

Submission Title: Narrative Conservatism



SUBMISSION PREVIEW: NARRATIVE CONSERVATISM

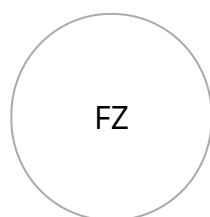
[Edit Narrative Conservatism](#)

Submission ID: 991957

Proposal Category: Paper Submission

Submission Status: Active

Author(s)

**FENGZHI ZHU****Position:**

Ph.D. Candidate

Organization:

Universidad Carlos III de Madrid

Role:

Presenting Author

Co-Author(s)

1. JUAN MANUEL GARCÍA LARA
2. BEATRIZ GARCÍA OSMA

Abstract

Abstract

We define narrative conservatism as narratives that reflect bad news in a more complete, news-consistent, and timely manner than good news. Using 10-Q and 8-K filings from 1994 to 2019, we find that narrative disclosure is conservative. Narratives are asymmetrically lengthier, timelier, and show greater tone consistency in response to bad news than to good news. Firms report lengthier 10-Qs to clarify rather than obfuscate bad news, and provide more 8-Ks and 8-K items in response to bad news than to good news. We document greater narrative conservatism in the MD&A section and in voluntary disclosure. We provide initial evidence that narrative conservatism is pervasive in firms with high conditional conservatism, intangible assets, R&D expenses and proprietary costs. Finally, we find more narrative conservatism in settings where managers have strong incentives to disclose bad news, validating our empirical approach.

Uploaded File(s)

Upload Blind Paper

Submission Title: Narrative Conservatism

Narrative Conservatism_blind.pdf**Upload Non-Blinded Paper****Narrative Conservatism.pdf****Keywords**

Keyword 1

Other (specify in Keyword 4)

Keyword 2

Other (specify in Keyword 4)

Keyword 3

Other (specify in Keyword 4)

Keyword 4 - Other Accounting Issues

Narrative Disclosure, Conservatism, Textual Analysis

Methodologies

Methodology 1

Archival

Methodology 2**Methodology 3 - Other****Thematic sessions: Diversity**

Would you be interested in participating in a thematic research session focused on diversity?

Yes

With which dimension of diversity does your submission best align?

Geographical or linguistic diversity

Diversity 2 (other)**Special Symposium Track: Accounting Perspectives**

Would you like your submission to be considered for the *Accounting Perspectives* Symposium?

Yes

Submission Title: Narrative Conservatism