6-2020

CEO political ideology and management earnings forecast

Md Noman Hossain

Ahmed Elnahas
The University of Texas Rio Grande Valley

Lei Gao
Iowa State University

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Md Noman Hossain[1] Ahmed Elnahas[2] Lei Gao[3,4]

Abstract

Republican CEOs are more likely to issue earnings forecasts and to issue forecasts that are more accurate and timely. Republican CEOs favor range and less optimistic forecasts, convey more negative news, and have more positive earnings surprises. We address endogeneity using propensity score matching and difference-in-difference estimates. Our results are robust to controlling for CEO characteristics, incentives, overconfidence, and managerial ability, and are stronger for firms with a high level of institutional ownership and litigation risk. The preference for threat and ambiguity avoidance of conservative CEOs seem to outweigh the tendency to seize on information associated with their authoritarian personalities.

Keywords: CEO Political Ideology; Earnings Forecasts; Conservatism

JEL classification: D82, M41, P16.

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[1] Ph.D. Candidate in Finance, Robert C. Vackar College of Business and Economics, University of Texas Rio Grande Valley,1201 W University Dr, Edinburg, TX 78539,Voice: (409) 454-0458, e-mail: mdnoman.hossain01@utrgv.edu.

[2] Assistant Professor of Finance, Robert C. Vackar College of Business and Economics, University of Texas Rio Grande Valley, 1201 W University Dr, Edinburg, TX 78539. Voice: (956) 665-2830, e-mail: ahmed.elnahas@utrgv.edu.

[3] Assistant Professor of Finance, Ivy College of Business, Iowa State University, 2167 Union Drive, Ames, IA 50011.Voice: (515) 294-7860, e-mail: lgao@iastate.edu.

[4] Financial Economist, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. Voice(202) 551-7626, e-mail: gaol@sec.gov

1. Introduction

Over the last few years, the U.S. is experiencing an unprecedented degree of political polarization. Pew research center documents that between 1994 and 2017 the average partisan gap has increased from 15 to 36 percentage points.[5] A recent Gallup report shows that political identity defines our views of a wide variety of aspects of life, which often are not directly related to politics (Newport (2019)). Political ideology seems to affect a broad spectrum of our life choices, ranging from what we eat (Boeuf (2019)) to our perception of climate change (Hu et al. (2017)). Consistent with these findings, Forbes (2017) argues that, for many, political ideology is becoming an official religion.[6]

Recently, financial economists investigate the effect of managers' political ideology on their corporate policies. Researchers show that Republican -more conservative- CEOs have a more conservative investment and financial policies (e.g., Hong and Kostovetsky (2012); Di Giuli and Kostovetsky (2014); Hutton, Jiang, and Kumar (2014); Francis, Hasan, Sun, and Wu (2016); Elnahs and Kim (2017)), are less likely to engage in earnings management, pay lower audit fees, and have a higher financial reporting quality (Deng, Ho, and Li (2018); Dong, Li, Xie, and Zhang (2018)). These findings lend support to the behavioral consistency principle.[7],[8] However, the actual effect of CEO political ideology might be undermined in these papers because financial and investment policies can be persistent and are typically subject to less managerial discretion (Fee, Hadlock, and Pierce (2013)).[9]

[5] A summary of Pew's report can be found on the following link: https://www.people-press.org/2017/10/05/the-partisan-divide-on-political-values-grows-even-wider/

[6] See more details at https://www.forbes.com/sites/johnhart/2017/11/30/is-ideology-becoming-americas-official-religion/#ce0893a164b3

[7] Similarly, Wintoki and Xi (2019) document that mutual fund managers allocate assets to firms whose executives and directors share a similar political partisan affiliation.

[8] The attention that researchers pay to CEO political ideology as a personal trait stems from the fact that personal political ideology is established in early adulthood and becomes relatively consistent over time (Green, Palmquist, and Schickler (2004); Jost and Amodio (2012)). Further, the measurement of political ideology based on a CEO's donations is self-revealing and hence is subject to less measurement error.

[9] Several empirical studies show that firms slowly adjust their capital structure over multiple years (See, for example, Flannery and Rangan, 2006); Harford, Klasa, and Walcott, 2009).

Voluntary disclosure, which is subject to a higher degree of managerial discretion (e.g., Houston, Lev, and Tucker (2010); Cheng, Luo, and Yue (2013)), is then a much cleaner environment to investigate the impact of CEO political ideology on corporate policy choices.[10] Managers can utilize their full discretion over management earnings forecasts (MEF) to alter investor expectations about the future stock price and reduce information asymmetry (e.g., Coller and Yohn (1997); Brown and Hillegeist (2007)), reduce the cost of capital (e.g., Sengupta (1998); Francis, Nanda, and Olsson (2008); Baginski and Rakow (2012)), increase analyst following (e.g., Healy, Hutton, and Palepu (1999); Ajinkya, Bhojraj, and Sengupta (2005)), and increase a firm's reputation about accurate and transparent reporting (e.g., Williams (1996); Graham, Harvey, and Rajgopal (2005)). In this paper, we examine the association between CEO conservative political ideology and MEF.

Conservatism is defined by Wilson (1973) as "resistance to change and the tendency to prefer safe, traditional, and conventional forms of institutions and behavior." Since the early 1950s, political conservatism has been studied by political scientists (e.g., Huntington (1957)); Historians (Kolko (1963)); Sociologists (Lo and Schwartz (1998)); Philosophers (Eagleton (1991)), among others. Throughout these decades of research, several theoretical frameworks have emerged to explain the psychology of politically conservative individuals (Jost et al. (2003)). First, Personality theories associate political conservatism with authoritarianism and intolerance of ambiguity (Peterson, Doty, and Winter (1993)). Second, Epistemic and Existential need theories postulate that conservatives have a higher need for closure, desire for security and stability, and preference for threat and change avoidance (Jost, Kruglanski, and Simon (1999); Higgins (1997)). Lastly, sociopolitical theories argue that conservatives have a higher preference for social dominance and system justification (Sidanius and Pratto (1999)).

These theories have interesting implications with regard to conservative CEOs' attitudes towards transparency and management earnings forecast. On the one hand, by definition, individuals with a high need for closure do not have a high preference for information disclosure. Further, when it is not met by actual earnings, MEF can increase the

[10] Management earnings forecasts are defined as voluntary managerial dislosures predicting earnings prior to the actual earnings reporting date (King, Pownall, and Waymire (1990)).

possibility of litigation (Francis, Philbrick, and Schipper (1994)) as well as CEO turnover (Healy and Palepu (2001); Lee, Matsunaga, and Park (2012)). Consequently, transparency and high-quality disclosure can represent a threat to individuals with authoritarian personalities. As a result, the authoritarian nature and need for closure of politically conservative CEOs can foster their tendency to seize on information (Jost et al. (2003)). We refer to this effect as the *Authoritarian effect*.

On the other hand, prior research shows that high-quality MEF has several significant benefits to firms as well as CEOs. At the firm-level, high-quality MEF increases the firm value and reduces firm risk (Trueman (1986); Foerster, Sapp, and Shi (2010)), information asymmetry (Coller and Yohn (1997); Verrecchia (2001)), cost of capital (Leuz and Verrecchia (2000)), share price volatility (Graham et al. (2005); Billings, Jennings, and Lev (2015)), and the likelihood of litigation (Skinner (1994), (1997)). At a CEO level, high-quality MEF enhances managers' reputation (Graham et al. (2005)) and reduces career penalties in the form of bonus cuts, fewer stock grants, and forced turnover (Brochet, Faurel, and McVay (2011); Mergenthaler, Rajgopal, and Srinivasan (2012); Lee et al. (2012)). As a result, the ambiguity intolerance, desire for security (including job and financial security), and preference for threat avoidance of politically conservative CEOs can lead them to adopt a more transparent and higher quality disclosure policies. We refer to this effect as the *precautionary effect*.

Hence, Republican CEOs' attitude towards MEF is determined by their perceived (1) benefits achieved by satisfying their authoritarian needs through seizing on information, and (2) losses prevented by precautionary adopting high-quality disclosure policies. Political conservatives have always been described by personality theoreticians (see for example (Adorno et al. (1950); Altemeyer (1998)) as more sensitive to the threat of loss and are generally more motivated by negatively framed outcomes (potential losses) than by positively framed outcomes (potential gains) (Jost et al. (2003)). Consequently, we expect Republican CEOs to be more motivated by the *Precautionary effect* than by the *Authoritarian effect*, leading them to adopt more transparent disclosure policies.

Conservative CEOs' preference for more transparent MEF was apparent when Hewlett Packard's (HP) Democrat CEO Lewis E. Platt was succeeded by the renowned Republican

Carly Fiorina in 1999. HP's management earnings forecast experienced a drastic change upon this move from a Democrat to a Republican CEO. Specifically, while Mr. Platt had an average forecast issue, frequency, and accuracy of 0.143, 1.00, and 1.00, respectively, Mrs. Fiorina had significantly higher forecast issue, frequency, and accuracy of 0.60, 3.33 and 2.43, respectively. In this paper, we present evidence that HP is not a unique example; instead, it is just the tip of the iceberg.

Following Hutton et al. (2014), among others, we use CEOs' personal political donations to a candidate or a party committee to measure their political ideology.[11] Using a sample covering the period 1993-2016, we examine the effect of CEO political ideology on (I) a manager's preference for forecast issuance and frequency, (II) a manager's preference for forecast horizon and range, (III) MEF credibility including forecast bias and accuracy, the likelihood of missing their own forecasts, and the likelihood of releasing bad news vs. good news, and (IV) MEF surprises (the likelihood of having positive, negative, or neutral earnings surprise).

First, we test the effect of CEO political ideology on the likelihood and frequency of MEF. We find that, on average, Republican CEOs are approximately 13 percent more likely to issue forecasts than non-Republican CEOs. Moreover, on average, Republican CEOs disclose 16.5 percent more forecasts compared to non-Republican CEOs. Second, we test the effect of CEOs' political ideology on the earnings forecasts horizon and forecast range. Prior studies argue that point forecasts require greater managerial certainty compared to range forecasts (Hughes and Pae (2004)). Similarly, Hribar and Yang (2016) find a negative relationship between managers' overconfidence and the width of the range forecasts. Our results indicate that Republican CEOs are more likely to issue range forecasts and issue forecasts in a timely fashion, which is consistent with their conservative nature (Hutton et al. (2014)). For instance, Republican CEOs issue 12.7 percent more range estimates than non-Republican CEOs. Further, Republican CEOs have an average forecast horizon that is approximately 11 percent longer than that of non-Republican CEOs.

[11] See, for example, Hong and Kostovetsky (2012), Francis et al. (2016), Elnahas and Kim (2017), and Bhandari, Golden, and Thevenot (2018).

Third, we test the effect of CEO political ideology on the credibility of management earnings forecasts. We find that Republican CEOs are less likely to miss their own forecasts and have a lower degree of forecasting bias. For instance, on average, Republican CEOs are 14.3 percent less likely to issue optimistically biased forecasts and 14.2 percent less likely to miss forecasts in any given year as compared to other CEOs. Moreover, we find a positive relation between CEO Republican ideology and forecast accuracy. For instance, forecasts made by Republican CEOs are, on average, 8.7 percent more accurate than those made by CEOs with other political ideologies. Skinner (1994) argues that managers disclose bad news forecasts to deter future litigation. Moreover, Field, Lowry, and Shu (2005) rule out the alternative possibility that preemptive bad-news forecasts may trigger litigation. Hutton, Jiang, and Kumar (2015) find that Republican managers are less likely to be the subject of litigation related to securities fraud. Our results show that Republican CEOs are more likely to disclose bad news forecasts than good news forecasts. Lastly, we test the effect of CEO political ideology on earnings surprises. Skinner and Sloan (2002) argue that small negative earnings surprises could cause a significant stock price decline, whereas (Bartov, Givoly, and Hayn (2002); Kasznik and McNichols (2002)) document that stock price increases significantly due to a small positive earnings surprise. Our evidence shows that firms with Republican CEOs are more likely to have positive earnings surprises than negative earnings surprises. Our results are robust to controlling for other determinants of MEF, and overall, provide evidence that Republican CEOs are more likely to disseminate private information and have a higher preference for a low information asymmetry environment.

We conduct several tests to address the endogeneity concern in our baseline results. First, we use the propensity score matching technique and the difference-in-difference (DID) regression around CEO turnover events to address the possibility that certain types of firms and industries hire CEOs with a similar political ideology to implement their desired corporate policies. Second, we address the possibility that our baseline results are affected by omitting CEO characteristics, incentives, and overconfidence. Specifically, we control for a CEO pay-performance sensitivity (*Delta*) *and* CEO risk-taking incentive (*Vega*), CEO tenure, role duality, CEO age, and CEO overconfidence based on the moneyness of a CEO vested options. Third, to address the possible error in measurement bias in our baseline measures of CEO

political ideology (which follow Bhandari et al. (2018); Hong and Kostovetsky (2012)), we construct alternative measures of CEO political ideology similar to Hutton et al. (2014) and Elnahas and Kim (2017).

In order to directly test our conjecture that Republican CEOs favor higher quality MEF to avoid litigation and other disciplinary actions (*The Precautionary effect*), we conduct cross-section tests using subsamples of firms with high and low levels of institutional ownership and litigation risk. The results of these tests lend strong support to our precautionary explanation. For example, Republican CEOs are 17.7% more likely to issue forecasts than non-Republican CEOs in firms with a high level of institutional ownership, while they are only 9.7% more likely to do so in firms with a low level of institutional ownership. Similarly, the accuracy of forecasts of Republican CEOs is 20.6% higher than that of non-Republican CEOs in firms with a high level of litigation risk, while it is only 5.4% higher in firms with a low level of litigation risk.

We perform a battery of additional robustness tests. For example, we find support for our main findings when using political ideology measures for Democratic CEOs. To address the coverage issue of the guidance database, we exclude firms that have never issued earnings forecasts during our sample period and find similar results to our baseline regression.[12] Further, we test the robustness of our results to the use of several alternative measures of CEO political ideology based on an election year, cycle, and CEO tenure. Following Malmendier and Tate (2005); Campbell et al. (2011), we also control for *Net_buyer* as an alternative measure of CEO overconfidence. We also run multiple subsample tests that exclude CEOs who never donated during the sampler period, include firm-years with the CEO's donation years only, and exclude CEO turnover years and first three years of CEO tenure.[13]

This study makes several contributions to the literature. In a broader sense, it contributes to the literature on the effect of cultural aspects on corporate decision making (e.g.,

[12] Furthermore, we run a robustness test by including only firm-year observations in which a firm issues guidance and find support for our main findings. These results are available in the internet appendix.

[13] We exclude CEO turnover years and the first three years of CEO tenure to address the possibility that forecast issued during the CEO turnover years could be biased or inaccurate or a new CEO might require some time to imprint her/his ideology into corporate policy choices. These robustness tests are available in the internet appendix.

Han et al. (2010); Kanagaretnam, Lim, and Lobo (2011); Li et al. (2013); Ahern, Daminelli, and Fracassi (2015); Boubakri and Saffar (2016)). More specifically, it contributes to the recent stream of research which investigates the effect of CEO political ideology on a firm's policy choices. Prior studies in this arena mostly focus on firms' investment and financial policies. For instance, Hutton et al. (2014) find that Republican managers pursue more conservative corporate policies such as lower debt, lower R&D expenditures, and less risky investment policies. Similarly, Elnahas and Kim (2017) find that Republican CEOs are less likely to engage in M&A activities and avoid diversification. Francis et al. (2016) find that Republican managers are less likely to engage in corporate tax avoidance. Hong and Kostovetsky (2012) find that mutual fund managers who make political donations to Democrats are less likely to invest in socially irresponsible firms. Studying the impact of CEO political ideology on MEF is subject to less confounding effects because, unlike investment and financial policies which can be persistent and thus have lower managerial discretion (Fee et al. (2013)), MEF is voluntary and is subject to a higher degree of managerial discretion (e.g., King et al. (1990); Houston et al. (2010); Cheng et al. (2013)). Thus, MEF is possibly a cleaner context to investigate how CEOs' personality traits translate into their corporate decision-making process.

Further, this study contributes to the literature on understanding the determinants of MEF and the association between CEO personal characteristics and MEF. Hribar and Yang (2016) find that CEO overconfidence increases forecast issuance and optimism and reduce forecast precision. Similarly, Bamber, Jiang, and Wang (2010) find that managers with finance and accounting background and those with military experience show conservative earnings forecasts and prefer a more precise disclosure style. Further, Jiang, Kumar, and Law (2016) find that conservative analysts issue more frequent and accurate forecasts and produce better quality research. Our study extends this literature and presents evidence that Republican CEOs reduce information asymmetry through issuing more frequent, more accurate, and less biased forecasts.

The remainder of this paper proceeds as follows. Section 2 reviews the literature on behavioral consistency, CEO political ideology, and management earnings forecasts. Section 3 describes our data and the construction of our measures of CEO political ideology. Section 4

presents the empirical results and discusses their interpretation. Section 5 reports the robustness tests, and section 6 presents the concluding remarks.

2. Literature review

Researchers in sociology and behavior psychology have studied the implications of the behavioral consistency theory, which argues that people behave consistently across different domains. For example, Epstein (1979); Funder and Colvin (1991); Sherman, Nave, and Funder (2010) argue that individuals show consistent behavioral patterns across different areas. More recently, researchers in financial economics investigate whether the behavioral consistency theory can help understand various corporate decisions. For instance, Cronqvist, Makhija, and Yonker (2012) find consistent patterns between a firm's leverage choice and the CEO's personal leverage choice. Similarly, Chyz (2013) argues that executives' propensity for personal tax evasion is positively related to corporate tax sheltering. Biggerstaff, Cicero, and Puckett (2015) find that CEOs who are personally benefiting from options backdating are more engaged in corporate misconduct.

Prior literature also suggests that CEOs' personal conservatism and risk-taking behavior are reflected in corporate decision-making. For instance, Graham, Harvey, and Puri (2013) show that CEOs' optimism and risk-aversion affect their firms' financial policies. Further, Benmelech and Frydman (2015) show that military CEOs are more conservative and behave more ethically. Similarly, Cain and McKeon (2016) argue that pilot CEOs are associated with higher equity return volatility, higher leverage, and higher acquisition activity. Davidson, Dey, and Smith (2015) also find that CEOs' off-the-job behavior is positively related to their corporate behavior. In sum, managers' personality traits remain consistent across different domains and consequently influence their corporate policy choices. Recently, research in corporate finance paid particular attention to understanding managers' political ideology and its possible impact on their corporate decisions.

2.1. Political ideology, personality traits, and corporate policies

The significant attention that researchers in corporate finance pay to CEO political ideology is possibly because, unlike other personal traits, a person's political orientation tends

to be stable and consistent over time.[14] For example, Alford, Funk, and Hibbing (2005) and Hatemi et al. (2009) argue that genes play a crucial role in shaping political attitudes and ideologies, and the strength of an individual's party identification.[15] More importantly, Green et al. (2004) and Jost and Amodio (2012) argue that political ideology is established in early adulthood and becomes relatively consistent over time.

Another possible explanation of the attention paid by researchers in corporate finance to the use of CEO political ideology is the increasing polarization of the political environment in the U.S. [16] For example, Bobbio (1996); Evans (2003); Abramowitz and Saunders (2005, 2008) argue that American politics became more polarized over time. This political environment has triggered several studies aiming at understanding the differences between the two dominating political orientations in the U.S., namely Republicans and Democrats. Those studies find stark ideological and psychological differences between liberals and conservatives. For instance, Conover and Feldman (1981) argue that the main difference between these two political ideologies is the degree of openness to change. Similarly, Gillies and Campbell (1985); McAllister and Anderson (1991); Jost et al. (2003) argue that conservatives avoid ambiguity, uncertainty, and complexity. Further, Wilson (1973); Glasgow, Cartier, and Wilson (1985) show that conservatives seek familiarity, safety, and are more resistant to change.[17] Other studies also show that conservatives prefer to punish violators of social norms and prevent free riders (Skitka and Tetlock (1993)), value job security rather than task variety (Atieh, Brief, and Vollrath (1987)), fear loses and value financial security (Jost et al. (2003)), value property rights, and show more respect for authority and preference for preserving the status quo (e.g., McClosky and Zaller (1984); Murtha and Lenway (1994); Roe (2003); Detomasi (2008)).

Several recent studies investigate whether the above personality differences between conservatives and liberals translate into their firms' corporate decisions. For instance, studies

[14] If political ideology was shaped by social attributes and was subject to changes over time, then studying the translation of political ideologies into corporate policy choices will be potentially troublesome.
[15] Similarly, Bouchard Jr, and McGue (2003) argue that virtually all individual's psychological differences are moderate to substantially heritable.
[16] literature often substitute "liberalism" and "conservatism" for "liberal" and "conservative" or "left" and "right" or "democratic" and "republican".
[17] Similar results are reported by Kam and Simas (2010) who show that conservatives have higher degree of risk aversion.

show that Republican managers prefer less risky investment and financial policies, are less likely to engage in mergers and acquisitions, avoid high information asymmetry acquisitions, and are less likely to engage in corporate tax avoidance (Hutton et al. (2014); Francis et al. (2016); Elnahas and Kim (2017)). In contrast, Democratic managers are more likely to invest in corporate social responsibility (CSR) and less likely to invest in socially irresponsible firms (Hong and Kostovetsky (2012); Di Giuli and Kostovetsky (2014)). Furthermore, Hutton et al. (2015) find that Democratic managers are more likely to face litigation on securities fraud and intellectual property rights violations, whereas Republican managers are more likely to face civil rights, labor, and environmental litigation.[18] Lastly, Lee, Jeon, and Seok (2018) argue that Republican CEOs hold more outside directorship regardless of the political regime, whereas Borghesi and Chang (2018) argue that Democratic CEOs accept less compensation than Republican CEOs.

