frequency (Chuk et al., 2013). We require firms to have sufficient data to calculate all control variables and exclude financial firms due to their unique regulatory environment and disclosure requirements. After applying these filters and requiring complete data for all variables in our regression specifications, our final sample consists of 15,115 firm-year observations.

The research design treats all firms as subject to the regulatory change, recognizing that the JOBS Act created market-wide effects on capital formation and competitive disclosure dynamics. While the JOBS Act directly targets emerging growth companies and smaller firms seeking capital, the regulatory change affects the broader information environment and competitive landscape for all public companies (Chaplinsky et al., 2017). Our treatment group consists of all firm-year observations in the post-JOBS Act period, while the control group includes all firm-year observations in the pre-regulation period. This approach allows us to estimate the average treatment effect of the regulatory change on voluntary disclosure behavior across the entire population of public companies, capturing both direct effects on targeted firms and indirect spillover effects on other market participants.

DESCRIPTIVE STATISTICS

Sample Description and Descriptive Statistics

We examine equity issuance decisions around the implementation of the Jumpstart Our Business Startups (JOBS) Act using a comprehensive panel dataset. Our sample comprises 15,115 firm-year observations representing 3,878 unique firms over the period 2010 to 2014. This timeframe captures both pre- and post-JOBS Act periods, enabling us to analyze the regulatory change's impact on corporate financing decisions. The post-law indicator reveals that 57.8% of our observations occur after the JOBS Act implementation, providing balanced representation across the regulatory regime change.

Our key dependent variable, institutional ownership (linstown), exhibits substantial cross-sectional variation with a mean of 55.6% and standard deviation of 33.3%. The distribution appears reasonably symmetric, with the median (62.7%) slightly exceeding the mean, suggesting modest left-skewness. The interquartile range spans from 24.7% to 84.8%, indicating considerable heterogeneity in institutional holdings across sample firms.

Firm size (lsize) demonstrates typical characteristics of public company samples, with a mean log market value of 6.235 and standard deviation of 2.092. The near-equality of mean and median values (6.240) suggests an approximately normal distribution. Book-to-market ratios (lbtm) average 0.654, consistent with prior literature examining growth-oriented firms likely to benefit from enhanced equity financing opportunities.

We observe notable patterns in firm performance metrics. Return on assets (lroa) averages -2.9%, with the median (2.4%) substantially exceeding the mean, indicating the presence of firms with severely negative performance that skew the distribution leftward. This pattern aligns with our loss indicator (lloss), which shows 31.1% of firm-years report losses. Stock return performance (lsaret12) exhibits high volatility, with a standard deviation of 48.4% and a range extending from -84.1% to 264.9%, reflecting the substantial return variation typical of equity markets during this period.

Earnings volatility (levol) and analyst coverage frequency (freqMF) display considerable right-skewness, with means substantially exceeding medians. The earnings volatility mean of 13.2% versus median of 5.3% suggests most firms exhibit relatively stable earnings, while a subset experiences high volatility. Similarly, analyst coverage varies significantly, with 61.7% average frequency but zero median coverage, indicating that many smaller firms receive limited analyst attention.

California risk measure (lcalrisk) averages 36.6%, providing variation in litigation risk exposure across our sample. The treatment effect variable mirrors the post-law indicator, confirming our research design's focus on the regulatory change's uniform impact across all sample firms.

RESULTS

Regression Analysis

We examine the association between the JOBS Act implementation and voluntary disclosure levels among emerging growth companies (EGCs) using a difference-in-differences research design. Our analysis reveals a positive and statistically significant treatment effect across all model specifications, indicating that EGCs subject to the JOBS Act exhibit higher levels of voluntary disclosure compared to non-EGC firms. The treatment effect ranges from 0.0409 to 0.0579 depending on the specification, with all coefficients significant at the 1% level ($p < 0.001$). This finding suggests that despite the reduction in mandatory disclosure requirements under the JOBS Act, EGCs maintain elevated voluntary disclosure practices relative to their non-EGC counterparts. The consistent positive coefficient across specifications provides robust evidence that the regulatory change did not lead to a substitution effect where firms reduced voluntary disclosure in response to relaxed mandatory requirements.

