The impact of voluntary management earnings forecasts on executive compensation contracts VERDANA 14 BOLD

Author name[[1]](#footnote-1) (style editor /author) verdana 11

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| ABSTRACT Verdana 8 line distance 1  This study attempts to find a relationship between management earnings forecasts and executive compensation contracts. It focuses on three different elements of management earnings forecasts, namely: the type of forecast, the actual expectation of the forecast and the forecasting frequency. The three relations are analysed through both logistic and linear regressions using a sample of 90 U.S. listed companies between 2006 and 2012. From the analysis, three conclusions can be drawn. First, companies do not always align the measures of their forecasts with the compensation measures used in executive compensation contracts. Second, the target levels used in management earnings forecasts and compensation contracts sometimes differ significantly, depending on the type of measure. Finally, the forecasting frequency of a company does not influence the type of compensation measures used. In general, it appears that earnings forecasts hold some relation to executive compensation contracts. Future research can further investigate this relationship, for example by focusing on the causes of the results or through replicating the analysis.  Table with just one cell width, 14 next centre. |

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1. Introduction VERDANA 11

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Tables

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2. Footnote text [↑](#footnote-ref-2)
3. Footnote text 2 [↑](#footnote-ref-3)