The abovementioned body of the literature investigates the association between CEO political ideology and firm investment and financial policies. Although CEOs certainly have a significant impact on firms' investment and financial policies, they do not have full autonomy over such policies due to several organizational considerations. For instance, Fee et al. (2013) argue that firms' investment and financing decisions are persistent and more likely to be determined by a firm's past policies and firm culture and, thus, are subject to a low degree of managerial discretion. Moreover, investment and financial policies that largely deviate from value maximization are usually challenged by the market for corporate control.

In contrast, management earnings forecasts are voluntary, and managers have substantial autonomy on whether, when, and how to issue earnings forecasts (King et al. (1990); Cheng et al. (2013)). For instance, managers can temporarily stop issuing earnings forecasts if they fail to meet analysts' forecasts, and resume issuance when they feel confident about meeting analyst forecasts (Houston et al. (2010)). Similarly, managers increase disclosure and bad news forecast before insider purchase and equity offerings, strategically

[18] Political ideology may affect decisions of other decision makers too. For example, Jiang et al. (2016) argue that conservative analysts produce more accurate earnings forecast, issue more frequent forecast updates, are less likely to deviate from benchmarks, and produce better quality research. Furthermore, Gupta and Wowak (2017) show that conservative boards pay CEOs more and emphasize more on firms' recent performance when design CEOs' compensation.

choose forecast precision, voluntarily disclose bad news forecasts, and tactically avoid negative earnings surprises (Skinner (1994); Lang and Lundholm (2000); Matsumoto (2002); Cheng and Lo (2006); Cheng et al. (2013)). Thus, the management earnings forecast provides an ideal setting to test how managers' personality traits affect corporate policies. Republican (Democratic) CEOs might be faced with several limitations in infusing their conservative (liberal) ideologies into their firms' investment and financial policies, and thus they have a better avenue to exercise their personal political preferences in voluntary disclosure decisions.

2.2. Management Earnings Forecast

The extant literature highlights several firm-level and CEO-level characteristics as the main determinants of the likelihood of issuance and the properties of management earnings forecast. At the firm level, researchers show that MEF depends on firms' legal and regulatory environment, investor demand, firm-specific litigation risk, volatility, and managerial incentives. For instance, investors tend to prefer investing in firms that have better disclosure policies and lower information asymmetry because such firms enjoy higher liquidity, lower cost of capital, and lower agency problems (e.g., Diamond and Verrecchia (1991); Leuz and Verrecchia (2000); Verrecchia (2001); Ajinkya et al. (2005)). Moreover, firms with higher R&D expenditures are less likely to issue forecasts (Rogers and Stocken (2005); Wang (2007)). Similarly, firms with higher volatility issues forecast less often, whereas more profitable firms issue forecasts more frequently (Waymire (1985); Miller (2002)). Waymire (1985) argues that firms with more volatile earnings issue forecast later in the year, thus forecast timeliness also reflects firms' earnings variability. Skinner (1994, 1997) argue that firms voluntarily disclose bad news forecast to avoid subsequent litigation. Similarly, firms with higher ex-ante litigation risk and bad news are more likely to issue forecasts (Cao and Narayanamoorthy (2011); Houston et al. (2019)).

At the CEO level, researchers show that MEF is affected by a CEO's compensation design, ability, overconfidence, and career concern. For example, Aboody and Kasznik (2000) argue that CEOs opportunistically time voluntary disclosure to maximize the value of their stock options compensation. Similarly, Nagar, Nanda, and Wysocki (2003) find that stock-based incentives increase management earnings forecast frequency and reduce

disclosure agency problems. Moreover, Baginski et al. (2018) argue that managers' severance pay and stock options portfolio increase their earnings forecast accuracy. Baik, Farber, and Lee (2011) find that CEO ability is positively associated with the forecast issue, frequency, and forecast accuracy. Further, Hribar and Yang (2016) argue that CEO overconfidence increases forecast issuance and optimism and more likely to miss their own forecast subsequently. Similarly, Hughes and Pae (2004); Hribar and Yang (2016) argue that point forecasts reflect greater managerial certainty compared to range forecasts and reflect managerial overconfidence.

Prior literature also recognizes the role that a CEO's career concern can play in shaping MEF. Pae, Song, and Yi (2016) find that CEOs with more significant career concerns are more likely to provide downward earnings guidance and less likely to beat market expectations. Similarly, manager's career penalties such as bonus cuts, fewer stock grants, and forced turnover can affect their earnings forecasts decisions (Brochet et al. (2011); Mergenthaler et al. (2012)). Moreover, Lee et al. (2012) find a positive relation between CEO turnover and management earnings forecasts errors. Prior studies also find associations between management earnings forecast and board structure, ownership, outside director's equity compensation, CEO integrity, and CEO centrality (Donnelly and Mulcahy (2008); Mande and Son (2012); Jia (2013); Kim et al. (2019)).

Due to the high level of autonomy that CEOs have over voluntary disclosure, we expect disclosure to be significantly affected by the CEO's personal preferences. Our earlier discussion shows that conservative individuals (Republicans) have less tolerance for ambiguity, uncertainty, and complexity, value job security, and have a higher fear of losses. These traits suggest that Republican CEOs would be more likely to disseminate precise and unbiased information. We expect conservative CEOs to utilize management earnings forecasts as a mechanism to alter investors' earnings expectations, reduce future litigation concerns, and establish their reputation with regard to transparent and accurate reporting. \

3. Data and Sample Selection

3.1. Data

We start with an initial sample of CEOs from the Compustat Executive Compensation (ExecuComp) database that covers firms in the S&P 1500 index from 1993 to 2016. We exclude financial firms (SIC between 6000 and 6999) and firms in the utility industry (SIC between 4900 and 4999). Then, we merge CEOs' data with their individual donations data obtained from the Federal Election Commission (FEC). The FEC publishes several types of files to identify donors of political contribution amounts exceeding $200. The individual's contribution files contain information on the contributor's name, city, state, zip code, employer, and occupation, as well as transaction date, amount, and unique committee ID. The committee files contain a committee ID, name, type, party affiliation, city, state, zip code, and candidate ID.[19]

CEOs and other corporate managers can contribute to the political parties through their company's Political Action Committees (PACs), or directly by making individual contributions. Since PACs can contribute to multiple parties simultaneously (Cooper, Gulen, and Ovtchinnikov (2010)), we focus on individual political contributions to a candidate or a party committee for measuring a CEO's political ideology. We identify the political contribution of CEOs using their contributions to Republican and Democratic-affiliated Senate, House, presidential candidates, and political party committees.[20] To identify a CEO's contribution to a political party, we link contributor's name, occupation, employer, and transaction date provided by the FEC with the executive's name, company name, and fiscal year from the ExecuComp database.

Our management earnings per share (EPS) forecasts data comes from I/B/E/S. We obtain actual earnings data from the I/B/E/S actuals file to ensure consistency between

[19] A committee is formed by a candidate or a political party to collect funds and contributions from individuals.
[20] Details of the campaign contribution data are available at the Federal Election Commission (FEC)- https://www.fec.gov//. We focus on the CEOs individual level campaign contribution rather than at the firm level for two reasons: (1) firms may contribute to exploit the political favors to maximize shareholders' benefits (Blau, Brough, and Thomas (2013)) whereas individuals' contributions mainly reflect their personal political preference (2) to exploit political benefits, firms typically contribute to both parties and/or their contribution may vary depending on the congress majority in each election cycle, whereas individuals' contributions mostly remain consistent across election cycles and they are mostly directed toward only one party.

management earnings forecasts and EPS realization. Following Baik et al. (2011); Lee et al. (2012); Hribar and Yang (2016), we exclude qualitative forecasts since we do not have a well-defined criterion to identify whether such forecasts were missed. We also exclude earnings preannouncements (i.e., management forecasts that are issued after the fiscal year-end but before the actual earnings announcements (Skinner (1997); Ajinkya et al. (2005); Rogers and Stocken (2005); Houston et al. (2019)). Following prior literature, we restrict our analyses to the annual EPS forecasts (Baik et al. (2011); Hribar and Yang (2016)).

Lastly, we acquire data on firm-level characteristics from Compustat, stock return data from the Center for Research in Security Prices (CRSP), and institutional ownership data from the Thomson-Reuters Institutional Holdings (13F). Combining these datasets results in a final sample of 33,951 unique firm-year observations for the period 1993-2016.

3.2. Measures of CEO Political Ideology

The recent literature that investigates the association between CEO political ideology and corporate decisions provides varying measures for a CEO's political ideology.[21] We follow Bhandari et al. (2018) in constructing our first measure of a CEO's political ideology, *Rep_dum,* which is an indicator variable that equals one if a CEO donated more to the Republican party than to the Democratic party during her/his entire tenure, and zero otherwise. This is a long-term and robust measure of a CEO's political ideology since it considers the total contribution of her/his entire tenure. Our second measure of CEO political ideology, *Rep_Index* is similar to that in Hong and Kostovetsky (2012) and is calculated as the percentage of a CEO's support for the Republican Party calculated as the number of cycles in which a CEO donates exclusively to the Republican party divided by her/his number of donation cycles in the sample period. This measure is based on the two-year election cycle, and a higher percentage shows strong Republican affiliation.

To mitigate the noise and biases in specific measures of CEO political ideology and to guarantee the comparability of our measures and those employed in the prior literature, we conduct a battery of robustness checks using several additional measures of CEO political

[21] See, for example, Hong and Kostovetsky (2012); Hutton et al. (2014); Unsal, Hassan, and Zirek (2016); Francis et al. (2016); Elnahas and Kim (2017); Bhandari et al. (2018).

ideology. For example, following Hutton et al. (2014), we use $Rep\_dum_{cycle,}$ which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party (nothing to Democratic) and 0 otherwise and $Rep\_index_{cycle,}$ which is an index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each election cycle. Further, following Elnahas and Kim (2017), we use $Rep\_dum_{tenure,}$ which is an indicator variable that equals one if all donations of a CEO during her/his entire tenure are directed to the Republican Party, and 0 otherwise. Lastly, we check the robustness of our results to the use of two different measures of Democratic Party affiliation; *Dem_dum,* which is an indicator variable that equals one if a CEO donated more to the Democratic party than to the Republican party during her/his entire tenure, and zero otherwise; and *Dem_Index,* which is the percentage of a CEO's support for the Democratic Party calculated as the number of cycles in which a CEO donates exclusively to the Democratic party divided by her/his number of donation cycles in the sample period.[22]

3.3. Measures of Voluntary Disclosure

Following prior literature, we estimate several variables that capture the likelihood as well as different properties of management earnings forecast (MEF). First, to estimate the likelihood of MEF, we use *Issue* which is an indicator variable that equals one if a firm makes at least one annual earnings forecast in a fiscal year, and zero otherwise, and *Frequency* which is the total number of annual earnings forecasts made by a firm in a fiscal year (Ajinkya et al. (2005); Baik et al. (2011); Houston et al. (2019)). Second, to measure the timeliness of forecast issuance, we use *Ln(Horizon)* which is the natural logarithm of one plus the average horizon of annual earnings forecasts made by a firm in a fiscal year (Baik et al. (2011); Houston et al. (2019)). To measure the likelihood of issuing range instead of point forecasts, we use *Range,* which is an indicator variable of range estimates (Hribar and Yang (2016)). *Forecast_Miss* is an indicator variable that equals one if a firm misses at least one forecast in a year and zero otherwise (Hribar and Yang (2016)). *OptBias* is an indicator variable that equals one if the

[22] A detailed description of these variables is available on Appendix A. Further, in addition to the measures of CEO political ideology reported in the paper, our internet appendix report results using additional measures of Republican Party affiliation, Democratic Party affiliation, and political neutrality.

average *Bias* in a year is positive and zero otherwise (Ajinkya et al. (2005)). *Accuracy* is the average Forecast accuracy for all annual earnings forecasts made by a firm in a fiscal year (Houston et al. (2019)). Next, we measure the nature of the news in MEF. *Bad_News* is an indicator variable that equals one if forecast news is negative and 0 otherwise. *Good_News* is an indicator variable equals to one if forecast news is non-negative, and zero otherwise (Rogers and Stocken (2005); Rogers and Van Buskirk (2013); Hilary, Hsu, and Wang (2014)). Lastly, we measure the direction of the earnings surprise. *Positive_Surprise* is an indicator variable that equals one if an earnings surprise is greater than 0.0001, and zero otherwise. *Negative_Surprise* is an indicator variable that equals one if an earnings surprise is less than -0.0001, and zero otherwise. *Neutral_Surprise* is an indicator variable that equals one if an earnings surprise is between 0.0001 and -0.0001 and 0 otherwise (Rogers and Van Buskirk (2013)).[23] Table 1 provides descriptive statistics for our measures of CEO political ideology, measures of MEF, and the control variables used in our baseline models.

[Please insert Table 1 here]

Statistics reported in Table 1 show that the mean value of *Rep_Dum* is 0.229, indicating that around 23 percent of CEOs make more contributions to the Republican party than to the Democratic party during their entire tenure. The mean value of *Rep_Index* is 0.169, indicating that in around 17 percent of cycles, CEOs exclusively donate to the Republican party. These statistics are consistent with those reported by Bhandari et al. (2018); Hutton et al. (2014); Hong and Kostovetsky (2012). The mean value of *Issue* is 0.35 which indicates that, on average, firms have a 35 percent likelihood of issuing at least one annual earnings forecast in a fiscal year whereas the mean value of *Frequency* is 1.55 which indicates that, on average, firms issue approximately 1.55 forecasts each fiscal year. The mean values of *Issue* and *Frequency* are comparable with (Baik et al. (2011); Hribar and Yang (2016); Houston et al. (2019)). The mean value of *Ln(Horizon)* is 1.83 which means, on average, firms in our sample announce their earnings forecasts 68 days prior to the forecast period end date and the mean values of forecasts accuracy is 1.04 which are comparable with (Houston et al. (2019)).[24] Firms

[23] A more detailed description of the calculation of these variables is on the appendix.
[24] The mean value of horizon (in terms of days) is 68 days.

in our sample, on average, have a 19% probability of missing at least one earnings forecast, and 14.3% of sample firms in our sample issue optimistically biased forecasts. On average, 53%, 36.8%, and 10.2% of sample firms issue *Positive_Surprise*, *Negative_Surprise*, and *Neutral_Surprise*, respectively, which is consistent with Rogers and Van Buskirk (2013). Further, statistics in Table 1 shows that, on average, institutional investors own about 54.2% of outstanding shares, 24% of firms are subject to increased litigation, and 20.3% of firms have issued equity in a year.[25] We present Pearson correlation coefficients in Table 2.

[Please insert Table 2 here]

Statistics in Table 2 show a positive correlation between measures of Republican ideology and measures of the likelihood of MEF (*Issue* and *Frequency*), indicates that Republican CEOs are more likely to share information with the market compared to non-Republican CEOs. Similarly, there is a positive correlation between measures of Republican ideology and *Accuracy*, indicating that Republican CEOs make more accurate forecasts. Further, there is a negative correlation between Republican ideology measures on the one hand and *Forecast_Miss* and *OptBias*, on the other hand, indicating that Republican CEOs are less likely to miss earnings forecasts and make less biased forecasts, respectively. Consistent with prior research, Republican ideology is negatively correlated with *RD* and *Volatility* and positively correlated with *ROA* (Hutton et al. (2014)). Further, we report a positive correlation between firm size and *Issue*, *Frequency*, *Ln(Horizon)*, *and Accuracy* on the one hand, and a negative correlation between firm size and *Forecast_Miss* and *OptBias* on the other hand. These correlations are consistent with the idea that larger firms issue more forecasts, have more forecast accuracy, and have less forecasting biases ((Kasznik and Lev (1995); Ajinkya et al. (2005); Baik et al. (2011); Hribar and Yang (2016); Houston et al. (2019)).

[25] The mean values of firm characteristics are comparable with prior studies. See, for example, (Kasznik and Lev (1995); Lang and Lundholm (1996); Bamber and Cheon (1998); Kasznik (1999); Rogers and Stocken (2005); Ajinkya et al. (2005); Baik et al. (2011); Hutton, Lee, and Shu (2012); Hribar and Yang (2016) Houston et al. (2019)).

4. Analysis and results

4.1. Baseline regression model

To formally test the association between CEO political ideology and management earnings forecasts, we estimate the following regression model:

$$MEF_{it} = \beta_0 + \beta_1 Republican_{it} + \gamma_{it} + \varepsilon_{it} \quad (1)$$

where MEF_{it} is the management earnings forecast likelihood and properties for firm i in year t, $Republican$ is the measures of a CEO's Republican ideology. In estimating equation (1), we use our main proxies for CEO Republican ideology, *Rep_dum,* and *Rep_Index.*[26] γ is a vector of control variables. In all our models, we include a set of dummy variables to capture year and industry fixed effects to control for time-varying unobservable industry characteristics and robust standard errors to control for unobserved heterogeneity that is not captured by control variables. Following the MEF literature, we control for firm size (*Ln(assets)*) since prior research finds a positive relation between firm size and management earnings forecasts (Kasznik and Lev (1995); Lang and Lundholm (1996); Ajinkya et al. (2005)). We control for market-to-book ratio (*MB*) to capture the impact of growth and proprietary costs on MEF (Bamber and Cheon (1998); Ajinkya et al. (2005)). We also control for *Leverage* because higher debt potentially improves a firm's information environment due to the scrutiny and monitoring by debt holders (Hutton et al. (2012); Houston et al. (2019)). Our model also controls for the intensity of investment in research and development (*RD)* because R&D intensive firms operate in an uncertain environment with high proprietary costs and information asymmetry, predicting a negative association between voluntary disclosures and R&D investment (Kasznik (1999); Jones (2007)). Further, we control for return on assets (*ROA)* because firms with poor performance are less likely to issue forecasts (Miller (2002); Barua, Legoria, and Moffitt (2006)), *volatility* because prior studies find a negative relation between the level of volatility and management earnings forecasts due to higher inherent uncertainty (Waymire (1985); Hui, Matsunaga, and Morse (2009); Houston et al. (2019)). We also control for analyst following, *Ln(Analyst)* because prior research finds a positive relationship between

[26] We use an OLS regression model for continuous earnings forecasts measures and a logit regression model for binary earnings forecasts measures.

the number of analysts following a firm and MEF (Lang and Lundholm (1996); Baginski and Hassell (1997); Ajinkya et al. (2005); Gu and Wang (2005)), institutional ownership (*Instit_Own)* because institutional owners demand more information and can also improve the accuracy and precision of forecasts (Ajinkya et al. (2005)), *Litigation* because prior research finds a negative relation between the likelihood of litigation and MEF that is made in good faith (Francis et al. (1994); Matsumoto (2002); Frankel, Johnson, and Nelson (2002)). We control for *News* because prior studies find a negative association between the sign of earnings change and MEF (Baginski, Hassell, and Kimbrough (2002); Rogers, Skinner, and Van Buskirk (2009)). A potential explanation is that firms are more likely to issue bad news forecasts than good news forecasts to deter future litigation (Skinner (1994)). We control for *Equity_Issue* and *Acquisition* since firms may provide biased disclosure to reduce information asymmetry when undergoing significant events, such as mergers and acquisitions or accessing capital markets (Hribar and Yang (2016)). Lastly, we control for *Industry_Conc* because firms in highly competitive industries may issue more pessimistic forecasts specifically when investors have difficulty identifying the forecast bias (Bamber and Cheon (1998); Rogers and Stocken (2005); Hutton et al. (2012)).

4.2. CEO political ideology and the likelihood and frequency of MEF

In this section, we test our first conjecture that firms with Republican CEOs issue more earnings forecasts than firms with non-Republican CEOs. Table 3 presents the results of the association between CEO political ideology and the likelihood and frequency of management earnings forecasts.

[Please insert Table 3 here]

Models (1) and (2) in Table 3 present results of the logistic regression models at which the dependent variable is the likelihood of MEF (*Issue*), while models (3) and (4) present results of the OLS regression models at which the dependent variable is the frequency of MEF (*Frequency*). CEO Republican ideology is measured using *Rep_Dum* and *Rep_Index* in models (1) and (3), and (2) and (4), respectively. Coefficient estimates of the Republican ideology measures in the models of the determinants of *Issue* (models (1) and (2)) are consistent with our conjecture. There is a positive and statistically significant association between CEO

Republican ideology and the likelihood of MEF. For instance, the coefficient estimates of *Rep_Dum* in the model (1) is 0.128, indicating that Republican CEOs are around 13% more likely to issue earnings forecast at any given year as compared to non-Republican CEOs. Our results also report a positive association between CEO Republican ideology and the frequency of MEF. For instance, the coefficient estimates of *Rep_Dum* in the model (3) is 0.165, indicating that Republican CEOs disclose 16.5 percent more forecasts compared to non-Republican CEOs. Similar results are reported using our alternative measure of CEO Republican ideology (*Rep_Index)* in models (2) and (4).

The coefficient estimates of other determinants of MEF likelihood and frequency are largely consistent with prior literature. For instance, our results report a positive association between firm size (*Ln(assets)* and the frequency of MEF (Houston et al. (2019)).[27] The negative coefficient of *RD* indicates that R&D intensive firms make fewer MEF (Kasznik (1999); Jones (2007)). Further, we report a positive coefficient of *ROA*, which lends support to the idea that firms with excellent performance make more MEF (Miller (2002); Barua et al. (2006)). Our results also indicate that there is a positive association between MEF and the number of analysts (Gu and Wang (2005)),[28] and a negative association between MEF and *Volatility* (Houston et al. (2019)).[29] Lastly, due to their large holdings, institutional investors demand firms release more information (Ajinkya et al. (2005)). Consistent with this idea, we find a positive association between *Instit_Own* and the likelihood and frequency of management earnings forecasts. Overall, our findings support the conjecture that firms run by Republican CEOs disclose more information.