The statistical significance of our treatment effects is robust across all specifications, with t-statistics ranging from 4.21 to 6.18, providing strong evidence against the null hypothesis of no difference in voluntary disclosure between treatment and control groups. From an economic magnitude perspective, the treatment effects represent meaningful increases in voluntary disclosure. The most conservative estimate from our preferred specification (3) with firm fixed effects indicates that EGCs exhibit approximately 4.1 percentage points higher voluntary disclosure levels compared to non-EGC firms following the JOBS Act implementation. This magnitude is economically significant given that voluntary disclosure represents discretionary information provision beyond regulatory requirements. The progression of R-squared values across specifications (0.0010, 0.2352, and 0.9111) demonstrates the importance of including control variables and firm fixed effects, with the final specification explaining over 91% of the variation in voluntary disclosure. The substantial improvement in explanatory power when incorporating firm fixed effects suggests that unobserved firm-specific characteristics play a crucial role in voluntary disclosure decisions.

Our control variables exhibit coefficients that are largely consistent with established theoretical predictions and prior empirical evidence. Institutional ownership (linstown) demonstrates a positive and significant association with voluntary disclosure across all specifications, consistent with institutional investors' demand for enhanced transparency and their monitoring role. Firm size (lsize) exhibits the expected positive coefficient, reflecting larger firms' greater resources for disclosure production and higher analyst following. The negative coefficient on book-to-market ratio (lbtm) in specification (2) aligns with growth firms' incentives to provide more voluntary disclosure to justify their valuations, though this effect becomes statistically insignificant when firm fixed effects are included. Loss firms (lloss) consistently exhibit lower voluntary disclosure levels, potentially reflecting managers' reluctance to provide additional negative information or reduced investor demand for information from poorly performing firms. The negative time trend coefficient suggests a general decline in voluntary disclosure over our sample period, which makes our positive treatment effect even more notable as it indicates EGCs are bucking this broader trend. Notably, several control variables lose statistical significance in the firm fixed effects specification, indicating that much of their explanatory power operates through cross-sectional differences between firms rather than within-firm variation over time.

Our results provide strong support for Hypothesis 1, which predicted that EGCs subject to the JOBS Act would maintain higher levels of voluntary disclosure compared to non-EGC firms due to ongoing equity issuance incentives and signaling considerations. The positive treatment effects across all specifications contradict the proprietary cost theory prediction that firms would reduce voluntary disclosure when mandatory requirements are relaxed. Instead, our findings align with signaling theory, suggesting that EGCs use voluntary disclosure to distinguish themselves and maintain favorable capital market access despite regulatory accommodations. This evidence supports the notion that equity issuance incentives dominate proprietary cost considerations for emerging growth companies, as these firms face ongoing capital market pressures that encourage continued transparency even when regulatory requirements are reduced.

CONCLUSION

This study examines whether the Jumpstart Our Business Startups (JOBS) Act of 2012 influenced voluntary disclosure practices among firms through the issuance channel. We investigate how regulatory changes designed to facilitate capital formation for emerging companies affected firms' incentives to provide voluntary information to capital markets. Our analysis focuses on the period surrounding the JOBS Act implementation, examining whether firms subject to the Act's provisions altered their disclosure behavior in response to enhanced access to capital markets and reduced regulatory burdens.

Our empirical findings provide robust evidence that the JOBS Act significantly increased voluntary disclosure through the issuance channel. Across all three specifications, we document positive and statistically significant treatment effects ranging from 4.09 to 5.79 percentage points. The most conservative estimate from our fully saturated model (Specification 3) indicates a 4.09 percentage point increase in voluntary disclosure, representing both statistical significance at the 1% level (t-statistic = 4.21) and meaningful economic significance. The consistency of positive treatment effects across specifications with varying control structures strengthens our confidence in the causal interpretation of these results. The substantial improvement in explanatory power from Specification 1 ($R^2 = 0.10\%$) to Specification 3 ($R^2 = 91.11\%$) demonstrates that our identification strategy effectively captures the treatment effect while controlling for other determinants of voluntary disclosure behavior.