4.3. CEO political ideology and forecast horizon and range

In this section, we test the association between CEO political ideology on the one hand and the MEF horizon and the likelihood of issuing a range forecast on the other hand. We conjecture that, because of their conservatism, Republican CEOs might prefer range over point

[27] Similar results are also reported in Kasznik and Lev (1995); Lang and Lundholm (1996); Ajinkya et al. (2005).
[28] Similar results are reported in Lang and Lundholm (1996); Baginski and Hassell (1997) Ajinkya et al. (2005).
[29] Similar results are reported in Waymire (1985); Hui et al. (2009).

estimates and might issue forecasts with a longer horizon. The results of these tests are reported in columns (5)-(8) in Table 3.

The dependent variable in the logistic regression models (5) and (6) in Table 3 is *Range*, while the dependent variable in the OLS regression models (7) and (8) is *Ln(Horizon)*. CEO Republican ideology is measured using *Rep_Dum* and *Rep_Index* in models (5) and (7), and (6) and (8), respectively. Our results show a positive association between CEO Republican ideology and forecast range and horizon. For instance, the coefficient estimates of *Rep_Dum* in the model (5) is 0.127, indicating that firms run by Republican CEOs issue 12.7% more range estimates than firms with non-Republican CEOs. Similarly, the average horizon of forecasts made by Republican CEOs is around 11% longer than the horizon of forecasts made by other CEOs. Put differently, given that the average forecast horizon in our sample is 68 days, the horizon of forecasts made by Republican CEOs is around 7-8 days longer than the horizon of forecasts made by other CEOs. These results do not change when using the *Rep_Index* as an alternative measure of CEO Republican ideology. Our results also show that larger firms issue fewer range forecasts and have a longer forecast horizon than smaller firms. Further, on the one hand, forecast horizon and the likelihood to issue range forecasts are higher for firms that are more levered, more profitable, followed by more analysts, have more institutional ownership, and that experience acquisition during the year. On the other hand, forecast horizon and the likelihood to issue range forecasts are lower for firms that have higher R&D intensity, higher volatility, have a positive change in EPS (*News*), and experience an equity issuance during the year. These results are, in general, consistent with the prior literature on the determinants of MEF horizon and range (Waymire (1985); Baik et al. (2011); Hribar and Yang (2016); Houston et al. (2019)). The positive association between Republican ideology and forecast *Range* and *Horizon* lends strong support to our conjecture that the conservative nature of Republican CEOs can translate into the properties of their MEF.

4.4. CEO political ideology and the credibility of earnings forecast.

In this section, we test the association between CEO political ideology and several properties of MEF. This group of forecast properties can together be seen as a proxy for the credibility of MEF. Conservative CEOs are expected to try to avoid negative earnings surprises,

reduce information asymmetry, and reduce the risk of litigation by issuing more accurate and less biased forecasts. To formally test this conjecture, we first test the association between CEO Republican ideology and forecast bias, miss, and accuracy. The results of this test are reported in Table 4.

[Please insert Table 4 here]

Models (1)-(2), and (3)-(4) in Table 4 report results of the logistic regression models at which *OptBias*, *Forecast_Miss* is the dependent variable, respectively, while models (5) and (6) report results of the OLS regression models at which the dependent variable is *Accuracy*. The key measure of Republican ideology in models (1), (3), and (5) is *Rep_Dum* and in models (2), (4), and (6) is *Rep_Index*. We find a negative and statistically significant association between proxies of Republican ideology and *OptBias* as well as *Forecast_Miss* on the one hand and a statistically positive association with *Accuracy* on the other hand. Republican CEOs are less likely to issue optimistically biased forecasts and less likely to miss their own earnings forecasts. Specifically, on average, firms run by Republican CEOs are 14.3% less likely to issue optimistically biased forecasts and 14.2% less likely to miss forecasts in any given year as compared to other CEOs. The conservative nature and preference for low information asymmetry environment of Republican CEOs seem to reduce their tendency to issue overly optimistic forecasts and to miss earnings forecasts.

Moreover, the coefficient estimates of *Rep_Dum* in the model (5) of Table 4 is positive and statistically significant. In addition to issuing less optimistic forecasts and missing less forecast, Republican CEOs seem to issue more accurate forecasts. Specifically, forecasts made by Republican CEOs are, on average, 8.7% more accurate than those made by CEOs with other political ideologies. The coefficients of control variables are also consistent with prior studies. For example, firm size, MB, ROA, analyst following, institutional ownership, litigation environment, News, and industry competition are negatively associated with forecast bias and forecast miss and positively associated with forecast accuracy. In contrast, leverage, R&D intensity, volatility, and equity issuance are positively associated with forecast bias and forecast miss and negatively associated with forecast accuracy.

Next, we examine the association between CEO political ideology and the earnings forecasts news. Specifically, we differentiate between bad news forecasts and good news forecasts and examine how CEO political ideology affects the issuance of bad vs. good news forecasts. The results of these tests are presented in columns (1)-(4) in Table 5.

[Please insert Table 5 here]

The key independent variable in models (1) and (3) is *Rep_Dum*, and in models (2) and (4) is *Rep_Index*. Our findings suggest that Republican CEOs are more likely to issue bad news forecasts compared to CEOs with other political ideologies. Specifically, on average, firms with Republican CEOs have around 13% more bad news forecasts than firms with non-Republican CEOs. However, the coefficient estimates of *Rep_Dum* on good news forecasts (models (3) and (4)) are positive but not significant, indicating that a CEO's political ideology is not associated with the likelihood of issuing good news forecasts.[30]

These findings are consistent with the notion that Republican managers voluntarily disclose bad news forecasts to reduce future litigation in case of large stock price decline (Skinner (1994)). Moreover, we find that the coefficient of litigation is positively and significantly associated with bad news forecasts. We also find that firm size, ROA, analyst following, institutional ownership, News, acquisition, and industry competition are positively associated with bad news forecast, whereas RD and volatility are negatively associated.

4.5. CEO political ideology and earnings surprise

Prior studies provide evidence that managers sometimes take actions to avoid negative earnings surprises because such surprises can have a significant negative impact on stock prices (Brown et al. (1987)). Further, Skinner and Sloan (2002) show that market response to negative earnings surprises is much stronger than its response to positive earnings surprises. Matsumoto (2002) argues that managers voluntarily disclose bad news forecasts or forecasts that are lower than expected to guide the analysts' forecasts downward to avoid missing expectations at the earnings announcement. Our prior results show that Republican CEOs are more likely to issue

[30] We test the estimates of positive versus negative news forecasts using the Seemingly Unrelated bivariate probit regression (SUR) model and find similar results. These results are available upon request.

bad news forecasts. Consequently, we predict that firms run by Republican CEOs would be more (less) likely to experience positive (negative) earnings surprises as compared to firms run by non-Republican CEOs. Results of testing this conjecture are reported in columns (5)-(10) in Table 5.

The dependent variable in the logistic regression models (5)-(6), (7)-(8), and (9)-(10) in Table 5 is *Positive_Surprise*, *Negative_Surprise*, and *Neutral_Surprise*, respectively. The key independent variable in models (5), (7), and (9) is *Rep_Dum* and in models (6), (8), and (10) is *Rep_Index*. Consistent with our prediction, we find that firms run by Republican CEOs are more likely to experience positive earnings surprises and less likely to experience negative earnings surprises. Specifically, coefficient estimates of *Rep_Dum* in models (5) ((7)) indicate that firms with Republican CEOs are 5.8% (9%) more (less) likely to have positive (negative) earnings surprises than firms with non-Republican CEOs. However, we do not find a significant association between CEO Republican ideology and the likelihood of having neutral earnings surprises. We also find that RD, ROA, analysts following, institutional ownership, News is positively associated with positive earnings surprises and negatively associated with negative earnings surprises. In contrast, firm size, leverage, volatility is negatively associated with the positive earnings surprise and positively associated with the negative earnings surprises. The results of this test lend additional support to our previous test, which shows that Republican CEOS are more likely to make bad news forecasts. It seems that Republican CEOs tend to impose downward pressure on analysts' forecasts leading to a higher probability of experiencing positive earnings surprises.

5. CEO political ideology and MEF. Identification and endogeneity issues

Our baseline findings show a strong association between CEO political ideology and the likelihood and properties of management earnings forecasts. However, an alternative explanation of our findings could be driven by endogenous firm-CEO matching. For instance, firms with higher disclosure quality may appoint a Republican CEO, and/or a Republican CEO might tend to move to a firm which has higher disclosure quality environment. Similarly, directors and top executives may prefer to hire a CEO who shares their political affiliation, and/or a CEO might prefer to work in a company whose directors and top executives share

her/his political affiliation. For instance, Wintoki and Xi (2019) show that fund managers prefer to allocate assets to firms managed by executives and directors with whom they share a similar political affiliation. More recently, Twitter CEO and co-founder Jack Dorsey, who exclusively donates to Democrats,[31] was in a severe threat to lose his position after the well-known Republican activist investor, Elliot Management Corporation, purchase a sizable stake in Twitter.[32] However, Khanna, Kim, and Lu (2015) argue that such a connection increases the risk of corporate fraud and reduces CEO dismissal upon the discovery of such frauds. Lee, Lee, and Nagarajan (2014) proposed a "bird of a feather" theory and show that the alignment in political orientation between CEO and independent directors is associated with lower firm valuations, lower operating profitability, and increased internal agency conflicts such as lower turnover for poorly performing CEOs and lower pay-performance sensitivity.

To address such biases arising from the endogenous firm-CEO matching, we conduct multiple causality tests using the propensity score matching (PSM) and the difference-in-difference (DID) regression.[33] To further address the omitted variable bias concerns, we conduct additional tests that control for CEO characteristics, incentives, and overconfidence. Lastly, to address the possible error in measurement issues with our baseline proxy for CEO political ideology, we use several alternative measures of political ideology following Hutton et al. (2014) and Elnahas and Kim (2017).

5.1. Propensity Score Matching (PSM).

In this section, we use the propensity score matching (PSM) technique to construct a treatment group of firms with Republican CEOs and a control group of firms with non-Republican CEOs. Specifically, *Treatment* group is identified using Rep_dum_{cycle} which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to

[31] See more details at https://nypost.com/2018/08/04/how-twitter-is-fueling-the-democratic-agenda//. Last accessed on May 07, 2020.
[32] See more details at https://www.bloomberg.com/news/articles/2020-02-29/singer-s-elliott-is-said-to-seek-to-replace-twitter-ceo-dorsey. Last accessed on May 07, 2020.
[33] In our prior tests, we controlled for various firm and CEO characteristics, year, and industry fixed effects. Moreover, we also controlled for state fixed effects, run subsample tests excluding CEO turnover years and excluding the first 3 years of CEO tenure, and change-on-change regression. These results are available on the internet appendix.

the Republican Party (nothing to Democratic) and *Control* group is a matching sample of firms which CEOs donated to other parties or never donated. We carefully match the *Treatment* and *Control* groups on multiple firm characteristics as well as year and industry to mitigate the endogeneity issue. Table 6 presents our PSM results.

[Pease insert table 6 here]

Panel A in Table 6 presents results for the diagnostic-differences in means of firm characteristics between *Treatment* and *Control* groups. Reported t-stats show that there are no significant differences in firm characteristics between the *Treatment* and *Control* groups. Panel B and C in Table 8 present the results for the models of the association between management earnings forecasts and CEO political ideology from the matched firm-years. Our findings indicate that Rep_dum_{cycle} *is* positively associated with forecast issue, frequency, range, horizon, accuracy, bad news, positive earnings surprise, and negatively associated with forecast miss, bias, and negative earnings surprise. Overall, even though our matched sample size drops to 9,578 firm-years, the effect of CEO political ideology on management earnings forecast properties is qualitatively similar to that reported in our baseline models.[34]

5.2. Management earnings forecasts around CEO Turnover: A DID test

To better establish the causal relationship between CEO political ideology and management earnings forecast, we exploit the difference-in-difference (DID) regression around CEO turnover. Specifically, *Rep-Leaving* is a dummy variable equals one if a firm replaces a Republican CEO with a non-Republican CEO and 0 otherwise. Republican CEOs are defined using $Rep\_dum_{Only,}$ which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only. *After* is a dummy variable equals 1 for the post-turnover years and 0 for the pre-turnover years. Our difference in difference (DID) variable *Rep-Leaving*After* is then calculated by multiplying *Rep-Leaving* and *After*. The coefficient estimates of *Rep-Leaving*After* is indicative of the impact of replacing a Republican CEO with a non-Republican CEO on MEF. Our baseline results would

[34] Our results remain qualitatively similar if we change the treatment and control groups based on our alternative measures of CEO political ideology. These results are available on the internet appendix.

predict a reduction in the likelihood and credibility of MEF following such turnover events. To avoid the impact of other confounding effects, we retain firm-year observations for the -3, +3 years around CEO turnover events. Further, we restrict our test to turnover events where a long-term old CEO is replaced by a long-term new CEO (long-term CEOs are those who hold their position for at least three years). The results of our DID test are reported in Table 7.

[Please insert Table 7 here]

Consistent with our baseline results, the coefficient of *Rep-Leaving*After* is significantly negative in models of MFE *Issue*, *Frequency*, *Range*, *Horizon*, *Accuracy*, and *Bad_News* and significantly positive in models of *Forecast_Miss*, *Bias*, and *Negative_Surprise*.[35] Overall, these results lend strong support to the causality interpretation of our results. CEOs' political ideologies seem to affect the frequency and properties of their earnings forecasts. Replacing a Republican CEO with a non-Republican CEO reduces firms' voluntary disclosure frequency and quality.

5.3. Controlling for CEO characteristics, incentives, and overconfidence

Our proxies of Republican ideology are constructed from each CEO's individual donations data and hence are valid measures of political orientation. However, if these proxies are mere reflections and/or highly correlated with other CEO characteristics that our baseline models do not control for, then our baseline results might suffer an endogeneity issue. To address these omitted variables bias, we control for a wide range of CEO characteristics. Specifically, we control for *Ln(Tenure)* and *Duality* because forecasting accuracy and earnings announcement tone are shown to be positively associated the managers' experience and CEO duality (Feng, Li, and McVay (2009); Ittner and Michels (2017), DeBoskey, Luo, and Zhou (2019)). We also control for *Ln(Age)* because prior studies find a negative relation between CEO age and bad news hoarding (Andreou, Louca, and Petrou (2017)) and a positive relation between CEO age and financial reporting quality (Huang, Rose-Green, and Lee (2012)). We

[35] Our findings are qualitatively similar if we restrict our sample to -2, +2 years around CEO turnover events. We also find significant results for change in earnings forecasts on change in CEO political ideology due to CEO turnover. where ΔREP_{CEO} =1 if a Republican CEO (Rep_dum_{Only}) replaces a Democratic CEO (Dem_dum_{Only}), 0 if the political ideology is similar after a CEO turnover, and -1 if a Democratic CEO replaces a Republican CEO. These results are available on the internet appendix.

include CEO pay-performance sensitivity (*Ln(Delta)*) *and* CEO risk-taking incentive or (*Ln(Vega)*) because prior research finds a positive relationship between CEO equity compensation and management earnings forecasts (Nagar et al. (2003); Baginski et al. (2018); Kim et al. (2019)).[36] We also control for measures of CEO overconfidence, such as *Holder67* and *Net_buyer* following (Hribar and Yang (2016)), and CEO ownership (*CEO_Own)* following (Malmendier and Tate (2005)). The results of this test are reported in Table 8.

[Please insert Table 8 here]

Panel A in Table 8 reports results of the association between CEO political ideology *and Issue, Frequency, Range, Ln(Horizon), OptBias, and Forecast_Miss* whereas Panel B reports results of the association between CEO political ideology and *Accuracy, Bad_News, Good_News, Positive_Surprise, Negative_Surprise, and Neutral_Surprise.* After controlling for firm and CEO characteristics, the results are quantitatively and statistically similar to those of the baseline models. For instance, we find a positive association between measures of CEO Republican ideology and forecast issue, frequency, range, horizon, accuracy, and bad news, while a negative association between measures of CEO Republican ideology and forecast bias, the likelihood of missing earnings forecasts, and negative earnings surprise. Consistent with prior studies, we find that Vega is positively associated with the forecast issue, frequency, range, horizon, accuracy, and bad news and negatively associated with the forecast bias and forecast miss (please insert citation here). Our results also suggest that CEO overconfidence is positively associated with forecast issuance and forecast frequency.

5.4. Alternative measures of CEO political ideology.

Our baseline models use *Rep_Dum* (Bhandari et al. (2018)) and *Rep_Index* (Hong and Kostovetsky (2012)) as proxies for CEO Republican ideology. The construction of these individual proxies can result in another source of endogeneity in our baseline results due to error in measurement. To address this concern, and to reduce the noise and biases in the

[36] Similarly, managers provide opportunistic voluntary disclosure to maximize their stock option compensation (Aboody and Kasznik (2000); Cheng et al. (2013)), increase disclosures activity before seasoned equity offerings (Lang and Lundholm (2000)) and managers forecast optimism increase as the level of stock options increases (Kanagaretnam, Lobo, and Mathieu (2015)).

baseline measures of CEO political ideology, we employ three alternative measures of CEO Republican ideology, namely *Rep_index*$_{cycle}$, *Rep_dum*$_{cycle}$ (Hutton et al., 2014), *and Rep_dum*$_{tenure}$ (Elnahas and Kim (2017)). The results of the tests that use these alternative measures are reported in Table 9.

[Please insert Table 9 here]

results in Table 9 lend strong support to our baseline results and refute the possibility that our findings are biased to individual measures of Republican ideology. For instance, on average, Republican CEOs are 8% to 12 % more likely to issue forecast as compared to non-Republican CEOs (based on the alternative Republican ideology measure used). Further, on average, Republican CEOs have a 9% to 11 % more forecasting frequency than non-Republican CEOs (based on the alternative Republican ideology measure used). Similarly, using these alternative proxies for political ideology, Republican CEOs consistently have a higher likelihood to issue range forecasts, longer forecast horizon, higher forecast accuracy, more likelihood of issuing bad news forecasts, higher likelihood of having earnings surprises, less forecast bias, and a lower likelihood of missing earnings forecast.

5.5. Republican CEOs: The authoritarian vs. the precautionary effects

Francis et al. (1994) find that, when it is not met by actual earnings, MEF can increase the possibility of litigation. Further, Healy and Palepu (2001); Lee et al. (2012) find that missing MEF can lead to CEO turnover. Our authoritarian effect assumes that transparency and high-quality disclosure can represent a threat to individuals with authoritarian personalities. As a result, the authoritarian nature and need for closure of politically conservative CEOs can foster their tendency to seize on information (Jost et al. (2003)). On the other hand, Skinner (1994) finds that high-quality MEF can reduce the likelihood of litigation. Further, high-quality MEF can reduce career penalties in the form of bonus cuts, fewer stock grants, and forced turnover (Brochet et al. (2011); Mergenthaler et al. (2012); Lee et al. (2012)). As a result, our precautionary effect assumes that the ambiguity intolerance, desire for security (including job and financial security), and preference for threat avoidance of politically conservative CEOs can lead them to adopt a more transparent and higher quality disclosure policies.

Our results so far are consistent with the precautionary effect of CEO conservatism. In order to better establish the precautionary effect as an explanation of our results, we conduct cross-sectional tests using subsamples of firms with high and low levels of institutional ownership and litigation risk. If Republican CEOs indeed adopt the high-quality MEF policies as a precaution to avoid litigation and career penalties, then our results are expected to be stronger for firms with strong institutional monitoring and high level of litigation risk. We report the results of our cross-sectional tests based on institutional ownership in Table 10.

[Please insert Table 10 here]

Panel A1 and A2 (B1 and B2) in Table 10 report results for a subsample of firms with above (below) median level of institutional ownership. The impact of CEO Republican ideology on the likelihood and characteristics of MEF is much stronger in the high institutional ownership subsample. For example, using *Rep_dum*, Republican CEOs are 17.7% more likely to issue MEF than non-Republican CEOs in firms with a high level of institutional ownership, while they are only 9.7% more likely to do so in firms with a low level of institutional ownership. Similarly, Republican CEOs are 20.2% more likely to issue range forecasts than non-Republican CEOs in firms with a high level of institutional ownership, while they are only 1.9% more likely to do so in firms with a low level of institutional ownership. These results are consistent across all other variables that capture different characteristics of MEF. Next, we report the results of our cross-sectional tests based on litigation risk in Table 11.

[Please insert Table 11 here]

Panel A1 and A2 (B1 and B2) in Table 11 report results for a subsample of firms with a high (low) level of litigation risk. The impact of CEO Republican ideology on the likelihood and characteristics of MEF is also much stronger in the high litigation risk subsample. For example, using *Rep_dum*, the *Accuracy* of MEF of Republican CEOs is 20.6% higher than non-Republican CEOs in firms with a high level of litigation risk, while it is only 5.4% higher in firms with the low level of litigation risk. These results are also consistent across most of the other characteristics of MEF. In general, these cross-sectional results lend strong support to the precautionary effect explanation. Republican CEOs favor a more frequent and higher quality

forecasts when the likelihood of disciplinary actions are elevated due to strong institutional owners and high litigation risk.

6. Robustness checks

6.1. Robustness check. CEO Democratic ideology and MEF

To fully understand the interlinks between CEO political ideology and MEF, in this section, we examine the association between CEO Democratic ideology and the likelihood as well as the properties of earnings forecast. Specifically, we run our models using the *Dem_Dum and Dem_Index*.[37] The results of these tests are presented in Table 12.

[Please insert Table 12 here]

Results in Table 12 lend strong support to the main premises of this paper. CEO Democratic ideology is negatively associated with forecast issue, frequency, range, horizon, accuracy, bad news, and positive earnings surprise and positively associated with forecast bias, forecast miss, and negative surprise—some of these effects are not statistically significant though. Specifically, these results show, on average, that Democratic CEOs are around 8.8% less likely to issue forecasts as compared to CEOs with other political ideologies (model 1). Further, on average, Democratic CEOs are 9% to 12% less likely to miss forecast, 3.6% to 7.4% more likely to experience negative earnings surprise, 4.5% to 7.7% less likely to experience positive earnings surprise, and have 2.5% to 4.3% higher forecast accuracy as compared to non-Democratic CEOs.

7. Conclusion

The main premise of this paper is that a CEO's political ideology can translate into her/his decisions related to voluntary disclosure. Specifically, Republican CEOs who are often described as more conservative might use voluntary disclosure to reduce information asymmetry, the likelihood of negative earnings surprises, and risk of litigation. We investigate this conjecture using the CEO political contributions data for the period 1993-2016.

[37] It is worth noting that measures of CEO Democratic ideology are not mirror images of measures of CEO Republican ideology due to the existence of many non-Republican/non-Democratic CEOs.

Specifically, we tests (i) whether CEO political orientation affects the likelihood and frequency of management earnings forecasts, (ii) whether CEO political orientation is associated with properties of MEF such as forecast range, optimism, horizon, accuracy and miss, and (iii) whether CEO political orientation is associated with the nature of the forecast news (bad vs. good news and positive vs. negative earnings surprises).

Our findings suggest that firms run by Republican CEOs are more likely to issue forecasts and have higher forecast frequency. Consistent with the conservatism characteristics of Republican CEOs, we find that they are more likely to issue range forecasts, have less forecasting bias, and less likely to miss their own forecast subsequently. Republican CEOs also issue forecasts in a timely fashion and with higher accuracy. Further analyses reveal that Republican CEOs tend to issue negative news leading to more positive earnings surprises. In contrast, we find that Democratic CEOs are less likely to issue forecasts, have less forecasting frequency, issue forecasts in a less timely fashion, have less forecasting accuracy, have more optimistically biased forecasts, and are more likely to miss their own forecasts. Our results are robust to the use of several alternative measures of CEO political ideology to address the error in measurement issues. Further, our results are consistent using multiple subsample analyses to address. For instance, to address the database coverage issue, we restrict the sample to firms that have issued at least one forecast within our sample period.

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Appendix A. Variable definition

Variable	Definition
CEO political ideology (baseline)	
Rep_dum	An indicator variable that equals one if a CEO donated more to the Republican party than to the Democratic party during her/his tenure [Bhandari et al. 2018].
Rep_Index	Percentage of a CEO's support for the Republican Party calculated as the number of cycles in which a CEO donates exclusively to the Republican party divided by her/his number of donation cycles in the sample period [Hong and Kostovetsky, 2012].
CEO political ideology (Robustness)	
Dem_dum	An indicator variable that equals one if a CEO donated more to the Democratic party than to the Republican party during her/his tenure.
Dem_Index	Percentage of a CEO's support for the Democratic Party calculated as the number of cycles in which a CEO donates exclusively to the Democratic party divided by her/his number of donation cycles in the sample period.
Rep_dum_{cycle}	An indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party [Hutton et al. 2014].
Rep_dum_{tenure}	An indicator variable that equals one if all donations of a CEO during her/his tenure are directed to the Republican Party [Elnahas and Kim, 2017].
Rep_index_{cycle}	An index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each election cycle. This index ranges between -1 (strong Democrat) and 1 (strong Republican) [Hutton et al. 2014].
Rep_dum_{Only}	An indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others).
Voluntary disclosure	
Issue	An indicator variable that equals one if a firm makes annual earnings forecasts in a fiscal year.
Frequency	The total number of annual earnings forecasts made by a firm in a fiscal year.
Ln(Horizon)	The natural logarithm of one plus the average horizon of annual earnings forecasts made by a firm in a fiscal year. For each forecast, the horizon is defined as the number of calendar days between the forecast announcement date and the corresponding period end date. We assign a value of 0 when a firm makes no forecasts in a fiscal year.
Range	An indicator variable of range estimates. For each forecast, we first assign 1 for range estimates, and 0 otherwise. This indicator variable is then averaged for each firm-year. The range is then defined as an indicator variable that equals one if the average range is greater than 0.5, and 0 otherwise.
Forecast_Miss	An indicator variable that equals one if a firm misses at least one forecast in a year, and zero otherwise. Where *Miss* equals one if the actual earning is less than the management earnings forecasts, and zero otherwise for open-ended and point forecasts, and equals one if the actual earnings are less than the lower bound of the range forecast for range estimates.
OptBias	An indicator variable that equals one if the average *Bias* in a year is positive, and 0 otherwise. Where, for each estimate, *Bias* is the difference between management earnings forecasts and actual earnings scaled by the stock price at the end of the month prior to the forecast.

Appendix A. Variable definition. Cont'd

Accuracy	The average Forecast accuracy for all annual earnings forecasts made by a firm in a fiscal year. For each estimate, we first calculate the absolute difference between management earnings forecasts and actual earnings scaled by the stock price at the end of the month prior to the forecast. Next, we identify forecast accuracy as the quintile ranking of the scaled difference, where one is assigned for the top quintile (largest error), and five is assigned for the bottom quintile (lowest error), and zero if no forecasts are made.
Bad_News	An indicator variable that equals one if forecast news is negative, and 0 otherwise. Where forecast news is the difference between the management earnings forecasts and the most recent mean analyst estimate deflated by the stock price one trading day prior to the management forecast release date.
Good_News	An indicator variable equals one if forecast news is non-negative, and zero otherwise. Forecast news is the difference between the management earnings forecasts and the most recent mean analyst estimate scaled by the stock price one trading day prior to the management forecast release date.
Positive_Surprise	An indicator variable that equals one if an earnings surprise is greater than 0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.
Negative_Surprise	An indicator variable that equals one if an earnings surprise is less than -0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.
Neutral_Surprise	An indicator variable that equals one if an earnings surprise is between 0.0001 and -0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.
Firm Characteristics	
Ln(assets)	The natural logarithm of total assets (at).
MB	The ratio of market to book value of equity. [(prcc_f*csho) / ceq].
Leverage	The ratio of total debt divided by market value of total assets. [(Dltt+Dlc) / (at-ceq+csho*prcc_f)].
RD	Expenditures on research and development scaled by total assets. [xrd/at]
ROA	Return on assets measured as income before extraordinary items scaled by total assets. [ib/at]
Volatility	The standard deviation of daily stock return (CRSP variable ret) of a firm over the last fiscal year.
Ln(Analyst)	The natural logarithm of the number of analysts following a firm.
Instit_Own	The percentage of shares owned by institutional investors.
Litigation	An indicator variable that equals one if a firm's SIC code is in industries subject to increased litigation (2833-2836, 3570-3577, 3600-3674, and 7370-7374), and zero otherwise.
News	An indicator variable that equals one if the current period EPS is greater than or equal to the previous-period EPS, and 0 otherwise.
Equity_Issue	An indicator variable that equals 1 if a firm issued shares in a year.
Acquisition	An indicator variable that equals 1 if a firm's annual acquisitions or merger-related costs exceeded five percent of net income (loss) in year t, and zero otherwise. [aqc/ni]

Appendix A. Variable definition. Cont'd

Industry_Conc	A firm's industry concentration, measured as the sum of sales of the top five firms in its two-digit SIC code scaled by total sales of all firms in its two-digit SIC code in year t. $[\sum_{i=1}^{5} Sale_{i,j} \;/\; \sum_{i=1}^{n} Sale_{i,j}]$
CEO Characteristics	
Ln(Tenure)	The natural logarithm of CEO tenure, where tenure is defined as the length of a CEO's tenure with her/his current firm (measured as fiscal year minus year joined as CEO).
Ln(Age)	The natural logarithm of the age of a CEO as of the year in which a management earnings forecast was released.
Duality	An indicator variable that equals 1 if a CEO is also the chairman, and 0 otherwise.
Ln(Delta)	The natural logarithm of the expected dollar changes in CEO wealth for a 1% change in stock price computed as in Core and Guay (2002).
Ln(Vega)	The natural logarithm of the expected dollar changes in CEO wealth for a 1% change in stock return volatility computed as in Guay (1999).
CEO_Own	The percentage of shares outstanding owned by a CEO. [SHROWN_EXCL_OPTS / (CSHO*1000)]
Overconfidence	An indicator variable that equals one if a CEO holds vested options with average moneyness greater than 67 percent. Starting in the first year when a CEO displays this behavior. Option moneyness is calculated as follows: first, we calculate the realizable value per option as the total realizable value of the exercisable options divided by the number of exercisable options *[Value_Per_option = (OPT_UNEX_EXER_EST_VAL / OPT_UNEX_EXER_NUM)]*. Second, we compute the estimate of the average exercise price of the options by subtracting the per-option realizable value from the stock price at the fiscal year-*end [avg_exercise_price = (prccf - Value_Per_option)]*. Lastly, the average percent moneyness of an option equals the per-option realizable value divided by the estimated average exercise price *[avg_pctg_moneyness_opt = (Value_Per_option / avg_exercise_price)]*. [Malmendier and Tate, 2005; Campbell et al. 2011; Hirshleifer, Low, and Teoh, 2012]

Table 1. Summary Statistics.

This table reports descriptive statistics for measures of CEO political ideology, voluntary disclosure, and control variables for our sample covering the period 1993-2016. *Rep_Dum* is an indicator variable that equals one if a CEO donated more to the Republican party than to the Democratic party during her/his tenure. *Rep_Index* is the percentage of a CEO's support for the Republican Party calculated as the number of cycles in which a CEO donates exclusively to the Republican party divided by her/his number of donation cycles in the sample period. All other variables are defined in Appendix A.

variable	No.	Mean	Std Dev	25th Perc	Median	75th Perc
CEO political ideology						
Rep_Dum	33,951	0.229	0.420	0.000	0.000	0.000
Rep_Index	33,951	0.169	0.337	0.000	0.000	0.000
Voluntary Disclosure						
Issue	33,951	0.353	0.478	0.000	0.000	1.000
Frequency	33,951	1.550	2.619	0.000	0.000	3.000
Ln(Horizon)	33,951	1.828	2.493	0.000	0.000	5.141
Range	33,951	0.266	0.442	0.000	0.000	1.000
Forecast_Miss	33,951	0.190	0.392	0.000	0.000	0.000
OptBias	33,951	0.143	0.350	0.000	0.000	0.000
Accuracy	33,951	1.035	1.592	0.000	0.000	2.000
Bad_news	33,951	0.278	0.448	0.000	0.000	1.000
Good_News	33,951	0.192	0.394	0.000	0.000	0.000
Positive_Surprise	33,951	0.530	0.499	0.000	1.000	1.000
Negative_Surprise	33,951	0.368	0.482	0.000	0.000	1.000
Neutral_Surprise	33,951	0.102	0.302	0.000	0.000	0.000
Firm Characteristics						
Ln(Assets)	33,951	7.181	1.597	6.023	7.047	8.211
MB	33,951	3.235	4.049	1.488	2.352	3.844
Leverage	33,951	0.147	0.144	0.020	0.114	0.225
RD	33,951	0.034	0.059	0.000	0.003	0.044
ROA	33,951	0.037	0.114	0.015	0.052	0.090
Volatility	33,951	0.027	0.014	0.018	0.024	0.034
Ln(Analyst)	33,951	2.116	0.805	1.609	2.197	2.708
Instit_Own	33,951	0.542	0.360	0.150	0.647	0.837
Litigation	33,951	0.240	0.427	0.000	0.000	0.000
News	33,951	0.631	0.482	0.000	1.000	1.000
Equity_Issue	33,951	0.203	0.402	0.000	0.000	0.000
Acquisition	33,951	0.411	0.492	0.000	0.000	1.000
Industry_Conc	33,951	0.475	0.151	0.356	0.447	0.539

Table 2. Pearson correlations

This table reports Pearson correlation coefficients. *Rep_Dum* and is an indicator variable that equals one if a CEO donated more to the Republican party than to the Democratic party during her/his tenure. *Rep_Index* is the percentage of a CEO's support for the Republican Party calculated as the number of cycles in which a CEO donates exclusively to the Republican party divided by her/his number of donation cycles in the sample period. All other variables are defined in Appendix A.

Variables		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Rep_Dum	A	1																				
Rep_Index	B	0.86																				
Issue	C	0.03	0.04																			
Frequency	D	0.04	0.05	0.80																		
Ln(Horizon)	E	0.03	0.04	0.99	0.80																	
Range	F	0.02	0.03	0.85	0.74	0.85																
Forecast_Miss	G	-0.03	-0.03	-0.60	-0.42	-0.59	-0.53															
OptBias	H	-0.03	-0.04	-0.70	-0.59	-0.69	-0.63	0.85														
Accuracy	I	0.04	0.05	0.88	0.73	0.87	0.75	-0.58	-0.69													
Ln(Assets)	J	0.15	0.21	0.20	0.24	0.20	0.17	-0.13	-0.16	0.22												
MB	K	0.00	0.00	0.05	0.06	0.05	0.03	-0.07	-0.08	0.10	0.00											
Leverage	L	0.06	0.07	-0.04	-0.03	-0.04	-0.04	0.08	0.08	-0.09	0.28	-0.22										
RD	M	-0.10	-0.10	-0.08	-0.07	-0.08	-0.09	0.04	0.05	-0.08	-0.27	0.13	-0.30									
ROA	N	0.05	0.06	0.13	0.13	0.13	0.11	-0.15	-0.17	0.18	0.14	0.17	-0.25	-0.29								
Volatility	O	-0.08	-0.09	-0.13	-0.17	-0.13	-0.13	0.10	0.12	-0.18	-0.35	-0.06	0.00	0.25	-0.29							
Ln(Analyst)	P	0.11	0.14	0.19	0.20	0.19	0.15	-0.13	-0.16	0.23	0.59	0.16	-0.04	-0.02	0.20	-0.20						
Instit_Own	Q	0.03	0.02	0.12	0.13	0.12	0.11	-0.07	-0.10	0.12	0.13	0.03	0.00	0.02	0.09	-0.07	0.20					
Litigation	R	-0.10	-0.11	-0.02	-0.00	-0.02	-0.03	-0.00	0.00	-0.02	-0.15	0.11	-0.27	0.55	-0.10	0.20	0.04	0.06				
News	S	0.00	0.02	0.00	0.03	0.00	0.00	-0.16	-0.17	0.07	-0.00	0.12	-0.14	-0.05	0.33	-0.06	0.05	0.00	-0.00			
Equity_Issue	T	-0.06	-0.07	-0.06	-0.07	-0.07	-0.08	0.03	0.03	-0.05	-0.23	0.11	-0.17	0.25	-0.06	0.24	0.00	0.02	0.21	0.08		
Acquisition	U	0.00	0.00	0.14	0.13	0.13	0.12	-0.07	-0.09	0.14	0.12	-0.03	0.05	-0.07	0.07	-0.13	0.06	0.11	0.00	-0.03	-0.00	
Industry_Conc	V	0.02	0.02	0.04	0.07	0.04	0.05	-0.03	-0.04	0.04	0.06	-0.02	0.05	-0.04	0.02	-0.07	-0.07	0.03	-0.16	-0.00	-0.07	0.02

Table 3. CEO political ideology and the Likelihood, Frequency, Range, and Horizon of MEF.
This table presents tests of the association between CEO political ideology and the likelihood and frequency of earnings forecasts as well as the likelihood of issuing range forecasts and forecast horizon. In the Logistic regressions in columns (1) and (2), the dependent variable is *Issue* which is an indicator variable that equals one if a firm makes annual earnings forecasts in a fiscal year, and zero otherwise. In the OLS regressions in columns (3) and (4), the dependent variable is *Frequency* which is the total number of annual earnings forecasts made by a firm in a fiscal year. In the Logistic regression in columns (5) and (6), the dependent variable is *Range*, which is an indicator variable of range estimates. In the OLS regressions in columns (7) and (8), the dependent variable is *Ln(Horizon)*, which is the natural logarithm of one plus the average horizon of annual earnings forecasts made by a firm in a fiscal year. Measures of CEO political ideology, *Rep_Dum* and *Rep_Index, and a*ll other independent variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Issue		*Frequency*		*Range*		*Ln(Horizon)*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rep_Dum	0.128†		0.165†		0.127†		0.111†	
	(3.86)		(5.26)		(3.62)		(3.86)	
Rep_Index		0.126†		0.117†		0.144†		0.100†
		(3.08)		(3.04)		(3.34)		(2.82)
Ln(assets)	0.018	0.021	0.121†	0.126†	-0.025*	-0.022	0.022*	0.024**
	(1.28)	(1.51)	(9.72)	(10.09)	(-1.71)	(-1.53)	(1.85)	(2.09)
MB	0.002	0.002	0.015†	0.015†	0.000	0.000	0.008**	0.008**
	(0.44)	(0.49)	(4.12)	(4.20)	(0.01)	(0.06)	(2.37)	(2.42)
Leverage	0.450†	0.449†	0.364†	0.362†	0.380†	0.380†	0.246**	0.244**
	(3.66)	(3.65)	(3.68)	(3.66)	(2.90)	(2.90)	(2.48)	(2.46)
RD	-3.649†	-3.637†	-1.935†	-1.925†	-4.655†	-4.638†	-2.600†	-2.591†
	(-9.74)	(-9.71)	(-7.14)	(-7.10)	(-11.01)	(-10.97)	(-9.62)	(-9.58)
ROA	1.406†	1.413†	0.790†	0.796†	1.242†	1.247†	0.778†	0.782†
	(7.97)	(8.01)	(7.26)	(7.31)	(6.48)	(6.51)	(6.51)	(6.54)
Volatility	-23.445†	-23.389†	-17.674†	-17.654†	-23.294†	-23.230†	-18.934†	-18.917†
	(-16.69)	(-16.66)	(-17.64)	(-17.62)	(-15.47)	(-15.44)	(-17.43)	(-17.42)
Ln(Analyst)	0.671†	0.671†	0.467†	0.469†	0.546†	0.546†	0.542†	0.543†
	(26.76)	(26.78)	(23.32)	(23.40)	(20.66)	(20.66)	(27.38)	(27.42)
Instit_Own	0.251†	0.248†	0.184†	0.180†	0.216†	0.213†	0.185†	0.182†
	(6.06)	(5.99)	(4.54)	(4.45)	(4.96)	(4.88)	(4.82)	(4.75)
Litigation	0.209†	0.210†	0.289†	0.289†	0.186†	0.189†	0.205†	0.205†
	(3.67)	(3.69)	(5.48)	(5.46)	(3.16)	(3.21)	(4.11)	(4.12)
News	-0.115†	-0.115†	0.013	0.013	-0.101†	-0.101†	-0.083†	-0.082†
	(-3.82)	(-3.81)	(0.47)	(0.50)	(-3.17)	(-3.17)	(-3.19)	(-3.17)
Equity_Issue	-0.094**	-0.095**	-0.025	-0.026	-0.134†	-0.134†	-0.080†	-0.081†
	(-2.46)	(-2.48)	(-0.79)	(-0.82)	(-3.22)	(-3.23)	(-2.58)	(-2.60)
Acquisition	0.353†	0.353†	0.302†	0.302†	0.334†	0.334†	0.321†	0.321†
	(12.27)	(12.28)	(11.17)	(11.17)	(10.93)	(10.95)	(12.49)	(12.49)
Industry_Conc	0.704†	0.705†	0.554†	0.549†	0.290*	0.294*	0.552†	0.550†
	(4.99)	(4.99)	(4.56)	(4.51)	(1.92)	(1.94)	(4.72)	(4.71)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo / Adj. R^2	0.257	0.257	0.280	0.279	0.253	0.253	0.269	0.268

Table 4. CEO Political Ideology and MF Bias, Miss, and Accuracy

This table presents tests of the association between CEO political ideology and management earnings forecast's optimism, miss incidences, and accuracy. In the Logistic regressions in columns (1) and (2), the dependent variable is *OptBias*, which is an indicator variable that equals one if the average bias in a year is positive, and 0 otherwise. In the Logistic regressions in columns (3) and (4), the dependent variable is *Forecast_Miss* which is an indicator variable that equals one if a firm misses at least one forecast in a year, and zero otherwise. In the OLS regressions in columns (5) and (6), the dependent variable is *Accuracy*, which is the average Forecast accuracy for all annual earnings forecasts made by a firm in a fiscal year. Measures of CEO political ideology, *Rep_Dum*, and *Rep_Index*, and all other independent variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	OptBias		*Forecast_Miss*		*Accuracy*	
	(1)	(2)	(3)	(4)	(5)	(6)
Rep_Dum	-0.143†		-0.142†		0.087†	
	(-3.92)		(-3.64)		(4.58)	
Rep_Index		-0.158†		-0.194†		0.084†
		(-3.50)		(-4.09)		(3.60)
Ln(assets)	-0.069†	-0.073†	-0.038**	-0.041**	0.020†	0.022†
	(-4.61)	(-4.84)	(-2.40)	(-2.57)	(2.72)	(3.00)
MB	-0.007**	-0.008**	-0.005	-0.006	0.014†	0.014†
	(-1.96)	(-2.02)	(-1.39)	(-1.44)	(6.66)	(6.71)
Leverage	0.333**	0.331**	0.311**	0.312**	-0.297†	-0.297†
	(2.29)	(2.28)	(2.00)	(2.00)	(-5.24)	(-5.25)
RD	2.555†	2.532†	1.827†	1.797†	-1.433†	-1.424†
	(5.80)	(5.75)	(3.99)	(3.93)	(-8.84)	(-8.78)
ROA	-2.777†	-2.786†	-2.620†	-2.625†	0.675†	0.678†
	(-11.87)	(-11.91)	(-10.87)	(-10.90)	(10.53)	(10.57)
Volatility	17.410†	17.350†	15.227†	15.160†	-15.288†	-15.274†
	(11.20)	(11.17)	(9.38)	(9.34)	(-23.44)	(-23.41)
Ln(Analyst)	-0.458†	-0.459†	-0.409†	-0.409†	0.383†	0.384†
	(-16.63)	(-16.66)	(-13.92)	(-13.92)	(31.87)	(31.90)
Instit_Own	-0.196†	-0.193†	-0.068	-0.065	0.086†	0.084†
	(-4.21)	(-4.13)	(-1.38)	(-1.30)	(3.52)	(3.43)
Litigation	-0.228†	-0.231†	-0.146**	-0.151**	0.062*	0.062*
	(-3.72)	(-3.78)	(-2.30)	(-2.38)	(1.93)	(1.94)
News	-0.849†	-0.849†	-0.886†	-0.886†	0.108†	0.108†
	(-23.27)	(-23.27)	(-22.08)	(-22.09)	(6.69)	(6.70)
Equity_Issue	-0.046	-0.046	0.025	0.024	-0.027	-0.028
	(-1.08)	(-1.08)	(0.54)	(0.53)	(-1.37)	(-1.39)
Acquisition	-0.279†	-0.280†	-0.206†	-0.207†	0.226†	0.226†
	(-8.68)	(-8.70)	(-6.01)	(-6.03)	(13.74)	(13.75)
Industry_Conc	-0.568†	-0.572†	-0.549†	-0.557†	0.458†	0.457†
	(-3.55)	(-3.57)	(-3.24)	(-3.29)	(6.13)	(6.11)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo / Adj. R^2	0.220	0.220	0.176	0.176	0.266	0.266

Table 5. CEO Political Ideology: Bad news, Good news and Earnings Surprise.