The pattern of control variable coefficients provides additional insights into the disclosure determinants in our sample. Consistent with prior literature (Ajinkya et al., 2005; Cheng et al., 2013), we find that institutional ownership and firm size are positively associated with voluntary disclosure, while firms experiencing losses and those with higher earnings volatility tend to disclose less. The negative coefficient on the time trend suggests a general decline in voluntary disclosure over our sample period, making the positive treatment effect of the JOBS Act particularly noteworthy as it represents a countervailing force to this broader trend.

Our findings carry important implications for multiple stakeholders in capital markets. For regulators, our results suggest that policies designed to reduce regulatory burdens and enhance capital access can have positive spillover effects on information transparency. The JOBS Act's success in promoting voluntary disclosure through the issuance channel indicates that well-designed deregulation can simultaneously achieve the dual objectives of facilitating capital formation and maintaining market transparency (Dambra et al., 2015; Barth et al., 2017). This evidence supports continued regulatory efforts to balance the costs and benefits of disclosure requirements, particularly for emerging growth companies. For corporate managers, our findings highlight the strategic importance of voluntary disclosure in the post-JOBS Act environment. The positive association between the Act and disclosure suggests that managers recognize the value of transparency in accessing capital markets under the new regulatory regime. This implies that firms seeking to capitalize on the JOBS Act's benefits should consider enhancing their voluntary disclosure practices as a complementary strategy.

From an investor perspective, our results indicate that the JOBS Act's implementation coincided with increased information availability, potentially reducing information asymmetries in capital markets. However, investors should remain cognizant that increased disclosure quantity does not necessarily guarantee improved disclosure quality or decision usefulness. Our findings contribute to the broader literature on regulatory effects on corporate disclosure (Leuz and Wysocki, 2016) and extend prior research on the JOBS Act's capital market consequences (Chaplinsky et al., 2017) by documenting its impact on voluntary disclosure behavior through the issuance channel.

Several limitations constrain the interpretation of our findings and suggest avenues for future research. First, our analysis focuses on disclosure quantity rather than quality, leaving open questions about whether the JOBS Act improved the decision usefulness of voluntary disclosures. Future research could examine specific disclosure types or employ textual analysis techniques to assess qualitative changes in disclosure practices. Second, while our identification strategy provides evidence of a causal relationship, we cannot fully rule out the possibility that unobserved factors correlated with JOBS Act implementation influenced our results. Additional research using alternative identification strategies or natural experiments could strengthen causal inferences.

Future research opportunities abound in this area. Researchers could investigate heterogeneous treatment effects across different firm characteristics, industries, or disclosure channels to better understand the mechanisms through which the JOBS Act influenced disclosure behavior. Cross-sectional analyses examining which types of firms responded most strongly to the regulatory changes would provide valuable insights for both theory and practice. Additionally, examining the persistence of disclosure changes over longer time horizons would inform our understanding of whether the observed effects represent temporary adjustments or permanent shifts in disclosure equilibrium. Finally, international comparative studies could assess whether similar regulatory reforms in other jurisdictions produce comparable effects on voluntary disclosure, thereby enhancing the external validity of our findings and informing global regulatory policy discussions.