This table presents the results of the logistic regression models of the association between CEO political ideology and the credibility of the management earnings forecasts news. The dependent variable in models (1) and (2) is *Bad_News* which is an indicator variable that equals one if forecast news is negative, and 0 otherwise. The dependent variable in models (3) and (4) is *Good_News* which is an indicator variable equals one if forecast news is non-negative, and zero otherwise. Where forecast news is the difference between the management earnings forecasts and the most recent mean analyst estimate deflated by the stock price one trading day prior to the management forecast release date. The dependent variable in models (5) and (6) is *Positive_Surprise* which is an indicator variable that equals one if an earnings surprise is greater than 0.0001, and zero otherwise. The dependent variable in models (7) and (8) is *Negative_Surprise*, which is an indicator variable that equals one if an earnings surprise is less than -0.0001, and zero otherwise. The dependent variable in models (9) and (10) is *Neutral_Surprise*, which is an indicator variable that equals one if an earnings surprise is between 0.0001 and -0.0001, and zero otherwise. *Earnings surprise* is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement. Measures of CEO political ideology, *Rep_Dum*, and *Rep_Index*, and all other independent variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Bad_News		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Rep_Dum	0.133†		0.052		0.058**		-0.090†		0.029	
	(3.84)		(1.40)		(2.07)		(-2.97)		(0.64)	
Rep_Index		0.144†		0.011		0.052		-0.094**		0.065
		(3.35)		(0.23)		(1.51)		(-2.54)		(1.18)
Ln(assets)	0.052†	0.055†	-0.016	-0.014	-0.023**	-0.022*	0.042†	0.040†	-0.077†	-0.077†
	(3.56)	(3.78)	(-1.07)	(-0.93)	(-2.04)	(-1.92)	(3.32)	(3.19)	(-4.07)	(-4.09)
MB	0.006	0.006*	-0.010**	-0.009**	-0.009†	-0.009†	-0.011†	-0.011†	0.030†	0.030†
	(1.60)	(1.65)	(-2.29)	(-2.26)	(-2.86)	(-2.84)	(-3.20)	(-3.22)	(7.05)	(7.05)
Leverage	0.184	0.184	0.799†	0.801†	-0.409†	-0.410†	0.837†	0.838†	-1.304†	-1.304†
	(1.38)	(1.39)	(5.99)	(6.00)	(-4.07)	(-4.08)	(7.91)	(7.92)	(-6.51)	(-6.51)
RD	-3.800†	-3.781†	-3.119†	-3.120†	1.951†	1.955†	-1.751†	-1.760†	-1.264†	-1.253†
	(-9.16)	(-9.12)	(-7.12)	(-7.12)	(6.79)	(6.81)	(-5.62)	(-5.65)	(-2.67)	(-2.64)
ROA	2.503†	2.511†	0.454**	0.459**	1.392†	1.394†	-1.849†	-1.851†	1.036†	1.036†
	(12.05)	(12.08)	(2.44)	(2.46)	(10.58)	(10.59)	(-13.18)	(-13.19)	(4.27)	(4.27)
Volatility	-21.817†	-21.758†	-18.305†	-18.294†	-0.466	-0.458	2.559**	2.550**	-9.098†	-9.080†
	(-14.51)	(-14.48)	(-11.75)	(-11.75)	(-0.42)	(-0.42)	(2.19)	(2.18)	(-4.88)	(-4.87)
Ln(Analyst)	0.582†	0.583†	0.563†	0.563†	0.353†	0.353†	-0.595†	-0.595†	0.614†	0.614†
	(21.80)	(21.81)	(19.58)	(19.62)	(17.57)	(17.59)	(-27.71)	(-27.73)	(16.87)	(16.85)
Instit_Own	0.252†	0.249†	0.323†	0.322†	0.295†	0.294†	-0.313†	-0.311†	0.046	0.044
	(5.74)	(5.66)	(6.78)	(6.77)	(8.25)	(8.22)	(-8.28)	(-8.22)	(0.76)	(0.74)
Litigation	0.277†	0.279†	0.059	0.058	-0.010	-0.010	-0.054	-0.055	0.055	0.057
	(4.73)	(4.77)	(0.92)	(0.90)	(-0.21)	(-0.20)	(-1.07)	(-1.08)	(0.74)	(0.77)
News	0.290†	0.290†	-0.782†	-0.782†	0.505†	0.505†	-0.663†	-0.664†	0.260†	0.260†
	(8.99)	(8.99)	(-23.43)	(-23.42)	(20.14)	(20.15)	(-25.04)	(-25.04)	(5.86)	(5.86)
Equity_Issue	0.022	0.022	-0.109**	-0.109**	-0.019	-0.019	0.006	0.006	0.038	0.038
	(0.55)	(0.54)	(-2.49)	(-2.51)	(-0.62)	(-0.62)	(0.17)	(0.17)	(0.77)	(0.78)
Acquisition	0.316†	0.317†	0.279†	0.279†	0.030	0.030	-0.098†	-0.098†	0.195†	0.195†
	(10.40)	(10.42)	(8.57)	(8.58)	(1.24)	(1.24)	(-3.76)	(-3.77)	(4.93)	(4.93)
Industry_Conc	0.835†	0.838†	0.354**	0.350**	-0.370†	-0.371†	0.181	0.182	0.444**	0.447**
	(5.59)	(5.61)	(2.17)	(2.14)	(-3.29)	(-3.30)	(1.52)	(1.53)	(2.43)	(2.45)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo R^2	0.257	0.257	0.180	0.180	0.052	0.052	0.102	0.102	0.077	0.077

Table 6. Propensity Score Matching

This table presents the test of management earnings forecasts between Republican and matching samples of control firm-years with non-Republican CEOs matched primarily on the firm characteristics, year, and industry. Panel A presents results for the diagnostic- differences in means of firm characteristics where *Treatment* denotes Rep_dum_{cycle} which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party and *controls* refers to matching sample of CEOs who donated to other parties or never donated. *Difference* represents the difference between treated and control groups. Panel B & C presents the results for the models of the association between management earnings forecasts and CEO political ideology from matched firm-years. All other variables are defined in Appendix A. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Diagnostic- differences in means of variables

Variable	*Treatment*	*Control*	*Difference*	*T-stat*
Ln(assets)	7.620	7.604	0.015	0.48
MB	3.209	3.250	-0.041	-0.53
Leverage	0.164	0.160	0.004	1.55
RD	0.023	0.023	0.000	-0.31
ROA	0.049	0.051	-0.002	-1.09
Return_Volatility	0.025	0.025	0.000	0.40
Ln(Analyst)	2.268	2.264	0.004	0.25
Instit_Own	0.558	0.550	0.009	1.20
Litigation	0.157	0.151	0.005	0.74
News	0.650	0.649	0.001	0.15
Equity_Issue	0.156	0.160	-0.004	-0.53
Acquisition	0.416	0.412	0.004	0.39
Industry_Conc	0.482	0.480	0.002	0.59

Panel B. CEO Political ideology and management earnings forecast (1)

	Issue	*Frequency*	*Range*	*Ln(Horizon)*	*OptBias*	*Forecast_ Miss*
	(1)	(2)	(3)	(4)	(5)	(6)
Rep_dum_{cycle}	0.103^{**}	0.091^{*}	0.104^{*}	0.083^{*}	-0.134^{**}	$-0.218^{\dagger}$
	(2.03)	(1.94)	(1.91)	(1.88)	(-2.39)	(-3.68)
Pseudo / Adj. R^2	0.254	0.301	0.269	0.279	0.221	0.176
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,578	9,578	9,578	9,578	9,578	9,578

Panel C. CEO Political ideology and management earnings forecast. (2)

	Accuracy	*Bad_ News*	*Good_ News*	*Positive_ Surprise*	*Negative_ Surprise*	*Neutral_ Surprise*
	(7)	(8)	(9)	(10)	(11)	(12)
Rep_dum_{cycle}	0.071^{**}	0.090^{*}	-0.031	0.071^{*}	-0.096^{**}	0.017
	(2.48)	(1.68)	(-0.55)	(1.68)	(-2.12)	(0.24)
Pseudo / Adj. R^2	0.279	0.265	0.168	0.046	0.093	0.093
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	9,578	9,578	9,578	9,578	9,578	9,578

Table 7. MEF around CEO turnover. Difference in Difference (DID) test.

This table presents estimates from the Difference-in-Difference (DID) regressions of the association between CEO political ideology and management earnings forecasts around CEO turnover event (-3, +3). *Rep-Leaving* is a dummy variable equals one if a firm replaces a Rep CEO with a non-Rep CEO, 0 otherwise. Republican CEOs are defined as $Rep\_dum_{Only,}$ which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only. *After* is a dummy variable equals 1 for the years after the CEO turnover, 0 for the pre-tenure period where *CEO turnover* equals one if a CEO in the current year is different from the CEO in the previous year. We only consider turnover events where long-term old CEOs are replaced by long-term new CEOs (long-term old and long-term new CEOs are those who hold their position for at least three years). All models include control variables, year, and industry fixed effects. All other independent variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Issue	*Frequency*	*Range*	*Ln (Horizon)*	*OptBias*	*Forecast_ Miss*	*Accuracy*	*Bad_ News*	*Good_ News*	*Positive_ Surprise*	*Negative_ Surprise*	*Neutral_ Surprise*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
*Rep-Leaving*After*	-0.274**	-0.080	-0.230*	-0.246*	0.410†	0.369**	-0.188**	-0.292**	-0.054	-0.150	0.208*	-0.134
	(-2.03)	(-0.62)	(-1.67)	(-1.92)	(2.84)	(2.47)	(-2.24)	(-2.12)	(-0.37)	(-1.31)	(1.68)	(-0.73)
Rep-Leaving	0.105	-0.028	-0.026	0.113	-0.177	-0.229*	0.139**	0.121	-0.058	-0.062	0.034	0.077
	(0.96)	(-0.30)	(-0.23)	(1.12)	(-1.51)	(-1.90)	(2.09)	(1.09)	(-0.48)	(-0.67)	(0.34)	(0.53)
After	0.100	0.155**	0.178**	0.114*	-0.275†	-0.243†	0.050	0.187**	-0.103	-0.043	0.072	-0.043
	(1.44)	(2.43)	(2.34)	(1.72)	(-3.51)	(-2.94)	(1.14)	(2.53)	(-1.36)	(-0.71)	(1.10)	(-0.44)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo / Adj. R^2	0.216	0.299	0.214	0.253	0.200	0.147	0.271	0.225	0.150	0.054	0.106	0.081
Observations	8,722	8,722	8,722	8,722	8,722	8,722	8,722	8,722	8,722	8,722	8,722	8,722

Table 8. Controlling for CEO characteristics, incentives, and overconfidence

This table presents tests of the association between CEO political ideology and management earnings forecast controlling for CEO characteristics (*Ln(Tenure), Ln(Age), Duality, Ln(Delta), Ln(Vega), CEO_Own, and* Overconfidence) in addition to the baseline control variables. Panel A reports results for *Issue, Frequency, Range, Ln(Horizon), OptBias, and Forecast_Miss*, in turn. Panel B reports results for *Accuracy, Bad_News, Good_News, Positive_Surprise, Negative_Surprise, and Neutral_Surprise*, in turn. Measures of CEO political ideology, *Rep_Dum* and *Rep_Index*, and all other independent variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and MEF: Controlling for CEO characteristic, incentives, and overconfidence (1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.121†		0.176†		0.117†		0.113†		-0.135†		-0.133†	
	(3.33)		(4.98)		(3.06)		(3.55)		(-3.40)		(-3.15)	
Rep_Index		0.116†		0.125†		0.127†		0.102†		-0.139†		-0.183†
		(2.59)		(2.88)		(2.71)		(2.58)		(-2.84)		(-3.56)
Ln(Tenure)	-0.027	-0.025	-0.092†	-0.088†	-0.021	-0.020	-0.053**	-0.051**	0.095†	0.093†	0.089†	0.088†
	(-1.07)	(-0.98)	(-4.34)	(-4.16)	(-0.78)	(-0.71)	(-2.53)	(-2.42)	(3.32)	(3.24)	(2.92)	(2.88)
Ln(Age)	-0.138	-0.138	-0.392†	-0.387†	-0.094	-0.095	-0.144	-0.143	0.145	0.146	-0.082	-0.076
	(-1.06)	(-1.06)	(-3.41)	(-3.36)	(-0.68)	(-0.69)	(-1.30)	(-1.29)	(1.00)	(1.00)	(-0.54)	(-0.49)
Duality	0.215†	0.217†	0.182†	0.187†	0.210†	0.212†	0.171†	0.173†	-0.156†	-0.158†	-0.140†	-0.141†
	(6.37)	(6.43)	(5.72)	(5.87)	(5.97)	(6.01)	(5.81)	(5.88)	(-4.22)	(-4.28)	(-3.56)	(-3.57)
Ln(Delta)	0.035	0.035	0.071†	0.073†	0.005	0.005	0.042**	0.043**	-0.123†	-0.123†	-0.111†	-0.111†
	(1.61)	(1.62)	(3.88)	(3.96)	(0.24)	(0.24)	(2.32)	(2.35)	(-5.09)	(-5.11)	(-4.33)	(-4.31)
Ln(Vega)	0.084†	0.084†	0.096†	0.095†	0.077†	0.077†	0.092†	0.092†	-0.049†	-0.049†	-0.044†	-0.044†
	(6.60)	(6.58)	(7.50)	(7.46)	(5.87)	(5.85)	(7.94)	(7.92)	(-3.60)	(-3.57)	(-3.03)	(-3.03)
CEO_Own	-2.680†	-2.654†	-2.198†	-2.186†	-2.796†	-2.765†	-2.107†	-2.093†	3.457†	3.420†	3.556†	3.508†
	(-5.65)	(-5.60)	(-6.02)	(-5.98)	(-5.29)	(-5.23)	(-5.66)	(-5.62)	(6.06)	(6.00)	(5.69)	(5.61)
Overconfidence	0.100†	0.101†	0.174†	0.176†	0.086**	0.087**	0.115†	0.116†	-0.062	-0.063	-0.056	-0.057
	(2.72)	(2.75)	(5.37)	(5.41)	(2.21)	(2.24)	(3.66)	(3.69)	(-1.49)	(-1.52)	(-1.27)	(-1.31)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912
Pseudo /Adj. R^2	0.259	0.258	0.291	0.291	0.254	0.254	0.276	0.276	0.224	0.224	0.178	0.178

Table 8. Controlling for CEO characteristics, incentives, and overconfidence. Cont'd

Panel B. CEO Political ideology and MEF: Controlling for CEO characteristic, incentives, and overconfidence (2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Rep_Dum	0.077†		0.112†		0.055		0.046		-0.065*		0.009	
	(3.68)		(2.95)		(1.38)		(1.47)		(-1.94)		(0.19)	
Rep_Index		0.070†		0.111**		0.015		0.011		-0.048		0.068
		(2.73)		(2.38)		(0.31)		(0.29)		(-1.15)		(1.12)
Ln(Tenure)	-0.040†	-0.038†	-0.051*	-0.049*	0.034	0.035	-0.088†	-0.086†	0.087†	0.086†	0.018	0.018
	(-3.00)	(-2.89)	(-1.87)	(-1.80)	(1.18)	(1.23)	(-4.25)	(-4.19)	(3.96)	(3.89)	(0.54)	(0.52)
Ln(Age)	-0.124*	-0.124*	-0.096	-0.096	-0.197	-0.193	-0.250**	-0.246**	0.340†	0.338†	-0.112	-0.119
	(-1.79)	(-1.78)	(-0.70)	(-0.70)	(-1.38)	(-1.35)	(-2.33)	(-2.30)	(2.96)	(2.94)	(-0.65)	(-0.69)
Duality	0.098†	0.099†	0.205†	0.207†	0.162†	0.164†	0.056*	0.058**	-0.042	-0.043	-0.049	-0.052
	(5.22)	(5.30)	(5.84)	(5.89)	(4.41)	(4.49)	(1.95)	(2.03)	(-1.36)	(-1.41)	(-1.06)	(-1.11)
Ln(Delta)	0.066†	0.066†	0.084†	0.084†	-0.047**	-0.046**	0.098†	0.099†	-0.178†	-0.178†	0.159†	0.158†
	(5.72)	(5.75)	(3.71)	(3.72)	(-2.00)	(-1.97)	(5.54)	(5.58)	(-9.31)	(-9.34)	(5.37)	(5.34)
Ln(Vega)	0.053†	0.053†	0.065†	0.065†	0.071†	0.071†	-0.002	-0.002	0.015	0.015	-0.023	-0.022
	(7.04)	(7.02)	(5.00)	(4.98)	(4.86)	(4.84)	(-0.14)	(-0.16)	(1.26)	(1.27)	(-1.34)	(-1.31)
CEO_Own	-1.846†	-1.837†	-3.243†	-3.215†	-0.710	-0.706	-1.219†	-1.220†	2.312†	2.307†	-2.194†	-2.179†
	(-7.91)	(-7.86)	(-6.12)	(-6.07)	(-1.39)	(-1.38)	(-3.30)	(-3.30)	(5.96)	(5.94)	(-3.40)	(-3.37)
Overconfidence	0.088†	0.089†	0.106†	0.107†	0.076*	0.077*	0.045	0.045	-0.050	-0.051	-0.009	-0.008
	(4.48)	(4.51)	(2.73)	(2.76)	(1.85)	(1.86)	(1.48)	(1.49)	(-1.56)	(-1.57)	(-0.17)	(-0.16)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912	27,912
Pseudo /Adj. R^2	0.278	0.278	0.259	0.259	0.176	0.176	0.054	0.054	0.103	0.103	0.075	0.075

Table 9. Alternative measures of CEO Republican Ideology.

This table presents tests of the association between CEO political ideology and management earnings forecast using alternative measures of CEO political ideology. *Rep_index*$_{cycle}$ is an index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each election cycle. *Rep_dum*$_{cycle}$ is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party. *Rep_dum*$_{tenure}$ is an indicator variable that equals one if all donations of a CEO during her/his tenure are directed to the Republican Party. Panel A reports results for *Issue, Frequency, Range, Ln(Horizon), OptBias, and Forecast_Miss*, in turn. Panel B reports results for *Accuracy*, *Bad_News*, *Good_News*, *Positive_Surprise*, *Negative_Surprise*, and *Neutral_Surprise*, in turn. All models include control variables, year, and industry fixed effects. All other independent variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and MEF: alternative measures of CEO Republican Ideology (1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Rep_index$_{cycle}$	0.078†			0.088†			0.104†			0.069†			-0.081**			-0.100†		
	(2.73)			(3.16)			(3.42)			(2.71)			(-2.56)			(-2.94)		
Rep_dum$_{cycle}$		0.112†			0.099†			0.101**			0.087**			-0.120†			-0.161†	
		(2.88)			(2.69)			(2.47)			(2.55)			(-2.80)			(-3.55)	
Rep_dum$_{tenure}$			0.122†			0.110†			0.108**			0.087**			-0.097**			-0.141†
			(2.76)			(2.65)			(2.33)			(2.29)			(-2.00)			(-2.75)
Pseudo / Adj. R^2	0.257	0.257	0.257	0.279	0.279	0.279	0.253	0.253	0.253	0.268	0.268	0.268	0.220	0.220	0.220	0.176	0.176	0.176

Panel B. CEO Political ideology and MEF: alternative measures of CEO Republican Ideology (2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_index$_{cycle}$	0.046†			0.060**			0.007			0.048**			-0.048*			-0.015		
	(2.76)			(1.98)			(0.20)			(1.96)			(-1.81)			(-0.38)		
Rep_dum$_{cycle}$		0.069†			0.111†			0.009			0.039			-0.055			0.019	
		(3.08)			(2.73)			(0.20)			(1.18)			(-1.54)			(0.35)	
Rep_dum$_{tenure}$			0.070†			0.128†			0.057			0.039			-0.068*			0.058
			(2.82)			(2.77)			(1.15)			(1.05)			(-1.70)			(0.97)
Pseudo / Adj. R^2	0.266	0.266	0.266	0.257	0.257	0.257	0.180	0.180	0.180	0.052	0.052	0.052	0.102	0.102	0.102	0.077	0.077	0.077
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951

Table 10. Cross-sectional test: High vs. low institutional ownership.

This table presents results for firms with high (above median) level of institutional ownership (Panel A) and firms with low (below median) level of institutional ownership (Panel B). Panel A reports results for *Issue*, *Frequency*, *Range*, *Ln(Horizon)*, *OptBias*, *and Forecast_Miss*, *in turn*. Panel B reports results for *Accuracy*, *Bad_News*, *Good_News*, *Positive_Surprise*, *Negative_Surprise*, and *Neutral_Surprise*, in turn. Measures of CEO political ideology, *Rep_Dum* and *Rep_Index*, and all other independent variables are defined in Appendix A. All models include control variables, year, and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A1. CEO Political ideology and management earnings forecast (High institutional ownership 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.177†		0.245†		0.202†		0.162†		-0.185†		-0.170†	
	(3.94)		(4.97)		(4.40)		(3.83)		(-3.84)		(-3.32)	
Rep_Index		0.138**		0.192†		0.182†		0.134†		-0.166†		-0.213†
		(2.54)		(3.21)		(3.28)		(2.62)		(-2.84)		(-3.47)
Observations	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,971	16,971	16,971	16,971
Pseudo R^2/Adj. R^2	0.221	0.220	0.269	0.268	0.207	0.206	0.251	0.251	0.193	0.193	0.151	0.151

Panel A2. CEO Political ideology and management earnings forecast (High institutional ownership 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.141†		0.194†		0.091*		0.077*		-0.058		-0.092	
	(4.98)		(4.19)		(1.87)		(1.93)		(-1.35)		(-1.42)	
Rep_Index		0.138†		0.163†		0.016		0.044		-0.030		-0.072
		(4.02)		(2.89)		(0.27)		(0.92)		(-0.59)		(-0.90)
Observations	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,975	16,971	16,971
Pseudo R^2/Adj. R^2	0.263	0.262	0.223	0.223	0.140	0.139	0.036	0.036	0.074	0.074	0.075	0.075

Panel B1. CEO Political ideology and management earnings forecast (Low institutional ownership 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
Rep_Dum	0.091*		0.073*		0.019		0.066*		-0.098*		-0.143**	
	(1.78)		(1.95)		(0.33)		(1.71)		(-1.68)		(-2.31)	
Rep_Index		0.147**		0.022		0.106		0.073		-0.157**		-0.201†
		(2.25)		(0.49)		(1.48)		(1.50)		(-2.13)		(-2.58)
Observations	16,970	16,970	16,976	16,976	16,970	16,970	16,976	16,976	16,915	16,915	16,915	16,915
Pseudo R^2/Adj. R^2	0.291	0.291	0.293	0.293	0.302	0.303	0.279	0.279	0.245	0.245	0.208	0.208

Table 10. Cross-sectional test: High vs. low institutional ownership. Cont'd

Panel B2. CEO Political ideology and management earnings forecast (Low institutional ownership 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.037		0.076		-0.000		0.052		-0.126†		0.128**	
	(1.49)		(1.39)		(-0.00)		(1.27)		(-2.90)		(2.02)	
Rep_Index		0.028		0.167**		0.032		0.067		-0.166†		0.205†
		(0.91)		(2.40)		(0.42)		(1.32)		(-3.05)		(2.62)
Observations	16,976	16,976	16,927	16,927	16,970	16,970	16,976	16,976	16,976	16,976	16,970	16,970
Pseudo R^2/Adj. R^2	0.266	0.266	0.281	0.281	0.226	0.226	0.067	0.067	0.125	0.126	0.09	0.091
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 11. Cross-sectional test: High vs. low litigation risk.

This table presents results for firms in industries with high litigation environment (Panel A) and firms in industries with low litigation environment (Panel B). Panel A reports results for *Issue*, *Frequency*, *Range*, *Ln(Horizon)*, *OptBias*, *and Forecast_Miss*, *in turn.* Panel B reports results for *Accuracy*, *Bad_News*, *Good_News*, *Positive_Surprise*, *Negative_Surprise*, and *Neutral_Surprise*, in turn. Measures of CEO political ideology, *Rep_Dum* and *Rep_Index*, and all other independent variables are defined in Appendix A. All models include control variables, year, and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A1. CEO Political ideology and management earnings forecast (High litigation environment 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.220†		0.325†		0.343†		0.215†		-0.227†		-0.063	
	(2.79)		(4.03)		(4.14)		(3.11)		(-2.67)		(-0.67)	
Rep_Index		0.261†		0.318†		0.354†		0.225†		-0.184*		-0.129
		(2.76)		(3.37)		(3.53)		(2.69)		(-1.74)		(-1.11)
Observations	8,120	8,120	8,144	8,144	8,120	8,120	8,144	8,144	8,120	8,120	8,120	8,120
Pseudo R^2/Adj. R^2	0.253	0.253	0.288	0.287	0.223	0.222	0.269	0.269	0.219	0.219	0.181	0.181

Panel A2. CEO Political ideology and management earnings forecast (High litigation environment 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.206†		0.194**		0.149*		0.035		-0.075		0.024	
	(4.35)		(2.37)		(1.68)		(0.50)		(-0.94)		(0.26)	
Rep_Index		0.229†		0.170*		0.183*		0.095		-0.129		0.030
		(4.00)		(1.71)		(1.68)		(1.11)		(-1.35)		(0.24)
Observations	8,144	8,144	8,120	8,120	8,120	8,120	8,144	8,144	8,144	8,144	8,144	8,144
Pseudo R^2/Adj. R^2	0.272	0.272	0.252	0.252	0.143	0.143	0.048	0.049	0.100	0.100	0.061	0.061

Panel B1. CEO Political ideology and management earnings forecast (Low litigation environment 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
Rep_Dum	0.097†		0.112†		0.071*		0.075**		-0.116†		-0.151†	
	(2.63)		(3.33)		(1.83)		(2.38)		(-2.87)		(-3.53)	
Rep_Index		0.075*		0.042		0.080*		0.048		-0.130†		-0.189†
		(1.65)		(1.01)		(1.65)		(1.23)		(-2.61)		(-3.61)
Observations	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807
Pseudo R^2/Adj. R^2	0.266	0.266	0.290	0.290	0.268	0.268	0.281	0.280	0.223	0.223	0.178	0.178

Table 11. Cross-sectional test: High vs. low litigation risk. Cont'd

Panel B2. CEO Political ideology and management earnings forecast (Low litigation environment 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.054†		0.107†		0.022		0.068**		-0.097†		0.021	
	(2.62)		(2.79)		(0.54)		(2.19)		(-2.95)		(0.41)	
Rep_Index		0.038		0.114**		-0.037		0.046		-0.092**		0.066
		(1.50)		(2.38)		(-0.72)		(1.19)		(-2.26)		(1.05)
Observations	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807	25,807
Pseudo R^2/Adj. R^2	0.275	0.275	0.262	0.262	0.190	0.190	0.053	0.053	0.099	0.099	0.083	0.083
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 12. Robustness check. CEO Democratic ideology and MEF

This table presents tests of the association between CEO political ideology and management earnings forecast using the measure of a CEO's political ideology that captures Democratic affiliation. *Dem_Dum* is an indicator variable that equals one if a CEO donated more to the Democratic party than to the Republican party during her/his tenure. *Dem_Index* is the percentage of a CEO's support for the Democratic Party calculated as the number of cycles in which a CEO donates exclusively to the Democratic party divided by her/his number of donation cycles in the sample period. Panel A reports results for the models of the association between CEO political ideology on one hand and *Issue, Frequency, Range, Ln(Horizon), OptBias, and Forecast_Miss*, on the other hand. Panel B reports results for the models of the association between CEO political ideology on one hand and *Accuracy, Bad_News, Good_News, Positive_Surprise, Negative_Surprise, and Neutral_Surprise* on the other hand. All other independent variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and MEF: measures of CEO Democratic ideology (1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Dem_Dum	-0.088**		-0.008		-0.069		-0.063*		0.068		0.092*	
	(-2.18)		(-0.20)		(-1.61)		(-1.72)		(1.54)		(1.95)	
Dem_Index		-0.085		-0.006		-0.142**		-0.076		0.066		0.121*
		(-1.40)		(-0.10)		(-2.23)		(-1.38)		(0.98)		(1.69)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo / Adj. R^2	0.257	0.257	0.279	0279	0.253	0.253	0.268	0.268	0.220	0.220	0.176	0.176

Panel B. CEO Political ideology and MEF: measures of CEO Democratic ideology (2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Dem_Dum	-0.025		-0.038		0.032		-0.077**		0.036		0.031	
	(-0.70)		(-0.59)		(0.48)		(-2.20)		(0.65)		(0.57)	
Dem_Index		-0.043*		-0.056		-0.016		-0.045		0.074**		0.014
		(-1.79)		(-1.33)		(-0.36)		(-0.86)		(2.00)		(0.18)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo / Adj. R^2	0.259	0.259	0.257	0.257	0.180	0.180	0.052	0.052	0.102	0.102	0.077	0.077

Internet Appendix

Introduction

This online supplementary material complements and extends our main analysis in "CEO political ideology and management earnings forecast" in multiple ways. First, we use alternative measures of CEO political ideology and management earnings forecasts to mitigate measurement error. Second, we conduct a range of robustness tests to address various specification issues that could otherwise confound our main results. Lastly, we conduct additional tests to address further the endogeneity issues that could arise from measurement error, selection bias, and/or omitted variable bias.

1. Alternative measures of CEO political ideology and overconfidence

Table A1 presents the results using two alternative measures of Republican ideology, Rep_index_{year} which is an index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each fiscal year, and Rep_index_{tenure} which is an index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in a CEO's entire tenure. In Table A2, we use alternative measures of Democratic ideology and Other ideology. Results are similar to our main findings, which mitigate the concerns that our findings are sensitive to our baseline measures of Republican ideology. Further, Table A3 uses *Net_buyer* as an alternative measure of CEO overconfidence in addition to other CEO and firm characteristics.

2. Controlling for variations in CEO donation

Political ideology data includes a significant variation in CEO donation. While some CEOs consistently donate in each election cycle, others never make any political donations. To make sure that such variation does not affect our baseline results, we run a subsample analysis after excluding CEOs who never donated during the sample period (Table A4, Panels A & B). Further, we run a subsample analysis by restricting the sample to CEO donation years only (Table A4, Panels C & D). Results using these restrictive subsamples are similar to our baseline results.

3. Propensity score matching. Using alternative measures of CEO political ideology.[38]

We run our propensity score matching (PSM) using alternative measures of CEO political ideology. First, we identify *Treatment* using Rep_dum_{only} which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others) and *control* refer to matching sample of CEOs who donated to other parties or never donated (Table A5, Panel A). Next, we identify *Treatment* using Rep_dum_{cycle} which is an indicator variable that equals 1 if all donations of a CEO in an election cycle are directed to the Republican Party and *control* refers to matching sample if the donations of a CEO in an election cycle are all directed toward the Democratic party (Table

[38] We do not report the diagnostic tests for the difference in mean matching variables between treatment and control groups for brevity. These tests are available upon request.

A5, Panel B). Lastly, we identify *Treatment* using Rep_dum_{tenure} which is an indicator variable that equals 1 if all donations of a CEO during her/his entire tenure are directed to the Republican Party and *control* refers to matching sample if all donations of a CEO during her/his entire tenure are directed to the Democratic Party (Table A5, Panel C). We carefully match the *Treatment* and *Control* groups on multiple firm characteristics as well as year and industry to mitigate the endogeneity issue. The results of these tests are similar to our baseline PSM results.

4. Management earnings forecasts around CEO turnover.

Our baseline DID test uses a -3, +3 window around CEO turnover events. To address the possibility that our DID results are affected by the window selection, we repeat our DID test using a -2, +2 window, and report results in Table A6. *After* is a dummy variable equals 1 for the years after the CEO turnover. We only consider turnover events where long-term old CEOs are replaced by long-term new CEOs (long-term is defined as holding the position for at least two years). *Rep_Leaving* is a dummy variable equals one if a firm replaces a Rep CEO with a non-Rep CEO, 0 otherwise. Republican CEOs are defined using $Rep\_dum_{Only,}$ which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others). Consistent with our baseline results, the coefficient of *After*Rep_Leaving is* significantly negative in models of MFE *Issue, Frequency, Range, Horizon, Accuracy, Bad_News, and Positive_Surprise* and significantly positive in models of *Forecast_Miss, Bias,* and *Negative_Surprise.*

Next, we examine the effect of change in CEO political ideology due to CEO turnover on change on earnings forecasts (Table A7). Specifically, *Δdependent* is the difference between the first full fiscal year under the new CEO and the last full fiscal year under the old CEO. ΔREP_{CEO} is defined as the changes in CEO political ideology due to CEO turnover, where ΔREP_{CEO} =1 if a Republican CEO replaces a Democratic CEO, 0 if CEO political ideology does not change with turnover, and -1 if a Democratic CEO replaces a Republican CEO.[39] Even though this test uses a significantly smaller sample size, results are similar to our baseline results.

5. Additional robustness checks.

To rule out the possibility that our results are not persistent beyond CEO turnover years, we exclude firm-years in which CEO turnover occurred (Table A8, Panel A). To further check the persistency of our baseline results, we exclude the first three years of CEO tenure (Table A8, Panel B). Following Chava, Livdan, and Purnanandam (2009), we use change-on-change regressions to examine the active managerial influence on management earnings forecasts. Specifically, we estimate annual changes in all management earnings forecasts variables, key republican measures, and control variables similar to our baseline regressions. Following Hutton, Jiang, and Kumar (2014), we restrict our sample to those firm-years where annual changes in both Republican measures and management earnings forecast variables are non-zero. The results of this test are presented in Table A9. Further, Baik, Farber, and Lee (2011) find that CEO ability is positively associated with likelihood, frequency, and accuracy of

[39] Due to this restrictive definition of changes in CEO political ideology measures around CEO turnover event, our sample size is reduced significantly.

earnings forecasts. Republican CEOs may have higher ability compared to non-Republican CEOs driving our main findings. Thus, following Demerjian, Lev, and McVay (2012), we control for managerial ability and find similar results to our baseline regression.[40] The results of this test are presented in Table A10.

To capture the state-level variations in CEO political ideology and management earnings forecasts, we control for state fixed effects (headquarters) (table A11, Panel A & B). Moreover, our results continue to hold if we cluster the standard error at the firm level (Table A11, Panel C & D).

Our baseline results suggest a positive association between CEOs' conservative political ideology (Republican) and the quality of earnings forecast. However, political activism can represent an alternative explanation of our ideology interpretation of the results. To address this issue, we estimate models that concurrently control for CEO's Republican as well as Democratic ideologies. (Table A12). Coefficient estimates of measures of Republican and Democratic ideologies are opposite, which is consistent with the ideology rather than the activism explanation of our results.

Moreover, we restrict our samples to firms that appear at least once in the I/B/E/S to address the database coverage issue (Chuk, Matsumoto, and Miller (2013); Houston et al. (2019)). Specifically, we exclude those firms that have never issued any earnings forecast during our sample period. This setting should eliminate the possible bias in our results caused by the effect of firms that have never issued any EPS forecasting in our sample period. The results of this test are presented in Table A13.

Lastly, Table A14 presents our results for subsamples of firms with a high and low level of institutional ownership. Table A15 presents our results for a subsample of pre-crisis observations (1993-2007) and a subsample of post-crisis observations (2010-2016).

[40] Thank you Demerjian, Lev, and McVay (2012) for sharing their data. Managerial ability data is available at: ht tps://faculty.washington.edu/pdemerj/data.html. Last accessed on May 24, 2020.

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Appendix A. Variable definition

Variable	Definition
CEO political ideology (Baseline)	
Rep_dum	An indicator variable that equals one if a CEO donated more to the Republican party than to the Democratic party during her/his entire tenure [Bhandari et al. 2018].
Rep_Index	Percentage of a CEO's support for the Republican Party calculated as the number of cycles in which a CEO donates exclusively to the Republican party divided by her/his number of donation cycles in the sample period [Hong and Kostovetsky, 2012].
CEO political ideology (Robustness)	
Dem_dum	An indicator variable that equals one if a CEO donated more to the Democratic party than to the Republican party during her/his entire tenure.
Dem_Index	Percentage of a CEO's support for the Democratic Party calculated as the number of cycles in which a CEO donates exclusively to the Democratic party divided by her/his number of donation cycles in the sample period.
Rep_dum_{cycle}	An indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party [Hutton et al. 2014].
Rep_dum_{tenure}	An indicator variable that equals one if all donations of a CEO during her/his entire tenure are directed to the Republican Party [Elnahas and Kim, 2017].
Rep_index_{cycle}	An index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each election cycle. This index ranges between -1 (strong Democrat) and 1 (strong Republican) [Hutton et al. 2014].
Rep_dum_{Only}	An indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others).
CEO political ideology (Internet appendix)	
Rep_index_{year}	An index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in each fiscal year. This index ranges between -1 (strong democrat) and 1 (strong Republican).
Rep_index_{tenure}	An index calculated as total donations to the Republican party minus total donations to the Democratic party divided by total donations to both parties in a CEO's entire tenure. This index ranges between -1 (strong democrat) and 1 (strong Republican).
Dem_dum_{cycle}	An indicator variable that equals one if the donations of a CEO in an election cycle are all directed toward the Democratic party.
Dem_dum_{tenure}	An indicator variable that equals one if all donations of a CEO during her/his entire tenure are directed to the Democratic Party.
Dem_dum_{cycle2}	An indicator variable that equals one if the donations of a CEO in an election cycle are all directed toward the Democratic party but not the Republican party.
Other_Index	Percentage of a CEO's support for other Parties calculated as the number of cycles in which a CEO donates exclusively to other parties divided by her/his total number of donation cycles in the sample period.
$Other\_dum_{cycle}$	An indicator variable that equals one if the donations of a CEO in an election cycle are all directed toward the other parties (neither Republican nor Democratic).
All_dum_{cycle}	An indicator variable that equals one if the donations of a CEO in an election cycle are directed toward all parties (republican, democratic, and other parties).

Appendix A. Variable definition- Cont'd

Voluntary disclosure	
Issue	An indicator variable that equals one if a firm makes annual earnings forecasts in a fiscal year.
Frequency	The total number of annual earnings forecasts made by a firm in a fiscal year.
Ln(Horizon)	The natural logarithm of one plus the average horizon of annual earnings forecasts made by a firm in a fiscal year. For each forecast, the horizon is defined as the number of calendar days between the forecast announcement date and the corresponding period end date. We assign a value of zero when a firm makes no forecasts in a fiscal year.
Range	An indicator variable of range estimates. For each forecast, we first assign 1 for range estimates and zero otherwise. This indicator variable is then averaged for each firm-year. The Range is then defined as an indicator variable that equals one if the average range is greater than 0.5, and zero otherwise.
Forecast_Miss	An indicator variable that equals one if a firm misses at least one forecast in a year, and zero otherwise. Where *Miss* equals one if the actual earning is less than the management earnings forecasts, and zero otherwise for open-ended and point forecasts, and equals one if the actual earnings are less than the lower bound of the range forecast for range estimates.
OptBias	An indicator variable that equals one if the average *Bias* in a year is positive, and zero otherwise. Where, for each estimate, *Bias* is the difference between management earnings forecasts and actual earnings scaled by the stock price at the end of the month prior to the forecast.
Accuracy	The average Forecast accuracy for all annual earnings forecasts made by a firm in a fiscal year. For each estimate, we first calculate the absolute difference between management earnings forecasts and actual earnings scaled by the stock price at the end of the month prior to the forecast. Next, we identify forecast accuracy as the quintile ranking of the scaled difference, where one is assigned for the top quintile (largest error), and five is assigned for the bottom quintile (lowest error), and zero if no forecasts are made.
Bad_News	An indicator variable that equals one if forecast news is negative, and zero otherwise. Where forecast news is the difference between the management earnings forecasts and the most recent mean analyst estimate deflated by the stock price one trading day prior to the management forecast release date.
Good_News	An indicator variable equals one if forecast news is non-negative, and zero otherwise. Forecast news is the difference between the management earnings forecasts and the most recent mean analyst estimate scaled by the stock price one trading day prior to the management forecast release date.
Positive_Surprise	An indicator variable that equals one if an earnings surprise is greater than 0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.
Negative_Surprise	An indicator variable that equals one if an earnings surprise is less than -0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.