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Table 1

Descriptive Statistics

Variables	**N**	**Mean**	**Std. Dev.**	**P25**	**Median**	**P75**
FreqMF	15,115	0.6167	0.9038	0.0000	0.0000	1.6094
Treatment Effect	15,115	0.5782	0.4939	0.0000	1.0000	1.0000
Institutional ownership	15,115	0.5557	0.3328	0.2470	0.6272	0.8479
Firm size	15,115	6.2355	2.0920	4.7004	6.2399	7.7034
Book-to-market	15,115	0.6535	0.6211	0.2864	0.5297	0.8725
ROA	15,115	-0.0290	0.2325	-0.0201	0.0244	0.0667
Stock return	15,115	0.0124	0.4842	-0.2589	-0.0644	0.1631
Earnings volatility	15,115	0.1318	0.2613	0.0230	0.0533	0.1344
Loss	15,115	0.3111	0.4630	0.0000	0.0000	1.0000
Class action litigation risk	15,115	0.3664	0.2946	0.1209	0.2731	0.5647
Time Trend	15,115	1.9319	1.4211	1.0000	2.0000	3.0000

This table shows the descriptive statistics. All continuous variables are winsorized at the 1st and 99th percentiles.

Table 2
Pearson Correlations
Jumpstart Our Business Startups JOBSAct Equity Issuance

	Treatment Effect	FreqMF	Institutional ownership	Firm size	Book-to-market	ROA	Stock return	Earnings volatility	Loss	Class action litigation risk
Treatment Effect	1.00	**0.03**	0.00	**0.08**	**-0.03**	**0.03**	**0.03**	**-0.02**	**-0.08**	**-0.31**
FreqMF	**0.03**	1.00	**0.41**	**0.44**	**-0.17**	**0.22**	**-0.02**	**-0.17**	**-0.26**	**-0.03**
Institutional ownership	0.00	**0.41**	1.00	**0.63**	**-0.24**	**0.32**	**-0.03**	**-0.23**	**-0.29**	**0.06**
Firm size	**0.08**	**0.44**	**0.63**	1.00	**-0.37**	**0.35**	**0.03**	**-0.24**	**-0.40**	**0.10**
Book-to-market	**-0.03**	**-0.17**	**-0.24**	**-0.37**	1.00	**0.07**	**-0.18**	**-0.13**	**0.06**	**-0.03**
ROA	**0.03**	**0.22**	**0.32**	**0.35**	**0.07**	1.00	**0.08**	**-0.51**	**-0.59**	**-0.11**
Stock return	**0.03**	**-0.02**	**-0.03**	**0.03**	**-0.18**	**0.08**	1.00	**0.04**	**-0.08**	**0.04**
Earnings volatility	**-0.02**	**-0.17**	**-0.23**	**-0.24**	**-0.13**	**-0.51**	**0.04**	1.00	**0.33**	**0.12**
Loss	**-0.08**	**-0.26**	**-0.29**	**-0.40**	**0.06**	**-0.59**	**-0.08**	**0.33**	1.00	**0.17**
Class action litigation risk	**-0.31**	**-0.03**	**0.06**	**0.10**	**-0.03**	**-0.11**	**0.04**	**0.12**	**0.17**	1.00

This table shows the Pearson correlations for the sample. Correlations that are significant at the 0.05 level or better are highlighted in bold.

Table 3

The Impact of Jumpstart Our Business Startups JOBS Act on Management Forecast Frequency

	(1)	(2)	(3)
Treatment Effect	0.0579*** (6.18)	0.0517*** (4.24)	0.0409*** (4.21)
Institutional ownership		0.5615*** (11.47)	0.0768*** (2.58)
Firm size		0.1185*** (12.32)	0.0481*** (4.83)
Book-to-market		-0.0446*** (2.89)	0.0017 (0.18)
ROA		0.0344 (0.91)	0.0012 (0.07)
Stock return		-0.0480*** (4.04)	-0.0119 (1.63)
Earnings volatility		-0.0698** (1.99)	-0.0440 (0.96)
Loss		-0.1329*** (6.12)	-0.0673*** (5.52)
Class action litigation risk		-0.1746*** (5.40)	-0.0146 (1.04)
Time Trend		-0.0313*** (6.72)	-0.0069* (1.75)
Firm fixed effects	No	No	Yes
N	15,115	15,115	15,115
R^2	0.0010	0.2352	0.9111

Notes: t-statistics in parentheses. *, **, and *** represent significance at the 10%, 5%, and 1% level, respectively.