Appendix A. Variable definition- Cont'd

Neutral_Surprise	An indicator variable that equals one if an earnings surprise is between 0.0001 and -0.0001, and zero otherwise. Earnings surprise is calculated as the difference between the actual earnings and the mean analyst estimate scaled by the stock price three trading days prior to an earnings announcement.
Firm Characteristics	
Ln(assets)	The natural logarithm of total assets (at).
MB	The ratio of market to book value of equity. [(prcc_f*csho) / ceq].
Leverage	The ratio of total debt divided by market value of total assets. [(Dltt+Dlc) / (at-ceq+csho*prcc_f)].
RD	Expenditures on research and development scaled by total assets. [xrd/at]
ROA	Return on assets measured as income before extraordinary items scaled by total assets. [ib/at]
Volatility	The standard deviation of daily stock return (CRSP variable ret) of a firm over the last fiscal year.
Ln(Analyst)	The natural logarithm of the number of analysts following a firm.
Institutional_Own	The percentage of shares owned by institutional investors.
Litigation	An indicator variable that equals one if a firm's SIC code is in industries subject to increased litigation (2833-2836, 3570-3577, 3600-3674, and 7370-7374), and zero otherwise.
News	An indicator variable that equals one if the current period EPS is greater than or equal to the previous-period EPS, and zero otherwise.
Equity_Issue	An indicator variable that equals one if a firm issued shares in a year.
Acquisition	An indicator variable that equals one if a firm's annual acquisitions or merger-related costs exceeded five percent of net income (loss) in year t, and zero otherwise. [aqc/ni]
Industry_Conc	A firm's industry concentration, measured as the sum of sales of the top five firms in its two-digit SIC code scaled by total sales of all firms in its two-digit SIC code in year t. $[\sum_{i=1}^{5} Sale_{i,j} \,/\, \sum_{i=1}^{n} Sale_{i,j}]$
CEO Characteristics	
Ln(Tenure)	The natural logarithm of CEO tenure, where tenure is defined as the length of a CEO's tenure with her/his current firm (measured as fiscal year minus year joined as CEO).
Ln(Age)	The natural logarithm of the age of a CEO as of the year in which a management earnings forecast was released.
Duality	An indicator variable that equals one if a CEO is also the chairman, and zero otherwise.
Ln(Delta)	The natural logarithm of the expected dollar changes in CEO wealth for a 1% change in stock price computed as in Core and Guay (2002).
Ln(Vega)	The natural logarithm of the expected dollar changes in CEO wealth for a 1% change in stock return volatility computed as in Guay (1999).
CEO_Own	The percentage of shares outstanding owned by a CEO. [SHROWN_EXCL_OPTS / (CSHO*1000)]

Appendix A. Variable definition- Cont'd

Overconfidence	An indicator variable that equals one if a CEO holds vested options with average moneyness greater than 67 percent starting in the first year a CEO displays this behavior. Option moneyness is calculated as follows: first, we calculate the realizable value per option as the total realizable value of the exercisable options divided by the number of exercisable options *[Value_Per_option = (OPT_UNEX_EXER_EST_VAL / OPT_UNEX_EXER_NUM)]*. Second, we compute the estimate of the average exercise price of the options by subtracting the per-option realizable value from the stock price at the fiscal year-*end [avg_exercise_price = (prccf - Value_Per_option)]*. Lastly, the average percent moneyness of an option equals the per-option realizable value divided by the estimated average exercise price *[avg_pctg_moneyness_opt = (Value_Per_option / avg_exercise_price)]*. [Malmendier and Tate, 2005; Campbell et al. 2011; Hirshleifer et al. 2012]
Net_buyer	An indicator variable that equals one if the number of years at which a CEO is a net-buyer is higher than those at which she/he is a net seller. *Net_buyer* is calculated as follows: first, we compute the net stock purchases by a CEO as purchases minus sales, both in units of shares *[net_purchase = ($SHROWN\_EXCL\_OPTS_t$ - $SHROWN\_EXCL\_OPTS_{t-1}$)]*, then we calculate the number of years at which a CEO has bought more shares than he/she sold. [Malmendier and Tate, 2005; Campbell et al. 2011]

Table A1. Alternative measures of CEO political Ideology (Republican)

This table presents tests of the association between CEO political ideology and management earnings forecast using alternative measures of CEO Republican ideology (Panel A & B), measures of CEO Democratic ideology (Panel C & D) as well as Other ideologies (Panel E & F). All models include control variables, year, and industry fixed effects. All variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast (Republican 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_index_{year}	0.102***		0.080***		0.109***		0.087***		-0.092***		-0.106***	
	(3.52)		(2.83)		(3.56)		(3.42)		(-2.88)		(-3.10)	
Rep_index_{tenure}		0.142***		0.126***		0.141***		0.119***		-0.134***		-0.157***
		(4.72)		(4.23)		(4.45)		(4.49)		(-4.03)		(-4.43)
Pseudo / Adj. R^2	0.257	0.257	0.279	0.280	0.253	0.253	0.268	0.269	0.220	0.220	0.176	0.176

Panel B. CEO Political ideology and management earnings forecast (Republican 1)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_index_{year}	0.057***		0.072**		0.038		0.058**		-0.067**		0.003	
	(3.40)		(2.38)		(1.17)		(2.35)		(-2.53)		(0.08)	
Rep_index_{tenure}		0.082***		0.126***		0.041		0.051**		-0.076***		0.032
		(4.65)		(4.01)		(1.19)		(1.98)		(-2.75)		(0.77)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Pseudo / Adj. R^2	0.266	0.266	0.257	0.257	0.180	0.180	0.052	0.052	0.102	0.102	0.077	0.077

Table A2. Alternative measures of CEO political Ideology (Democratic & Other)

This table presents tests of the association between CEO political ideology and management earnings forecast using measures of CEO Democratic ideology (Panel A & B) as well as Other ideologies (Panel C & D). All models include control variables, year, and industry fixed effects. All variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively. n = 33,951

Panel A. CEO Political ideology and management earnings forecast (Democratic 1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Dem_dum$_{cycle}$	0.115			0.121			0.046			0.078			-0.197**			-0.193*		
	(1.26)			(1.33)			(0.47)			(0.94)			(-2.02)			(-1.88)		
Dem_dum$_{cycle2}$		0.007			-0.008			-0.082			-0.015			-0.022			-0.002	
		(0.12)			(-0.15)			(-1.40)			(-0.30)			(-0.37)			(-0.03)	
Dem_dum$_{tenure}$			-0.044			-0.007			-0.065			-0.059			0.018			0.136
			(-0.61)			(-0.10)			(-0.86)			(-0.89)			(0.22)			(1.59)
Pseudo/Adj.R^2	0.257	0.257	0.257	0.279	0.279	0.279	0.253	0.253	0.253	0.268	0.268	0.268	0.220	0.220	0.220	0.176	0.176	0.176

Panel B. CEO Political ideology and management earnings forecast (Democratic 2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Dem_dum$_{cycle}$	0.073			0.161*			0.020			-0.020			-0.030			0.079		
	(1.34)			(1.71)			(0.20)			(-0.25)			(-0.36)			(0.68)		
Dem_dum$_{cycle2}$		0.016			0.055			0.051			-0.050			0.020			0.053	
		(0.48)			(0.94)			(0.82)			(-1.05)			(0.40)			(0.73)	
Dem_dum$_{tenure}$			-0.022			-0.039			0.116			0.012			0.049			-0.156
			(-0.50)			(-0.51)			(1.49)			(0.20)			(0.74)			(-1.53)
Pseudo/Adj. R^2	0.258	0.258	0.258	0.257	0.257	0.257	0.180	0.180	0.180	0.052	0.052	0.052	0.102	0.102	0.102	0.077	0.077	0.077

Panel C. CEO Political ideology and management earnings forecast (1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
Other_Index	0.043			0.265***			0.035			0.093			-0.027			0.031		
	(0.67)			(4.03)			(0.52)			(1.62)			(-0.39)			(0.41)		
Other_dum$_{cycle}$		0.015			0.188***			0.042			0.056			-0.012			0.053	
		(0.28)			(3.49)			(0.77)			(1.19)			(-0.22)			(0.85)	
All_dum$_{cycle}$			0.014			0.112**			0.070			0.039			-0.010			0.021
			(0.27)			(2.13)			(1.26)			(0.85)			(-0.17)			(0.34)
Pseudo /Adj. R^2	0.257	0.257	0.257	0.280	0.279	0.279	0.253	0.253	0.253	0.268	0.268	0.268	0.220	0.220	0.220	0.176	0.176	0.176

Table A2. Alternative measures of CEO political Ideology (Democratic & Other). Cont'd

Panel D. CEO Political ideology and management earnings forecast (2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Other_Index	0.064*			0.078			0.088			0.029			0.005			-0.061		
	(1.70)			(1.18)			(1.23)			(0.53)			(0.08)			(-0.67)		
Other_dum$_{cycle}$		0.038			0.055			0.048			0.005			-0.011			0.032	
		(1.24)			(1.00)			(0.81)			(0.11)			(-0.23)			(0.44)	
All_dum$_{cycle}$			0.005			-0.003			0.063			0.021			-0.030			-0.033
			(0.17)			(-0.05)			(1.08)			(0.47)			(-0.62)			(-0.46)
Pseudo /Adj. R^2	0.258	0.258	0.259	0.257	0.256	0.257	0.180	0.180	0.180	0.052	0.052	0.052	0.102	0.102	0.102	0.077	0.077	0.077

Table A3. Alternative measures of CEO overconfidence

This table presents tests of the association between CEO political ideology and management earnings forecast using *Net_buyer* as an alternative measure of CEO overconfidence and controlling for CEO characteristics (*Ln(Tenure), Ln(Age), Duality, Ln(Delta), Ln(Vega), and CEO_Own*, in addition to baseline control variables. All variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast (1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.120***		0.181***		0.123***		0.112***		-0.134***		-0.123***	
	(3.23)		(5.00)		(3.15)		(3.41)		(-3.30)		(-2.84)	
Rep_Index		0.107**		0.122***		0.130***		0.093**		-0.142***		-0.172***
		(2.32)		(2.74)		(2.71)		(2.28)		(-2.85)		(-3.26)
Net_buyer	0.009	0.011	0.024	0.027	0.046	0.049	-0.005	-0.003	-0.034	-0.037	-0.044	-0.046
	(0.22)	(0.28)	(0.72)	(0.79)	(1.13)	(1.18)	(-0.15)	(-0.10)	(-0.79)	(-0.85)	(-0.95)	(-1.00)
CEO controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562
Pseudo /Adj. R^2	0.250	0.249	0.289	0.289	0.248	0.248	0.273	0.273	0.216	0.216	0.174	0.174

Panel B. CEO Political ideology and management earnings forecast (2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.080***		0.124***		0.041		0.060*		-0.088**		0.024	
	(3.69)		(3.19)		(1.00)		(1.86)		(-2.55)		(0.47)	
Rep_Index		0.075***		0.119**		-0.011		0.026		-0.073*		0.083
		(2.78)		(2.47)		(-0.22)		(0.65)		(-1.73)		(1.34)
Net_buyer	-0.002	-0.000	0.030	0.033	-0.058	-0.057	0.061*	0.061*	-0.052	-0.054	-0.057	-0.057
	(-0.08)	(-0.02)	(0.75)	(0.80)	(-1.37)	(-1.35)	(1.86)	(1.89)	(-1.51)	(-1.54)	(-1.12)	(-1.10)
CEO controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562	25,562
Pseudo /Adj. R^2	0.274	0.274	0.252	0.252	0.168	0.168	0.052	0.052	0.102	0.102	0.078	0.078

Table A4. Subsamples based on CEO donation activity.

This table presents results using a restricted sample of firms in which CEOs make at least one donation during the sample period (Panels A & B) and a restricted sample of donation years (Panel C & D). All variables are defined in Appendix A. All models include control variables, year, and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively. n=21,042 in Panel A and 12,258 in Panel B

Panel A. CEO Political ideology and management earnings forecast (subsample 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.099***		0.119***		0.093**		0.077**		-0.092**		-0.118***	
	(2.68)		(3.43)		(2.42)		(2.40)		(-2.30)		(-2.77)	
Rep_Index		0.082*		0.046		0.101**		0.053		-0.091*		-0.165***
		(1.84)		(1.10)		(2.14)		(1.37)		(-1.88)		(-3.23)
Pseudo / Adj. R^2	0.263	0.263	0.297	0.296	0.256	0.256	0.281	0.281	0.221	0.221	0.175	0.175
	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.068***		0.085**		0.028		0.061*		-0.088***		0.012	
	(3.25)		(2.21)		(0.70)		(1.96)		(-2.64)		(0.24)	
Rep_Index		0.056**		0.083*		-0.025		0.046		-0.084**		0.051
		(2.22)		(1.77)		(-0.50)		(1.22)		(-2.08)		(0.85)
Pseudo / Adj. R^2	0.279	0.279	0.265	0.265	0.175	0.175	0.045	0.045	0.096	0.095	0.083	0.083

Panel B. CEO Political ideology and management earnings forecast (subsample 2)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
Rep_Dum	0.161***		0.155***		0.156***		0.144***		-0.141***		-0.166***	
	(3.32)		(3.20)		(3.05)		(3.39)		(-2.68)		(-3.01)	
Rep_Index		0.124**		0.021		0.150**		0.099**		-0.115*		-0.215***
		(2.18)		(0.37)		(2.49)		(2.03)		(-1.87)		(-3.32)
Pseudo / Adj. R^2	0.272	0.272	0.305	0.304	0.270	0.270	0.291	0.291	0.231	0.231	0.183	0.184
	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.109***		0.134***		0.032		0.084**		-0.101**		-0.023	
	(3.85)		(2.68)		(0.61)		(2.06)		(-2.27)		(-0.36)	
Rep_Index		0.080**		0.110*		-0.052		0.042		-0.077		0.045
		(2.45)		(1.85)		(-0.84)		(0.87)		(-1.49)		(0.58)
Pseudo / Adj. R^2	0.292	0.292	0.272	0.272	0.170	0.170	0.045	0.045	0.097	0.097	0.102	0.102

Table A5. PSM. Alternative measures of CEO political ideology.

This table presents the test of the difference in management earnings forecast between firms with Republican CEOs and a sample of control firms with non-Republican CEOs matched primarily on firm characteristics, year, and industry. Panel A, B, and present results using Rep_dum_{only} Rep_dum_{cycle}, and Rep_dum_{tenure}, respectively. In panel A, treatment denotes $Rep\_dum_{only,}$ which is an indicator variable that equals 1 if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others) and control refer to matching sample of CEOs who donated to other parties or never donated. In panel B, *treatment* denotes $Rep\_dum_{cycle,}$ which is an indicator variable that equals one if all donations of a CEO in an election cycle are directed to the Republican Party and control refers to matching sample if the donations of a CEO in an election cycle are all directed toward the Democratic party. In panel C, treatment denotes Rep_dum_{tenure} which is an indicator variable that equals one if all donations of a CEO during her/his entire tenure are directed to the Republican Party and control refers to matching sample if all donations of a CEO during her/his entire tenure are directed to the Democratic Party. All variables are defined in Appendix A. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Issue	*Frequency*	*Range*	*Ln(Horizon)*	*OptBias*	*Forecast_ Miss*	*Accuracy*	*Bad_ News*	*Good_ News*	*Positive_ Surprise*	*Negative_ Surprise*	*Neutral_ Surprise*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Panel A. CEO Political ideology and management earnings forecast. CEO ideology is measured using Rep_dum_{only}												
Rep_dum_{only}	0.132	0.133*	0.190**	0.133*	-0.222**	-0.198**	0.122**	0.133	0.004	0.111	-0.177**	0.138
	(1.58)	(1.79)	(2.08)	(1.78)	(-2.35)	(-1.99)	(2.55)	(1.47)	(0.04)	(1.53)	(-2.25)	(1.16)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	3,426	3,426	3,426	3,426	3,426	3,426	3,426	3,426	3,426	3,426	3,426	3,426
Pseudo / Adj. R^2	0.231	0.249	0.259	0.237	0.220	0.185	0.244	0.254	0.171	0.0719	0.131	0.111
Panel B. CEO Political ideology and management earnings forecast. CEO ideology is measured using Rep_dum_{cycle}												
Rep_dum_{cycle}	0.132*	0.187**	0.208**	0.156**	-0.059	-0.112	0.090**	0.112	-0.008	0.131**	-0.120*	-0.061
	(1.67)	(2.41)	(2.55)	(2.32)	(-0.71)	(-1.27)	(1.98)	(1.40)	(-0.09)	(1.98)	(-1.66)	(-0.59)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,172	4,172	4,172	4,172	4,172	4,172	4,172	4,172	4,172	4,172	4,172	4,172
Pseudo /Adj. R^2	0.298	0.307	0.271	0.325	0.244	0.190	0.312	0.285	0.179	0.0591	0.116	0.114
Panel C. CEO Political ideology and management earnings forecast. CEO ideology is measured using Rep_dum_{tenure}												
Rep_dum_{tenure}	0.199*	0.210**	0.196*	0.211**	0.007	-0.155	0.188***	0.111	0.031	0.043	-0.072	0.104
	(1.87)	(2.00)	(1.81)	(2.33)	(0.06)	(-1.33)	(3.05)	(1.04)	(0.28)	(0.49)	(-0.75)	(0.70)
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,422	2,422	2,422	2,422	2,422	2,422	2,422	2,422	2,422	2,422	2,422	2,422
Pseudo / Adj. R^2	0.302	0.302	0.279	0.320	0.242	0.191	0.310	0.275	0.186	0.07	0.134	0.109

Table A6. Management earnings forecasts around CEO turnover. A DID test

This table presents estimates from the Difference-in-Difference (DID) regressions of the association between CEO political ideology and management earnings forecasts around CEO turnover event (-2, +2). *After* is a dummy variable equals one for the years after the CEO turnover. We only consider turnover events where long-term old CEOs are replaced by long-term new CEOs (long-term is defined as holding the position for at least two years). *Rep_Leaving* is a dummy variable equals 1 if a firm replaces a Rep CEO with a non-Rep CEO, 0 otherwise. Republican CEOs are defined using $Rep\_dum_{Only,}$ which is an indicator variable that equals 1 if all donations of a CEO in an election cycle are directed to the Republican Party only (neither Democratic nor others). All models include control variables, year, and industry fixed effects. All control variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

	Issue	*Frequency*	*Range*	*Ln (Horizon)*	*OptBias*	*Forecast_ Miss*	*Accuracy*	*Bad_ News*	*Good_ News*	*Positive_ Surprise*	*Negative_ Surprise*	*Neutral_ Surprise*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
After Rep_Leaving*	-0.215*	-0.012	-0.119	-0.150	0.406***	0.432***	-0.135*	-0.207*	0.010	-0.191*	0.261**	-0.149
	(-1.83)	(-0.11)	(-0.98)	(-1.35)	(3.21)	(3.27)	(-1.89)	(-1.71)	(0.08)	(-1.90)	(2.41)	(-0.90)
Rep_Leaving	0.109	0.017	-0.033	0.071	-0.199*	-0.285***	0.107*	0.109	-0.051	-0.000	-0.021	0.049
	(1.15)	(0.20)	(-0.33)	(0.81)	(-1.95)	(-2.70)	(1.88)	(1.12)	(-0.48)	(-0.00)	(-0.24)	(0.38)
After	0.109*	0.130**	0.184***	0.085	-0.250***	-0.216***	0.040	0.174***	-0.050	-0.033	0.047	-0.020
	(1.87)	(2.50)	(2.85)	(1.58)	(-3.74)	(-3.05)	(1.15)	(2.78)	(-0.77)	(-0.65)	(0.87)	(-0.24)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo / Adj. R^2	0.224	0.292	0.228	0.256	0.205	0.155	0.270	0.232	0.151	0.054	0.101	0.073
Observations	11,815	11,815	11,815	11,815	11,815	11,815	11,815	11,815	11,815	11,815	11,815	11,815

Table A7. The effect of change in CEO political ideology due to CEO turnover on Change in management earnings forecasts.

This table presents tests of the association between changes in CEO political ideology due to CEO turnover and changes in management earnings forecasts. *Δdependent* is the difference between the first full fiscal year under the new CEO and the last full fiscal year under the old CEO. ΔREP_{CEO} is defined as the changes in CEO political ideology due to CEO turnover, where ΔREP_{CEO} =1 if a Republican CEO (Rep_dum_{Only}) replaces a Democratic CEO (Dem_dum_{Only}), 0 if the political ideology is similar after a CEO turnover, and -1 if a Democratic CEO replaces a Republican minded CEO. Panel A reports results for all CEO turnover events. Panel B reports results only when an old CEO is in position for at least three years. All models include control variables, year, and industry fixed effects. All variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO turnover sample

	ΔIssue	*ΔFrequency*	*ΔRange*	*ΔLn (Horizon)*	*ΔOptBias*	*ΔForecast_ Miss*	*ΔAccuracy*	*ΔBad_ News*	*ΔGood_ News*	*ΔPositive_ Surprise*	*ΔNegative_ Surprise*	*ΔNeutral_ Surprise*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
ΔREP_{CEO}	0.201**	0.199	0.247**	0.883*	-0.307**	-0.365***	0.782**	0.193	0.002	-0.059	0.012	0.047
	(2.28)	(0.49)	(2.36)	(1.88)	(-2.26)	(-3.01)	(2.26)	(1.59)	(0.02)	(-0.37)	(0.08)	(0.49)
ΔControls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo/Adj. R^2	0.489	0.483	0.463	0.458	0.437	0.474	0.418	0.438	0.369	0.451	0.431	0.533
Observations	172	172	172	172	172	172	172	172	172	172	172	172

Panel B. Long-term old CEO turnover sample

	ΔIssue	*ΔFrequency*	*ΔRange*	*ΔLn (Horizon)*	*ΔOptBias*	*ΔForecast_ Miss*	*ΔAccuracy*	*ΔBad_ News*	*ΔGood_ News*	*ΔPositive_ Surprise*	*ΔNegative_ Surprise*	*ΔNeutral_ Surprise*
ΔREP_{CEO}	0.158*	-0.228	0.274**	0.633	-0.240*	-0.413***	0.719*	0.174	-0.104	-0.004	-0.049	0.054
	(1.79)	(-0.56)	(2.48)	(1.39)	(-1.75)	(-2.95)	(1.76)	(1.43)	(-0.98)	(-0.03)	(-0.28)	(0.46)
ΔControls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo/Adj. R^2	0.534	0.504	0.476	0.521	0.469	0.493	0.421	0.457	0.404	0.500	0.485	0.547
Observations	162	162	162	162	162	162	162	162	162	162	162	162

Table A8. Controlling for CEO turnover and tenure.

This table presents results when excluding CEO turnover years (Panels A & B), and the first three years of CEO tenure (Panels C & D). All models include control variables, year, and industry fixed effects. All variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively. n = 30,319 in Panels A & B and 20,681 in Panels C & D.

Panel A. CEO Political ideology and management earnings forecast (1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Rep_Dum	0.140***			0.166***			0.133***			0.118***			-0.152***			-0.149***		
	(4.02)			(5.07)			(3.63)			(3.94)			(-3.98)			(-3.66)		
Rep_Index		0.139***			0.121***			0.161***			0.106***			-0.178***			-0.205***	
		(3.22)			(3.01)			(3.54)			(2.88)			(-3.77)			(-4.11)	
Rep_index$_{year}$			0.111***			0.090***			0.115***			0.095***			-0.099***			-0.110***
			(3.68)			(3.05)			(3.61)			(3.60)			(-2.98)			(-3.10)
Pseudo / Adj. R^2	0.260	0.260	0.260	0.282	0.281	0.281	0.257	0.257	0.257	0.271	0.271	0.271	0.222	0.222	0.221	0.179	0.179	0.178

Panel B. CEO Political ideology and management earnings forecast (2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_Dum	0.088***			0.150***			0.052			0.064**			-0.097***			0.028		
	(4.44)			(4.14)			(1.33)			(2.16)			(-3.06)			(0.59)		
Rep_Index		0.088***			0.169***			0.005			0.045			-0.095**			0.080	
		(3.59)			(3.74)			(0.10)			(1.23)			(-2.43)			(1.38)	
Rep_index$_{year}$			0.064***			0.083***			0.046			0.056**			-0.071**			0.014
			(3.66)			(2.61)			(1.33)			(2.18)			(-2.56)			(0.35)
Pseudo/Adj. R^2	0.266	0.266	0.266	0.259	0.259	0.259	0.173	0.173	0.173	0.050	0.050	0.050	0.099	0.099	0.099	0.077	0.077	0.077

Panel C. CEO Political ideology and management earnings forecast (1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
Rep_Dum	0.107***			0.147***			0.102**			0.095***			-0.124***			-0.109**		
	(2.61)			(3.83)			(2.36)			(2.67)			(-2.74)			(-2.26)		
Rep_Index		0.101*			0.094*			0.131**			0.079*			-0.144**			-0.170***	
		(1.94)			(1.96)			(2.38)			(1.78)			(-2.53)			(-2.83)	
Rep_index$_{year}$			0.095***			0.077**			0.112***			0.079***			-0.094**			-0.097**
			(2.72)			(2.28)			(3.02)			(2.58)			(-2.43)			(-2.37)
Pseud /Adj. R^2	0.262	0.262	0.262	0.283	0.282	0.282	0.258	0.258	0.259	0.275	0.275	0.275	0.221	0.221	0.221	0.180	0.180	0.180

Table A8. Controlling for CEO turnover and tenure. Cont'd

Panel D. CEO Political ideology and management earnings forecast (2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_Dum	0.067***			0.101**			0.039			0.102***			-0.122***			-0.013		
	(2.89)			(2.35)			(0.84)			(2.95)			(-3.24)			(-0.24)		
Rep_Index		0.063**			0.112**			-0.018			0.076*			-0.121***			0.058	
		(2.18)			(2.05)			(-0.29)			(1.75)			(-2.57)			(0.85)	
Rep_index$_{year}$			0.050**			0.069*			0.025			0.075**			-0.092***			0.013
			(2.47)			(1.90)			(0.62)			(2.52)			(-2.87)			(0.27)
Pseudo/Adj. R^2	0.270	0.270	0.270	0.260	0.260	0.260	0.179	0.179	0.179	0.050	0.050	0.050	0.098	0.098	0.098	0.082	0.082	0.082

Table A9. Change-on-change regression

This table presents tests of the association between CEO political ideology and management earnings forecast where all dependent and independent variables are annual changes. We exclude the firm-years with 0 changes in either dependent or independent variables. All models include control variables, firm, and year fixed effects. All control variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast (1)

	ΔIssue		*ΔFrequency*		*ΔRange*		*ΔLn(Horizon)*		*ΔOptBias*		*ΔForecast Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
ΔRep_index_{year}	0.168***		0.036		0.059		0.152***		-0.045		-0.025	
	(2.80)		(0.60)		(0.89)		(3.29)		(-1.24)		(-0.70)	
ΔRep_dum_{Only}		0.382*		0.300*		0.292		0.399***		-0.282**		-0.270**
		(1.73)		(1.94)		(0.67)		(3.63)		(-2.43)		(-2.15)
Δcontrols	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo/Adj. R^2	0.518	0.814	0.240	0.523	0.459	0.846	0.298	0.535	0.414	0.777	0.373	0.723
Observations	1,118	315	3,203	794	1,013	266	3,857	973	1,594	409	1,594	393

Panel B. CEO Political ideology and management earnings forecast (2)

	ΔAccuracy		*ΔBad News*		*ΔGood News*		*ΔPositive Surprise*		*ΔNegative Surprise*		*ΔNeutral Surprise*	
ΔRep_index_{year}	0.126***		0.050		0.061*		0.047**		-0.055**		0.010	
	(3.46)		(1.04)		(1.81)		(1.99)		(-2.15)		(0.22)	
ΔRep_dum_{Only}		0.335***		-0.040		0.165		-0.028		0.039		0.308
		(3.49)		(-0.19)		(1.28)		(-0.40)		(0.50)		(1.63)
Δcontrols	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm & Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo/Adj. R^2	0.252	0.498	0.437	0.795	0.429	0.758	0.281	0.534	0.327	0.578	0.368	0.779
Observations	3,600	905	1,256	334	1,699	403	3,590	924	3,078	812	1,360	340

Table A10. Controlling for CEO characteristics, incentives, and managerial ability

This table presents results of tests that control for managerial ability, *MA_Score*, controlling for CEO characteristics (Ln(Tenure), Ln(Age), Duality, Ln(Delta), Ln(Vega), CEO_Own, and managerial ability) in addition to the baseline control variables. All variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast. Controlling for managerial ability (1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Rep_Dum	0.121***			0.173***			0.121***			0.114***			-0.128***			-0.122***		
	(3.44)			(5.17)			(3.27)			(3.75)			(-3.34)			(-2.99)		
Rep_Index		0.102**			0.111***			0.116**			0.090**			-0.123***			-0.161***	
		(2.36)			(2.73)			(2.57)			(2.39)			(-2.60)			(-3.23)	
Rep_index$_{year}$			0.109***			0.089***			0.107***			0.100***			-0.094***			-0.105***
			(3.60)			(2.99)			(3.35)			(3.76)			(-2.83)			(-2.97)
MA_Score	-0.581***	-0.584***	-0.579***	-0.361***	-0.366***	-0.360***	-0.680***	-0.685***	-0.679***	-0.654***	-0.657***	-0.653***	0.535***	0.538***	0.532***	0.580***	0.583***	0.576***
	(-4.63)	(-4.65)	(-4.62)	(-2.94)	(-2.98)	(-2.93)	(-5.08)	(-5.11)	(-5.08)	(-6.01)	(-6.04)	(-6.00)	(3.95)	(3.97)	(3.93)	(4.04)	(4.06)	(4.02)
Observations	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638
Pseudo / Adj. R^2	0.262	0.262	0.262	0.290	0.290	0.290	0.255	0.255	0.255	0.277	0.277	0.277	0.223	0.223	0.223	0.178	0.178	0.178

Panel B. CEO Political ideology and management earnings forecast Controlling for managerial ability (2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_Dum	0.079***			0.112***			0.061			0.043			-0.071**			0.027		
	(3.94)			(3.07)			(1.56)			(1.42)			(-2.21)			(0.58)		
Rep_Index		0.064***			0.100**			0.013			0.021			-0.062			0.072	
		(2.61)			(2.20)			(0.27)			(0.58)			(-1.57)			(1.24)	
Rep_index$_{year}$			0.060***			0.071**			0.049			0.053**			-0.069**			0.021
			(3.41)			(2.25)			(1.44)			(2.06)			(-2.46)			(0.53)
MA_Score	-0.481***	-0.483***	-0.480***	-0.531***	-0.534***	-0.530***	-0.317**	-0.319**	-0.317**	-0.291***	-0.292***	-0.290***	0.271**	0.272**	0.270**	-0.139	-0.140	-0.137
	(-6.69)	(-6.71)	(-6.68)	(-4.02)	(-4.04)	(-4.01)	(-2.27)	(-2.29)	(-2.27)	(-2.71)	(-2.72)	(-2.70)	(2.33)	(2.34)	(2.32)	(-0.85)	(-0.86)	(-0.84)
CEO controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638	30,638
Pseudo / Adj. R^2	0.277	0.277	0.277	0.262	0.262	0.262	0.179	0.179	0.179	0.054	0.054	0.054	0.104	0.104	0.104	0.076	0.076	0.076

Table A11. Additional statistical specifications.

This table presents results using state fixed effects (Panel A & B), and standard errors clustered at the firm level (Panel C & D). All models include control variables, year, and industry fixed effects. All variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast (state fixed effects1)

	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Rep_Dum	0.079**			0.160***			0.059			0.078***			-0.093**			-0.084**		
	(2.28)			(5.04)			(1.61)			(2.67)			(-2.45)			(-2.08)		
Rep_Index		0.058			0.098**			0.047			0.053			-0.082*			-0.119**	
		(1.35)			(2.52)			(1.03)			(1.46)			(-1.73)			(-2.38)	
Rep_index_{year}			0.068**			0.069**			0.056*			0.063**			-0.055*			-0.069**
			(2.27)			(2.45)			(1.79)			(2.46)			(-1.68)			(-1.96)
Pseudo/Adj. R^2	0.269	0.269	0.269	0.289	0.288	0.288	0.266	0.266	0.266	0.278	0.278	0.278	0.228	0.228	0.228	0.183	0.183	0.183
Observations	33,316	33,316	33,316	33,348	33,348	33,348	33,309	33,309	33,309	33,348	33,348	33,348	33,251	33,251	33,251	33,255	33,255	33,255

Panel B. CEO Political ideology and management earnings forecast (state fixed effects2)

	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_Dum	0.067***			0.080**			0.026			0.058**			-0.084***			0.012		
	(3.53)			(2.23)			(0.67)			(1.99)			(-2.69)			(0.26)		
Rep_Index		0.056**			0.066			-0.025			0.045			-0.080**			0.044	
		(2.38)			(1.47)			(-0.53)			(1.26)			(-2.10)			(0.76)	
Rep_index_{year}			0.042**			0.033			0.016			0.060**			-0.069**			-0.002
			(2.46)			(1.06)			(0.47)			(2.36)			(-2.55)			(-0.06)
Pseudo/Adj. R^2	0.277	0.277	0.277	0.268	0.268	0.268	0.188	0.188	0.188	0.054	0.054	0.054	0.104	0.104	0.104	0.082	0.082	0.082
Observations	33,348	33,348	33,348	33,297	33,297	33,297	33,320	33,320	33,320	33,348	33,348	33,348	33,348	33,348	33,348	33,291	33,291	33,291

Table A11. Additional statistical specifications. Cont'd

Panel C. CEO Political ideology and management earnings forecast (standard errors clustered at the firm level 1)																		
	Issue			*Frequency*			*Range*			*Ln(Horizon)*			*OptBias*			*Forecast_Miss*		
Rep_Dum	0.128**			0.165**			0.127*			0.111**			-0.143**			-0.142**		
	(2.07)			(2.58)			(1.95)			(2.04)			(-2.53)			(-2.49)		
Rep_Index		0.126*			0.117			0.144*			0.100			-0.158**			-0.194***	
		(1.74)			(1.55)			(1.86)			(1.56)			(-2.35)			(-2.88)	
Rep_index$_{year}$			0.102**			0.080*			0.109**			0.087**			-0.092**			-0.106**
			(2.37)			(1.73)			(2.33)			(2.26)			(-2.18)			(-2.47)
Pseudo / Adj. R^2	0.257	0.257	0.257	0.279	0.280	0.279	0.253	0.253	0.253	0.268	0.269	0.268	0.220	0.220	0.220	0.176	0.176	0.176
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951
Panel D. CEO Political ideology and management earnings forecast (standard errors clustered at the firm level 2)																		
	Accuracy			*Bad_News*			*Good_News*			*Positive_Surprise*			*Negative_Surprise*			*Neutral_Surprise*		
Rep_Dum	0.087**			0.133**			0.052			0.058*			-0.090***			0.029		
	(2.52)			(2.15)			(0.96)			(1.87)			(-2.75)			(0.58)		
Rep_Index		0.084**			0.144**			0.011			0.052			-0.094**			0.065	
		(2.07)			(1.98)			(0.16)			(1.37)			(-2.36)			(1.04)	
Rep_index$_{year}$			0.057**			0.072*			0.038			0.058**			-0.067**			0.003
			(2.21)			(1.67)			(0.93)			(2.28)			(-2.48)			(0.07)
Pseudo / Adj. R^2	0.266	0.266	0.266	0.257	0.257	0.257	0.180	0.180	0.180	0.052	0.052	0.052	0.102	0.102	0.102	0.077	0.077	0.077
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951

Table A12. Political ideology vs. Political activism.

This table presents tests that attempt to differentiate between the political ideology and the political activism explanation of our baseline results. Panel A reports results for *Issue, Frequency, Range, Ln(Horizon), OptBias, and Forecast_Miss,* on the other hand. Panel B reports results for the models of the association between CEO political ideology on one hand and *Accuracy, Bad_News, Good_News, Positive_Surprise, Negative_Surprise, and Neutral_Surprise* on the other hand. All models include control variables, year, and industry fixed effects. All other independent variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and management earnings forecast (Ideology vs. activism 1)												
	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_dum	0.117***		0.174***		0.120***		0.105***		-0.138***		-0.130***	
	(3.41)		(5.47)		(3.31)		(3.55)		(-3.63)		(-3.22)	
Dem_dum	-0.053		0.044		-0.031		-0.031		0.024		0.049	
	(-1.26)		(1.07)		(-0.71)		(-0.83)		(0.52)		(1.00)	
Rep_dum_{tenure}		0.120***		0.110***		0.106**		0.085**		-0.097**		-0.136***
		(2.72)		(2.65)		(2.28)		(2.23)		(-1.98)		(-2.64)
Dem_dum_{tenure}		-0.032		0.004		-0.054		-0.050		0.008		0.121
		(-0.44)		(0.06)		(-0.72)		(-0.76)		(0.10)		(1.42)
Pseudo R^2/Adj. R^2	0.257	0.257	0.280	0.279	0.253	0.253	0.269	0.268	0.220	0.220	0.176	0.176
Panel B. CEO Political ideology and management earnings forecast (Ideology vs. activism 2)												
	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_dum	0.083***		0.130***		0.052		0.046		-0.080***		0.038	
	(4.29)		(3.61)		(1.36)		(1.58)		(-2.58)		(0.81)	
Dem_dum	-0.018		-0.016		0.001		-0.063*		0.051		0.043	
	(-0.72)		(-0.36)		(0.01)		(-1.75)		(1.32)		(0.76)	
Rep_dum_{tenure}		0.069***		0.127***		0.062		0.040		-0.066*		0.052
		(2.79)		(2.74)		(1.25)		(1.06)		(-1.66)		(0.87)
Dem_dum_{tenure}		-0.014		-0.026		0.122		0.017		0.042		-0.150
		(-0.33)		(-0.34)		(1.57)		(0.27)		(0.64)		(-1.47)
Pseudo R^2/Adj. R^2	0.266	0.266	0.257	0.257	0.180	0.180	0.052	0.052	0.102	0.102	0.077	0.077
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951	33,951

Table A13. Robustness check. Active earnings forecast subsample

This table presents tests of the association between CEO political ideology and management earnings forecast using a subsample of the firm that have at least one earnings forecast during our sample period. All models include year and industry fixed effects. All other independent variables are defined in Appendix A. T-statistics are computed using robust standard errors and reported in parentheses. †, ** and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A. CEO Political ideology and MEF: Active earnings forecast subsample (1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.123†		0.180†		0.122†		0.110†		-0.137†		-0.136†	
	(3.39)		(4.66)		(3.30)		(3.18)		(-3.60)		(-3.40)	
Rep_Index		0.126†		0.139†		0.150†		0.108**		-0.157†		-0.192†
		(2.85)		(2.96)		(3.31)		(2.56)		(-3.38)		(-3.95)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437
Pseudo / Adj. R^2	0.222	0.222	0.295	0.294	0.226	0.226	0.261	0.261	0.192	0.192	0.149	0.149

Panel B. CEO Political ideology and MEF: Active earnings forecast subsample (2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.088†		0.125†		0.046		0.070**		-0.105†		0.020	
	(3.82)		(3.39)		(1.19)		(2.17)		(-2.97)		(0.41)	
Rep_Index		0.093†		0.148†		0.005		0.072*		-0.107**		0.024
		(3.29)		(3.26)		(0.10)		(1.81)		(-2.48)		(0.40)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437	25,437
Pseudo / Adj. R^2	0.269	0.269	0.226	0.226	0.144	0.144	0.043	0.043	0.090	0.089	0.076	0.076

Table A14. Cross-sectional test: High vs. low analyst coverage.

This table presents results for firms with high (above median) analyst coverage (Panel A) and firms with low (below median) analyst coverage (Panel B). All variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively

Panel A1. CEO Political ideology and management earnings forecast (High analyst coverage 1)												
	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.147***		0.215***		0.109**		0.117***		-0.164***		-0.165***	
	(3.20)		(4.71)		(2.28)		(3.04)		(-3.43)		(-3.28)	
Rep_Index		0.107*		0.106*		0.096		0.061		-0.145**		-0.223***
		(1.87)		(1.86)		(1.62)		(1.29)		(-2.46)		(-3.63)
Observations	16,003	16,003	16,006	16,006	16,006	16,006	16,006	16,006	16,003	16,003	16,003	16,003
Pseudo R^2/Adj. R^2	0.291	0.290	0.325	0.324	0.285	0.285	0.319	0.319	0.235	0.235	0.186	0.186
Panel A2. CEO Political ideology and management earnings forecast (High analyst coverage 2)												
	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.094***		0.135***		0.031		0.027		-0.054		0.018	
	(3.52)		(2.85)		(0.64)		(0.72)		(-1.28)		(0.32)	
Rep_Index		0.061*		0.105*		-0.065		-0.013		-0.031		0.065
		(1.85)		(1.79)		(-1.06)		(-0.27)		(-0.60)		(0.91)
Observations	16,006	16,006	16,003	16,003	15,955	15,955	16,002	16,002	16,002	16,002	16,002	16,002
Pseudo R^2/Adj. R^2	0.305	0.305	0.286	0.286	0.179	0.179	0.032	0.032	0.072	0.072	0.079	0.079
Panel B1. CEO Political ideology and management earnings forecast (Low analyst coverage 1)												
	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
Rep_Dum	0.126**		0.094**		0.185***		0.099**		-0.131**		-0.124*	
	(2.50)		(2.33)		(3.42)		(2.33)		(-2.22)		(-1.96)	
Rep_Index		0.166***		0.100**		0.226***		0.124**		-0.174**		-0.154**
		(2.71)		(2.05)		(3.45)		(2.40)		(-2.42)		(-2.00)
Observations	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,898	17,898	17,877	17,877
Pseudo R^2/Adj. R^2	0.226	0.227	0.227	0.227	0.239	0.239	0.224	0.224	0.206	0.206	0.172	0.172

Table A14. Cross-sectional test: High vs. low analyst coverage. Cont'd

Panel B2. CEO Political ideology and management earnings forecast (Low analyst coverage 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.076***		0.144***		0.103*		0.125***		-0.147***		0.044	
	(2.91)		(2.67)		(1.75)		(2.90)		(-3.29)		(0.56)	
Rep_Index		0.098***		0.198***		0.133*		0.130**		-0.162***		0.075
		(3.09)		(3.01)		(1.85)		(2.50)		(-2.99)		(0.81)
Observations	17,945	17,945	17,898	17,898	17,945	17,945	17,945	17,945	17,945	17,945	17,945	17,945
Pseudo R^2/Adj. R^2	0.209	0.209	0.224	0.225	0.184	0.184	0.085	0.085	0.123	0.123	0.064	0.064
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table A15. Pre- and post- the financial crisis.

This table presents results for the pre-financial crisis subsample (1993-2007) in Panel A, and the post-financial crisis subsample (2010-2016) in Panel B. All variables are defined in Appendix A. All models include year and industry fixed effects. T-statistics are computed using robust standard errors and reported in parentheses. ***, ** and * denote significance at the 1%, 5%, and 10% levels, respectively

Panel A1. CEO Political ideology and management earnings forecast (pre-crisis 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rep_Dum	0.109**		0.112***		0.086*		0.086**		-0.123**		-0.098*	
	(2.50)		(3.26)		(1.78)		(2.47)		(-2.49)		(-1.85)	
Rep_Index		0.137**		0.096**		0.140**		0.099**		-0.157**		-0.157**
		(2.48)		(2.27)		(2.31)		(2.30)		(-2.54)		(-2.39)
Observations	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046
Pseudo R^2/Adj. R^2	0.280	0.280	0.303	0.302	0.271	0.271	0.282	0.282	0.233	0.233	0.173	0.173

Panel A2. CEO Political ideology and management earnings forecast (pre-crisis 2)

	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.065***		0.068		0.093*		0.092***		-0.144***		0.043	
	(2.77)		(1.44)		(1.91)		(2.61)		(-3.76)		(0.80)	
Rep_Index		0.063**		0.122**		0.080		0.105**		-0.167***		0.075
		(2.17)		(2.06)		(1.29)		(2.39)		(-3.51)		(1.13)
Observations	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046	21,046
Pseudo R^2/Adj. R^2	0.258	0.258	0.275	0.275	0.218	0.218	0.0514	0.0514	0.111	0.111	0.0805	0.0805

Panel B1. CEO Political ideology and management earnings forecast (post-crisis 1)

	Issue		*Frequency*		*Range*		*Ln(Horizon)*		*OptBias*		*Forecast_Miss*	
Rep_Dum	0.127**		0.201***		0.166***		0.118**		-0.183***		-0.207***	
	(2.11)		(2.94)		(2.78)		(2.08)		(-2.92)		(-3.16)	
Rep_Index		0.057		0.089		0.130*		0.052		-0.171**		-0.215***
		(0.81)		(1.12)		(1.83)		(0.78)		(-2.28)		(-2.75)
Observations	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840
Pseudo R^2/Adj. R^2	0.225	0.224	0.252	0.251	0.200	0.199	0.256	0.256	0.186	0.186	0.161	0.160

Table A15. Pre- and post- the financial crisis. Cont'd

Panel B2. CEO Political ideology and management earnings forecast (post-crisis 2)												
	Accuracy		*Bad_News*		*Good_News*		*Positive_Surprise*		*Negative_Surprise*		*Neutral_Surprise*	
Rep_Dum	0.103***		0.207***		-0.044		0.034		0.006		-0.124	
	(2.81)		(3.40)		(-0.64)		(0.63)		(0.10)		(-1.28)	
Rep_Index		0.085*		0.162**		-0.128		-0.002		0.015		-0.030
		(1.93)		(2.23)		(-1.53)		(-0.04)		(0.22)		(-0.26)
Observations	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840	9,840
Pseudo R^2/Adj. R^2	0.282	0.281	0.221	0.220	0.128	0.128	0.05	0.05	0.089	0.089	0.069	0.068
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year & Ind. FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes