Straight From the Horse's Mouth:
Determinants and Consequences of Managers' Conference Call Participation*

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ABSTRACT:
We examine the factors firms consider when deciding which managers participate in their earnings conference calls and the consequences of this decision. We find significant variation in participation, with frequent participation by non-CEO/CFO/IR managers (38% of calls) and managers who only participate in the Q&A (27%). Participation is also not static (only 37% have the same managers as the prior four quarters). Firms are more likely to add new managers to calls to address increased information demands following unusual firm events and to showcase managerial talent when succession planning is critical. However, firms recognize costs of adding inexperienced managers and are less likely to add managers when fewer managers have experience communicating with external stakeholders. Adding a new manager changes the textual content of calls and is negatively associated with analysts' outputs, perhaps because of their unfamiliarity with the manager. Overall, our findings suggest that *who* discloses information matters.

Keywords: corporate disclosure; conference calls; analyst forecast properties; manager style
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I. INTRODUCTION

Earnings conference calls are arguably one of the most important mechanisms firms have to communicate with their external stakeholders. In their survey of Investor Relations Officers, Brown, Call, Clement, and Sharp (2019) report that IR officers rank conference calls as the "most important tool for conveying their company's message to institutional investors" and prior studies have demonstrated the importance of conference calls as a disclosure mechanism (Frankel, Johnson, and Skinner 1999; Bowen, Davis, and Matsumoto 2002; Bushee, Matsumoto, and Miller 2003; Matsumoto, Pronk, and Roelofsen 2011). Prior studies have explored various dimensions of conference calls;[1] however, to our knowledge, what has not been explored thus far in the literature are the factors firms consider in deciding which managers to put forth as representatives for the firm and whether that decision matters. The purpose of this study is to fill this void.

One of the more unique features of conference calls as a voluntary disclosure mechanism is that information is conveyed directly by managers. Thus, the disclosure is impacted by and associated with the manager, and it is likely that both the nature of the information disclosed and the interpretation of the information by recipients will be impacted by who delivers the message. Any given managers' ability to credibly provide specific information about various events at the firm is likely defined by the scope of their job responsibilities. Moreover, managers' experiences and personalities influence their perspectives and decisions (Hambrick and Mason 1984), which also likely impact the disclosures they provide.[2] That managers are not interchangeable also

[1] Some of these dimensions include textual characteristics such as tone (Price, Doran, Peterson, and Bliss 2012; Davis, Ge, Matsumoto, and Zhang 2015; Huang, Teoh, and Zhang 2014), the use of deceptive or avoidant language (Hollander, Pronk, and Roelofsen 2010; Larcker and Zakolyukina 2012; Lee 2016), the topics discussed (Huang, Lehavy, Zang, and Zheng 2018), as well as participation by analysts and institutional investors (Mayew 2008; Jung, Wong, and Zhang 2017; Heinrichs, Park, and Soltes, 2019; Mayew, Sethuraman, and Venkatachalam 2020).

[2] A large body of archival research supports the notion that individual managers affect firm outcomes (Bertrand and Schoar 2003; Bamber, Jiang, and Wang 2010; Dyreng, Hanlon, and Maydew 2010; Ge, Matsumoto, and Zhang 2011; Davis et al. 2015; Moon 2022; see also Hanlon, Yeung, and Zuo 2022 for a review of the literature).

increases the importance of familiarizing external stakeholders with specific managers of the firm in order to establish the firms' underlying managerial talent. Thus, it is reasonable that firms would carefully consider which managers should represent the firm in delivering corporate disclosures.

We first provide detailed descriptive evidence on which managers participate in earnings conference calls. Over a third (37.7%) of calls have managers other than the CEO, CFO, and IR manager who speak in the presentation. In addition, about 27% of calls include additional managers who only speak in the Q&A section and these managers are most commonly divisional or regional managers. Thus, a large proportion of conference calls include managers outside the traditional CEO/CFO/IR roles. In addition, approximately 6.8% (5.3%) of calls in our sample have new managers speaking in the presentation (Q&A only) that are not regularly on the call (hereafter, "added manager") and only 37% of calls have the same set of presentation managers as the prior four quarters. Thus, there is significant variation in the managers who participate in earnings calls, and some degree of fluidity in the managers who participate over time.

Our first analysis focuses on the costs and benefits firms consider in their decision to add a new manager to the conference call.[3] One benefit of adding a manager to the call is to provide additional information to external call participants about specific firm events. While information could be gathered, conveyed, and ultimately discussed on the conference call by the management team that regularly participates in the conference call (e.g., the CEO and CFO), details and nuance are more credibly communicated by managers who have direct knowledge of these events (Mercer

[3] Although we provide numerous descriptive statistics based on job titles, the focus of our analyses is on the addition of a specific individual, not the addition of a specific job title. First, we did not want to consider a manager who is regularly on the call but who has been given a new job title to be an added manager because the title change is likely unrelated to the conference call. Second, our classification of job titles categorizes a number of distinct roles within a firm under the same category (e.g., the VP of North America and the VP of Europe would both be considered Divisional/Regional managers); thus, we did not require a new job title category when classifying a manager as an added manager. Also, our analyses are focused on the decision to *add* a manager and not on the decision to remove a manager who was on the call in the prior period. We make this choice because we suspect that the costs/benefits of removing managers are likely different than the costs/benefits of adding managers.

2004). Thus, we hypothesize that firms add managers to calls during periods when specific events increase information demands. A second benefit of adding managers to the call is to showcase the depth of managerial talent at the firm, sometimes referred to as "bench strength." The incentive to establish managerial bench strength is likely greater when firms are succession planning; thus, we expect firms to add managers to the call when the CEO and/or the CFO (the two managers most regularly on the call) are approaching retirement age.

However, there are also costs to adding managers to the call. External participants might be uncertain about the expertise and trustworthiness of an unfamiliar manager and managerial idiosyncrasies can complicate the communication process. Thus, we hypothesize that firms are more likely to add managers to the call if they have a larger pool of managers who have experience communicating with external stakeholders.

Our analysis is based on a sample of 42,905 quarterly earnings conference calls made between 2002 and 2019. Overall, we find support for our three predictions: firms are more likely to add a manager to the call when 1) firm events increase information demands, such as mergers and acquisitions, comment letters, shareholder litigation, and CEO or CFO turnover;[4] 2) CEOs or CFOs who are regularly on the call are over 60 years old; and 3) firms have more managers who have previously communicated with external stakeholders through non-earnings conference calls.

If firms add managers to their conference calls in order to convey more information to stakeholders, we expect calls with added managers to exhibit different textual characteristics. We examine four textual characteristics: length, use of specific language, use of opinion words, and

[4] Because we focus on the addition of specific individuals, the turnover of a CEO or CFO could mechanically result in the addition of a new manager. We adjust our measurement of whether a firm adds a manager to a call to exclude the addition of only a CEO (CFO) in firm-quarters with CEO (CFO) turnover event to avoid this mechanical relation. Thus, the added managers in the turnover quarters are managers with other roles in the organization that are presumably added to provide additional expertise and/or credibility to the information conveyed on the call due to the presence of a new CEO/CFO.

use of qualitative forward-looking statements. We assume that more specific language is more informative, as are qualitative disclosures such as managerial opinions and qualitative forward-looking disclosures (Hope, Hu, and Lu 2016; Liberti and Mian 2009; Bozanic, Roulstone, and Van Buskirk 2018; Lu 2022). We conduct our analysis on an entropy-balanced sample to control for observable determinants of adding a manager (documented in our previous analysis) as well as other differences in firm characteristics. We find that calls with added managers who speak during the presentation display an increase in overall length, as well as an increase in the use of specific language, opinion words, and qualitative forward-looking statements. When a manager is added who speaks only in the Q&A, the length and specificity of the Q&A increases, but the use of opinion words and qualitative forward-looking statements does not, suggesting these managers are added to provide specific information without nuance or "color." Overall, our evidence suggests that the combination of managers on the call impacts the information that is conveyed.

Our final set of analyses examines the effect of adding managers on one of the primary consumers of conference call information – financial analysts – as well as on overall stock market outcomes. On the one hand, adding managers is associated with increases in the amount and type of information disclosed on the call. Thus, we would expect adding managers to be associated with improved financial analyst outputs (e.g., the timeliness and accuracy of forecasts) as well as improved capital market outcomes (e.g., larger market returns and faster price discovery). However, it is possible that adding a new manager to the call could make it more difficult to process the disclosures due to the manager's expertise and/or idiosyncratic style, thereby worsening analyst outputs and capital market outcomes. We again conduct our analysis on an entropy-balanced sample. Overall, we find evidence that analyst forecast timeliness and accuracy are not affected when the added manager is the CEO or CFO, who are likely familiar to the market through other interactions, but do decline when the added manager is someone other than the CEO or CFO. However, we find limited effects on market outcomes.

Our study contributes to two streams of literature. First, we add to the large literature on conference call disclosures. To our knowledge, we are the first study to examine whether and how firms organize the team of managers that participate in conference calls, one of the most important firm disclosures.[5] We provide significant descriptive detail about the various managers who participate in calls across firms, which can be useful for studies looking to use conference call transcripts to infer various firm attributes (e.g., location of knowledge within the firm (Li, Minnis, Nagar, and Rajan 2014)). We also document several factors that influence the decision to deviate from the regular line-up of managers, including the occurrence of uncertainty-inducing firm events and the desire to showcase their managerial talent, as well as an important constraint on firms' ability to do so, namely, managers' lack of experience communicating with external stakeholders.

Our study also adds to the growing literature on individual manager effects. This literature posits that managers are not interchangeable and that manager-specific factors can influence firm outcomes. If this conjecture is true, it stands to reason that stakeholders would be interested in hearing directly from particular managers, both to gain the unique perspectives of managers not regularly on the call as well as to assess the talent underlying the top management team. Thus, it is not just *what* managers say but *who* says it that matters. Our evidence suggests that firms behave as if they believe this is true—that it matters which managers participate in a call. Our evidence

[5] In a concurrent study, Cai, Rouen, and Zou (2022) examine managerial participation in conference calls with a focus on the interaction among the managers in the conference call Q&A section. They use conference call interactions to capture aspects of the managers' style and ability (e.g., the managers' willingness to include others and their awareness of where knowledge resides in the organization) and examine outcomes such as the managers' progression to the CEO and ensuing changes in firm value. Our focus is more directly on the conference call itself, examining the determinants and consequences of the firm's decision to deviate from their regular conference call participants. In line with this broader perspective, we have a larger sample and provide significant descriptive statistics on the roles of the different managers who participate on calls.

also suggests that adding a manager to the call changes the nature of the information disclosed and that it may make it more difficult for analysts to process the information provided by unfamiliar managers. However, we recognize that our results are based on associations (albeit with an entropy-balanced sample) and causal interpretations should be made with caution.

In the next section, we discuss prior literature and present arguments supporting our hypotheses. Section three describes our sample and provides descriptive analyses. Section four discusses tests of the determinants of adding a manager. Section five and six discusses tests of the effects on 1) conference call content and 2) analysts' forecasts and capital market outcomes, respectively. Section seven concludes.

II. PRIOR LITERATURE AND HYPOTHESIS DEVELOPMENT

A significant stream of literature in accounting and finance supports the notion that managers are not interchangeable but bring unique, idiosyncratic experiences and personalities to their positions (see Hanlon et al. 2022 for a review of the literature). To the extent this is true, we conjecture that firms carefully consider the benefits and costs of adding a manager to the conference call "line up". We discuss these benefits and costs below.

The first benefit of adding a new manager to the call is to increase the quality of information conveyed during the call. One of the key benefits of conference calls is to allow managers to provide nuance and insight on an interactive, real-time disclosure platform. Since every manager of an organization has a specific managerial role with a certain scope of responsibilities, much of this nuance and insight lies with specific managers. Thus, for any given issue facing the firm, the managers regularly on the call may have limited direct knowledge of the issue and the firm faces two options: they can either convey the necessary information to the managers who are regularly on the call and have them discuss the information or they can add a manager to the call who has more direct knowledge of the issue.[6]

In addition, a long stream of literature on "source credibility" (Hovland and Weiss 1951) suggests the credibility of the communicator is an important factor in changing the opinions of the receiver. The two factors most often associated with source credibility are trustworthiness and expertise (Hovland, Janis, and Kelley 1953; Birnbaum and Stegner 1979; McGinnies and Ward 1980). A manager whose specific job responsibilities encompass the information in question is likely viewed as having more knowledge/expertise and hence, greater source credibility.

Consistent with these conjectures, Appendix 1 provides several examples from conference calls with added managers. In each case, a manager is added and provides detailed information about a specific issue facing the firm about which the managers who are traditionally on the call (e.g., the CEO or CFO) are unlikely to have direct knowledge (e.g., details on safety improvement plans following a legal settlement, operational implications of a restructuring, details of acquisitions in a specific division). These examples also highlight how the information conveyed is relatively nuanced and potentially difficult for a manager without direct knowledge of the situation to communicate with credibility. For example, in the Hecla Mining anecdote, the COO describes specific details of how the firm is working to improve mine safety following a legal settlement. Some of the examples also highlight the potential to add a manager that might be viewed as more credible due to their specific expertise (e.g., a COO at Lear Corporation discussing operational changes after a restructuring or a divisional/regional manager at the Hershey Company

[6] Even CEOs and CFOs, who are the managers most regularly on an earnings call, have a myriad of responsibilities and are unlikely to have direct knowledge of the intricacies of many aspects of the organization's activities (Li et al. 2014). Moreover, as our descriptive data show, CEOs and CFOs are not always on conference calls and might be added in quarters in which their knowledge/expertise is needed to convey certain information. For example, Verizon Communication's Chairman and CEO Lowell McAdam (who was not on the prior four quarters' conference call) was added to the Q4 2017 call to discuss the growth strategy and integration of new business following the quarter's restructuring events. See the Verizon Communication's example in Appendix 1 for more details.

discussing acquisitions in the snack segment). Overall, these examples are consistent with our conjecture that added managers bring unique knowledge and credibility to the call that would be difficult for the regularly participating managers to accomplish even with advanced planning.

Prior research also demonstrates that failing to disclose information in a conference call or using scripted language to avoid disclosure (as might occur if a manager speaks on a topic about which s/he does not have direct knowledge) can lead to negative market outcomes (Hollander et al. 2010; Lee 2016). Thus, we expect that firms will choose to add managers to a conference call when information demands are high:

H1: The probability of a firm adding a manager to the conference call increases in quarters with higher information demands.

A second benefit of including non-regular managers on the call is to highlight the depth of managerial talent at the firm, sometimes referred to as managerial "bench-strength". For example, in a publication to its clients, IR advisor Corbin-Advisors suggests the following as a best practice for earnings calls: "Include senior leadership other than the C-suite, particularly segment presidents, who can provide additional granularity and answer more targeted questions; this practice serves to further educate the financial community and increases bench strength awareness, a leading investment differentiator" (Corbin 2023). The importance of a firm's "bench strength" undoubtedly increases as the likelihood of transitions among the top C-level executives increases. Prior research documents the importance of succession planning (Behn, Dawley, Riley, and Yang 2006; Cvijanovic et al. 2022) and involving managers in the conference call is one way to both develop managerial talent as well as familiarize investors with potential successors.[7] Thus, we expect firms to involve non-regular managers on the call when succession planning is critical:

[7] For example, on a blog posting entitled, "Why your corporate bench strength matters to investors," IR firm ICR Westwicke noted: "… just having bench strength is not enough. The next crucial step is getting the outside world to recognize and appreciate that strength." The blog post further discusses an example where a COO was appointed to

H2: The probability of a firm adding a manager to the conference call increases in quarters with high succession planning demands.

Despite these benefits, adding managers to conference calls is not without costs. To the extent the added manager is unfamiliar to external participants, there might be uncertainty around their expertise and trustworthiness. Moreover, prior research demonstrates that managers have idiosyncratic "styles" in their use of language on conference calls (Davis et al. 2015) and the idiosyncratic style of an unfamiliar manager is likely to be particularly challenging to discern. Firms likely differ in the extent to which they involve a broad set of managers in other interactions with external market participants (e.g., in investor days), which provide opportunities for these market participants to become familiar with other firm managers. In addition, while prior research suggests that conference calls are highly orchestrated events (Amel-Zadeh, Scherf, and Soltes 2019), a manager who is inexperienced in communicating with external stakeholders might express themselves in an unexpected way, with unintended consequences.[8] It is possible these unanticipated effects can be mitigated to a degree through rehearsals and coaching. Nevertheless, we expect it to be less costly for firms to add managers if there are more managers that are experienced and/or familiar to market participants:

H3: The probability of a firm adding a manager to the conference call is higher for firms with more experienced and/or familiar managers.

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replace a retiring CEO and the transition went smoothly partly because "During the past couple of years, the COO has delivered scripted remarks on every earnings call…the COO is a known quantity to investors rather than an unknown variable that they need to quickly figure out." Available at: https://westwicke.com/2017/02/why-your-corporate-bench-strength-matters-to-investors/ (last accessed 7/6/2023)

[8] While the following example is from a call that did not meet our sampling requirements, it provides a clear example of what can go wrong when a new manager participates in a call. In Grief Inc.'s Q1 2019 call, a CAO not regularly on the call answered a question regarding costs related to a recent M&A, but provided the wrong information:
Analyst: "…related to the adjusted free cash flow and adjusted EBITDA, how much costs are you planning to exclude from this adjusted free cash flow?"
CFO: "…I don't know, [CAO name], do you remember the number of acquisition-related costs?"
CAO: "It's $77 million"
CFO: "No, that's the integration cost. That's integration-related cost."

The prior arguments also have implications about the potential *effects* of adding managers to conference calls. First, if firms add managers to their conference calls in order to provide richer, more nuanced information to participants, we expect to see this reflected in the content of the call. In particular, we would expect longer calls with more specific and qualitative disclosures. We would expect greater disclosure of manager opinions/commentary and discussions of high-level expectations or plans for the future, as this type of information is more credibly communicated by managers with subject-matter expertise.[9] Moreover, if firms add managers to showcase their managerial talent, we would expect them to highlight their expertise by communicating this type of information. Thus, our fourth hypothesis is:

H4: *Adding a manager to the conference calls results in longer calls with more specific information and more qualitative disclosures.*

Whether changes to disclosures that result from adding a manager would improve outcomes for capital market participants is unclear. On the one hand, the additional specificity and nuance in added managers' disclosures could improve market participants' information sets, allowing analysts to issue forecasts more quickly and with greater accuracy, and for investors to impound more information and to do so more efficiently. On the other hand, the added manager's expertise could make their disclosures more complex and difficult to process. In addition, the idiosyncratic style of an unfamiliar manager could impede the processing of their disclosures. Moreover, the benefit to firms of showcasing their managerial talent may not necessarily have immediate effects. Given these possibilities we state our fifth hypothesis in null form:

[9] We do not view providing more specific disclosures as incompatible with providing more qualitative information, as an added manager can provide both types of disclosures. For example, the COO of Lear Corporation (an added manager) disclosed the following in the presentation: "Interior systems make up 17% of our revenue [specific information], and over the last few years, we've experienced margin compression as many of these components are now priced as commodities. And given the increase in resin pricing, our financial results have now reached an unacceptable level [qualitative information - manager opinion]."

H5: Adding a manager to the conference call does not affect immediate analyst and market outcomes.

III. SAMPLE CONSTRUCTION AND DESCRIPTIVE ANALYSES

Sample construction and data

Table 1 summarizes our sample selection process. We first identify conference calls that pertain to quarterly earnings conference call transcripts from Thompson Reuters StreetEvents for the years 2002-2019. After merging with Compustat and deleting observations lacking basic identifying information and parsable text, we have 146,451 firm-quarter observations. Using this firm-quarter level dataset, we construct a corresponding manager-firm-quarter level dataset with 486,164 observations by parsing the call transcript header for 'Corporate Participants' which reports the name and role of each manager attending the earnings conference call. We restrict our sample to observations where the name and job title of each manager who speaks on the conference call are identifiable and where all managers on the participant list have associated speaking text in the transcript.[10] We classify the managers based on job titles into one of the following roles: CEO, CFO, COO, IR, sales or marketing (Sale/MKT), HR, other finance, accounting, or tax (OtherFin/Acct/Tax), legal (Leg), IT, strategy or acquisition (Strat), divisional or regional (Div/Reg), board, and other. Our detailed methodology for categorizing job titles is described in Appendix 2. We require our sample of conference calls to have at least one CEO, CFO, or IR manager present on the call to ensure that our results are not driven by atypical conference calls (only 1.08% of conference calls do not include at least one of these managerial roles).

[10] Anecdotally, calls often include managers who are present for the call but do not speak. Presumably, those included on the participant list are formally introduced, however, it is also likely that others are in attendance but not formally introduced. Moreover, we identify instances where our parsing algorithm does not identify any text with a particular manager listed on the participant list but upon further examination that manager did in fact speak (i.e., we were unable to parse the manager's text with our algorithm). Because it is difficult to identify whether a manager on the list for which we do not find any associated text is truly just an observer (versus a parsing error), we limit our sample to calls where all managers listed on the participant list have associated speaking text. We also exclude calls where we parse text for a manager that is not on the participant list (as we obtain the name and manager role from the participant list).

We gather data for our tests from various sources: financial accounting information from Compustat; stock return data from the Center for Research in Security Prices (CRSP) database; manager data from BoardEx; analyst information from I/B/E/S; securities litigation event data from the Stanford Law School's Securities Class Action Clearinghouse; restatement, internal control weakness, and comment letter data from Audit Analytics; mergers and acquisition and seasoned equity offering data from SDC Platinum; and data breach information from Privacy Rights Clearinghouse and Audit Analytics. After requiring all data to be available to calculate variables used in our determinants tests, our main sample consists of 42,905 firm-quarter observations corresponding to 146,045 manager-firm-quarter observations.[11]

Measurement of add variables

We first identify managers in our sample who are added to speak during either 1) the presentation section or 2) the Q&A section only. It is possible that the determinants and consequences of adding a manager with a designated speaking role (hereafter presentation managers) differ from those of adding a manager without such a role (hereafter Q&A only managers). Managers with designated speaking roles in the presentation play more prominent roles in the call and often participate in significant preparation for the call. Thus, adding a manager to that position is a more visible and significant change. Firms may choose to make such a change when information demands are heightened to preempt analyst or investor questions and/or to highlight their managerial talent in a more visible way. Managers who are added to participate in the Q&A only are likely called upon to address specific issues raised by analysts and/or to introduce the manager to the Street in a low-profile way. While these managers possibly undergo some level of preparation for the call, the less scripted nature of the Q&A likely leads to greater

[11] Sample size for our consequence tests varies depending on the data availability for each analysis.

managerial idiosyncrasies being communicated by these managers (Davis et al. 2015). Given these differences, we separately identify added presentation managers and added Q&A only managers.

We classify a manager as an added presentation (Q&A only) manager if they speak during the presentation (Q&A only) this quarter and did not speak during the presentation (the entire call) in any of the prior four quarters. We restrict our definition of an added manager to those managers who do not regularly participate on the call to more sharply identify cases in which the decision to add a manager is the intentional result of the costs and benefits.[12] Our focus is on the participation by individual managers rather than by managerial roles. However, we exclude added managers with IR roles because IR managers are typically on the call to help facilitate communication between managers and analysts rather than to provide information on firm events from an operational perspective. Also, as discussed previously, when a newly added CEO or CFO on the call is the result of a turnover in that role, we do not consider them to be a newly added manager. *Add_Pres* (*Add_Q&A_Only*) equals one for firm-quarters with at least one added presentation (Q&A only) manager on the call, and zero otherwise.[13]

Descriptive statistics on managerial participation

One goal of this study is to provide detailed descriptive information about which managers companies put forth as their spokespersons. Table 2 provides these statistics. Panel A reports the frequency of earnings conference calls by the number of managers participating on the call. The first set of columns show frequencies of all managers who speak on the call. Among the 42,905

[12] For presentation managers, we consider managers who participate in the presentation section of the call to be part of the regular "line-up" of presenters. Thus, managers who have spoken in the presentation in the recent past are not considered to be added presentation managers. For Q&A only managers, managers who have, in the recent past, spoken in either the presentation or in the Q&A only are not considered added managers, as some managers may have recurring roles as Q&A only managers.

[13] As discussed previously, our focus is on the decision to add a manager and not on the decision to remove a manager. In untabulated analysis, we find that 66% (43%) of added presentation (Q&A only) managers in quarter t also participate in some capacity in the t+1 conference call.

firm-quarter calls in our sample, 63.9% of the calls (0.4%+17.3%+46.2%) have three or fewer managers on the call and 14.7% of the calls have five or more managers, indicating that there is variation in the number of managers participating in calls. The average number of managers on a call is 3.4 and ranges from 1 to 12 (untabulated).

The next two sets of columns report the frequency of calls by presentation managers and Q&A only managers, respectively. The average number of presentation managers is 3.0 which is also the most common format in our sample of calls (55.3%). However, there is still variation in the number of presentation managers – 2.7% of calls have only one manager speaking in the presentation and 19.1% have more than three.[14] In roughly 73% of calls, there are zero Q&A only managers (i.e., only presentation managers speak in the Q&A). However, having non-presentation managers answer questions in the Q&A is not uncommon (27.2%).

Panel B tabulates the distribution of managerial roles in our sample for presentation managers and Q&A only managers. Not surprisingly, of the 126,999 managers speaking during the presentation, CEOs, CFOs and IR managers comprise the largest proportions (32.4%, 30.5%, and 20.8%, respectively). Of the 19,046 Q&A only managers, divisional/regional managers and COOs are the most common (35.7% and 15.0%, respectively).

Panel C presents the frequency of calls that include managers in certain managerial roles in either the presentation or Q&A only. We find that most calls have CEOs and CFOs speaking in the presentation (94.3% and 89.9% of calls, respectively). There is more variation in the managerial roles of Q&A only managers. Of the 11,685 calls with a Q&A only manager, 40.8% have divisional/regional managers, 23.6% have COOs, 17.0% have CFOs, 11.0% have CEOs, and 11% have other finance, accounting, or tax managers speaking only in the Q&A.

[14] We also note that our sample contains 6 firm-quarters where managers do not provide prepared statements in the presentation section and directly start with the Q&A.

Panel D reports the common combinations of managerial roles of presentation managers. When there is only one presentation manager on the call, the manager is most likely to be a CEO (56.4%), followed by a CFO (23.5%), and an IR manager (14.3%). Similarly, when there are two presentation managers on the call, it is most likely the CEO and CFO (72.6%), although occasionally it is the CEO and IR manager (11.6%) or the CFO and IR manager (5.6%). For a call with three presentation managers, the most common combination of managerial roles is a CEO, CFO, and IR manager (70.9%), which is also the most common combination across all calls (39.2%). The next most common combinations are CEO, CFO, and either 1) a finance/accounting/tax manager (5.8%), 2) a COO (3.8%), or 3) a divisional/regional manager (3.3%). When there are four presentation managers, the combinations become more varied. The most common combinations are 1) CEO, CFO, COO and IR; and 2) CEO, CFO, divisional/regional manager and IR. However, these combinations comprise only 30.5% and 18.5% of the calls with four designated speakers, respectively. For calls with more than five presentation managers, it becomes more common to see participation by divisional/regional managers, COOs, or a sales or marketing manager in the presentation section.[15]

Overall, these descriptive statistics demonstrate that while CEOs and CFOs are common speakers in conference calls, other managers frequently participate as both designated speakers in the presentation as well as non-designated Q&A only managers. Of the 42,905 conference calls in our sample, more than a third (37.7%) include presentation managers other than just CEOs, CFOs and IR managers (in some combination). In addition, a fairly large proportion of calls (27.2%)

[15] We do not provide a similar table for Q&A only managers as the combinations are highly variable. However, for calls with only one Q&A only manager, that manager is most commonly a divisional/regional manager (26.0% of the 7,020 calls with one Q&A only manager), followed by a COO (20.5%), and a CFO (14.6%).

have non-presentation managers speaking in the Q&A only and these are most commonly divisional/regional managers and COOs.

Panel E reports the frequency of calls with added managers. Of the 42,905 firm-quarter earnings conference calls, 2,918 firm-quarters (6.8%) have an added presentation manager and 2,268 firm-quarters (5.3%) have an added Q&A only manager. We further present a breakdown of the 39,987 firm-quarters with no added presentation managers. Despite the fact that there are no added managers to the call this quarter (per our definition), the majority of these calls (24,150) exhibit *some* historical variation in presentation managers. Overall, only 15,837 of our 42,905 calls (36.9%) have the same set of presentation managers this quarter as in the prior four quarters. Thus, while our study focuses on the most distinctive cases of adding managers to a call (i.e., those who have not appeared in the prior four quarters), it is important to note that there appears to be a somewhat high degree of fluidity in managerial participation.[16]

We present the distribution of added managerial roles on the call in Panel F. Divisional/regional managers and CFOs are the most commonly added presentation managers on calls, whereas divisional/regional managers and other finance/accounting/tax managers are the most commonly added Q&A only managers on calls.

IV. DETERMINANTS OF ADDING MANAGERS TO THE CALL

Variable Measurement

H1 predicts that firms are more likely to add managers to conference calls in quarters with higher information demands. As our proxy, we identify uncertainty-inducing firm events that

[16] If we define an added presentation (Q&A only) manager as one that speaks in the presentation (Q&A only) this quarter but not last quarter, we find that 10.6% (11.6%) of firm quarters have added presentation (Q&A only) managers. We choose our more restrictive definition to identify cases whereby the managers' participation in the call appears to be the intentional result of a cost-benefit analysis.

occurred during the quarter that likely increase information demands. Specifically, we identify eleven events that are related to either firm operations, financial reporting, financing, litigation, or changes in management (see Appendix 3 for variable definitions):

- Operational events: Reporting material special items (*SPI*), announcing or closing mergers and acquisitions (*M&A*), reporting instances of data breaches (*Databreach*), or reporting earnings that miss or beat expectations by a large margin (*BigMiss*, *BigBeat*).
- Financial reporting events: Issuing a restatement or reporting an internal control weakness (*RS&ICW*), or receiving comment letters (*CL*) from the SEC.
- Financing events: Announcing seasoned equity offerings (*SEO*).
- Litigation related events: Filing of a securities litigation against the firm (*Litigation*).
- Changes in management: Turning over a CEO (*CEO*) or CFO (*CFO*).

In order to capture the effect of *new* information demands, we measure the occurrence of *new* events – i.e., each event variable is equal to 1 if the event occurred in this quarter and not during the past four quarters, and zero otherwise (variable names indexed with *New_*).

H2 predicts that firms are more likely to add a manager to the call when succession planning demands are higher. Firms are likely to start grooming successors as the top managers in the firm approach retirement age. Thus, we proxy for succession planning demands with the age of the CEO and CFO. *Over60* equals 1 if a CEO or CFO on the call is over 60 years of age at time t and zero otherwise.[17]

H3 predicts that firms with more managers who are familiar to market participants will be more inclined to add managers to their calls. One way in which market participants may become

[17] We do not consider firms with CEOs (CFOs) who are over 60 years old but recently appointed during the quarter (i.e., *New_CEO* (*New_CFO*) = 1) as likely to be in succession planning mode; thus, *Over60* equals zero in those instances.

familiar with other managers is when firms host other types of conference calls or events that involve other managers, such as analyst or investor conferences. Thus, we measure the number of managers (excluding the CEO, CFO, and IR) participating in non-earnings conference calls or live presentations (e.g., analyst days, investor days) during the past four quarters (*NonEA_CC_Mgrs*).[18]

Research design

To test whether firms add managers to their calls in response to the costs and benefits discussed in our H1-H3, we estimate the following logistic Model (1):

$$\begin{aligned} Add_{i,t} = {} & \beta_0 + \beta_1 New\_SPI_{i,t} + \beta_2 New\_M\&A_{i,t} + \beta_3 New\_Databreach_{i,t} + \beta_4 New\_BigMiss_{i,t} + \\ & \beta_5 New\_BigBeat_{i,t} + \beta_6 New\_RS\&ICW_{i,t} + \beta_7 New\_CL_{i,t} + \beta_8 New\_SEO_{i,t} + \\ & \beta_9 New\_Litigation_{i,t} + \beta_{10} New\_CEO_{i,t} + \beta_{11} New\_CFO_{i,t} + \beta_{12} Over60_{i,t} + \\ & \beta_{13} NonEA\_CC\_Mgrs_{i,t} + \beta_{14} \Delta Size_{i,t} + \beta_{15} Age_{i,t} + \beta_{16} \Delta lnEmp_{i,t} + \beta_{17} \Delta BTM_{i,t} + \\ & \beta_{18} \Delta ROA_{i,t} + \beta_{19} \Delta lnBusseg_{i,t} + \beta_{20} \Delta lnGeoseg_{i,t} + \beta_{21} \Delta RetVol_{i,t} + \beta_{22} \Delta R\&D_{i,t} + \\ & \beta_{23} \Delta Lev_{i,t} + \beta_{24} \Delta lnAnalyst_{i,t} + \beta_{25} \Delta Instown_{i,t} + \beta_{26} \Delta IR_{i,t} + \beta_{27} Q4_{i,t} + Industry_i + \\ & Quarter_t + \varepsilon_{i,t} \end{aligned} \tag{1}$$

The dependent variable *Add* refers to the two *Add* variables described previously, *Add_Pres* and *Add_Q&A_Only*. Positive coefficients on the event variables would support H1. Positive coefficients on *Over60* and *NonEA_CC_Mgrs* would support H2 and H3, respectively.

Further, we control for firm-quarter characteristics that are likely to impact who speaks on the call in a given quarter. Specifically, we control for:

- size and maturity because larger and more established firms are likely to have larger and more dispersed knowledge pools to draw from (Ajinkya, Bhojraj, and Sengupta 2005; Hollander et al. 2010; Li et al. 2014): firm size (*Size*), firm age (*Age*), the natural log of 1+ the number of employees (*lnEmp*), and book-to-market ratio (*BTM*)

[18] We exclude the CEO, CFO, and IR from our measure as these managers are arguably already familiar to market participants due to their prominence in the firm and in firm communications.

- <u>performance</u> because negative performance increases the uncertainty of firms' prospects (requiring more explanation) but may also incentivize managers to "control the message" by reducing the number of managers speaking on the call (Matsumoto et al. 2011; Hollander et al. 2010; Allee and DeAngelis 2015): return on assets (*ROA*)
- <u>business complexity</u> because complex operations likely result in more managerial specialization and localized knowledge (Pertusa-Ortega, Zaragoza-Sáez, and Claver-Cortés 2010): the natural log of 1+ the number of business segments (*lnBusseg*), the natural log of 1+ the number of geographic segments (*lnGeoseg*), return volatility (*RetVol*), and R&D expenditures scaled by quarterly assets (*R&D*)
- <u>stakeholder sophistication</u> because sophisticated stakeholders are more likely to participate on the call and demand information from managers (Ajinkya et al. 2005): leverage (*Lev*) (as a proxy for sophisticated debtholders), the natural log of 1+ the number of analysts following (*lnAnalyst*), and the percent of institutional ownership (*Instown*)

We also include a control for the presence of an IR manager on the call because a formal IR function at the firm is likely to impact how calls are conducted (Amel-Zadeh et al. 2019). For consistency with our *Add* variables, we control for these firm-quarter characteristics in seasonally lagged change form, with the exception of *Age*, because *changes* in firm characteristics might result in the addition of a manager on the call (variable names indexed with Δ). Finally, we include an indicator for the fourth fiscal quarter (*Q4*), which potentially includes more complex disclosures, and include industry and calendar quarter fixed effects. Detailed variable definitions are provided in Appendix 3. All continuous variables are winsorized at the 1st and 99th percentiles to mitigate the effect of outliers. We cluster standard errors by firm.

Empirical results

Table 3 reports the descriptive statistics for our sample. Not surprisingly, some events, such as *Databreach* and *Litigation* are relatively rare (0.5% and 0.6% of quarters, respectively). *SPI*, *M&A*, *BigMiss*, *BigBeat*, and *CL* events are more common (between 4.5% and 7.5% of quarters). Over a quarter of observations have CEOs or CFOs on the call that are over 60 years old and the average number of managers (other than the CEO, CFO or IR) participating in non-earnings announcement events over the past four quarters is 2.1.[19]

Table 4 columns (1) and (2) present the results of estimating Model (1) for *Add_Pres*. We find that *Add_Pres* is significantly positively associated (at the 1% level) with 1) mergers and acquisitions (*New_M&A*), 2) having a lawsuit filed against them (*New_Litigation*), 3) experiencing CEO turnovers (*New_CEO*) and 4) experiencing CFO turnovers (*New_CFO*). The association with receiving comment letters (*New_CL*) is marginally significant (10% level). These results are consistent with our prediction that firms respond to increases in information demand events by adding designated speakers on the call. On the other hand, we find that *Add_Pres* is significantly negatively associated (at the 5% level) with *New_SEO*.

The marginal effects of these changes, reported in column (2), indicate that many of these events result in economically meaningful increases in the probability of adding a presentation manager on the call. The likelihood a firm adds a presentation manager on the call ranges from 1.4% (for *New_M&A*) to 5.2% (for *New_CEO*). Given that the overall probability of adding a presentation manager is 6.8%, these effects are economically significant.

Further, we find that *Add_Pres* is positively associated (at the 1% level) with *Over60*, consistent with succession planning concerns playing a role in the decision to involve additional

[19] In untabulated univariate correlations, *Add_Pres* is significantly positively correlated with: *New_M&A*, *New_CL*, *New_Litigation*, *New_CEO*, *New_CFO*, and *Over60*. *Add_Q&A_Only* is significantly positively correlated with: *New_CEO, New_CFO, Over60, and NonEA_CC_Mgrs.*

managers on the call (H2). The likelihood a firm adds a presentation manager on the call increases by 0.8% if a CEO or CFO on the call is over 60 years old. The number of managers participating on non-earnings calls in the past four quarters (*NonEA_CC_Mgrs*) is also positively associated with adding a presentation manager, consistent with our expectation that firms with more managers that are familiar to market participants are more likely to add a manager to the call (H3).[20]

Columns (3) and (4) report the results of estimating Model (1) using *Add_Q&A_Only*. Similar to *Add_Pres*, firms are also more likely to add Q&A only managers in the event of a CEO or CFO turnover. These events increase the likelihood of adding a Q&A only manager by 2-3% (an economically significant change given the overall probability of adding a Q&A only manager of 5.3%). Inconsistent with our expectations, *Add_Q&A_Only* is *negatively* associated with mergers and acquisitions (*New_M&A*). However, because firms are more likely to add a presentation manager in quarters with an M&A, it is possible that they are *less likely* to add another Q&A only manager in order to avoid mistakes or unintended disclosure in the relatively spontaneous Q&A section.[21] Lastly, *Add_Q&A_Only* is positively associated with *New_BigBeat*, albeit marginally at the 10% level. Overall, fewer events are associated with the decision to add a manager to the Q&A only, relative to adding a manager to the presentation. It is possible that firms prefer to add managers to the presentation in order to better control the disclosure and to establish the new manager as the "subject-matter expert" who can field questions during the Q&A.

Further, similar to our findings with respect to adding a presentation manager, we find that *Add_Q&A_Only* is positively associated (at the 1% level) with having a CEO or CFO over 60

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[20] The interquartile range for *NonEA_CC_Mgrs* is 3, which translates into a 0.6% change in the probability of adding a manager when moving from the first to third quartile.

[21] In untabulated analyses, we split our M&A quarters into quarters in which an M&A is announced and quarters in which an M&A is effective. We find that our results are mainly driven by announcement events when both the firm and the stakeholders are facing higher uncertainty regarding the merger and acquisition.

years old on the call. The likelihood a firm adds a Q&A only manager on the call increases by 1.5% when a CEO or CFO on the call is over 60 years old. In addition, *Add_Q&A_Only* is positively associated (at the 1% level) with the number of managers participating on non-earnings calls in the past four quarters (*NonEA_CC_Mgrs*), consistent with H2 and H3.

Overall, the results are generally consistent with our hypotheses. Firms appear to add managers to conference calls during quarters with important firm events that increase information demands. They also appear to involve new managers for succession planning purposes. However, firms also appear to consider potential costs of adding inexperienced or unfamiliar managers to the call. We next consider the consequences of adding a new manager to the conference call.

V. EFFECT OF ADDING MANAGERS ON CONFERENCE CALL CONTENT

To test whether adding a manager changes the content of conference calls consistent with H4, we examine whether firm-quarters with added managers are longer and include more specific language. We also examine whether more managerial opinions are expressed as well as more qualitative forward-looking statements.

We run our analyses on an entropy balanced sample because our prior results suggest certain firm events and characteristics are associated with adding a manager to a call. Entropy balancing allows us to use a continuous scale to weight treatment and control observations based on determinants of adding a manager and covariate balance on these dimensions (Hainmueller and Xu 2013; McMullin and Schonberger 2020). Thus, the results can be interpreted as comparing firm-quarters with added managers to firm-quarters with similar *observable* costs/benefits to adding a manager, but in which firms did not choose to do so.

We estimate the following Model (2) using OLS on our entropy-balanced sample:

$$TextualPrpty_{i,t} = \beta_0 + \beta_1 Add_{i,t} + \beta_2 AbsSurpDec_{i,t} + \beta_3 AbsRevSurpDec_{i,t} + \beta_4 lnMF_{i,t} + Controls_{i,t} + Industry_i + Quarter_t + \varepsilon_{i,t} \quad (2)$$

TextualPrpty refers to the various textual properties of the conference call (length, specificity, opinion words, and qualitative forward-looking statements). Our main independent variable of interest (*Add*) is either *Add_Pres* or *Add_Q&A_Only*. We look at textual properties of the *entire* call when examining the effects of *Add_Pre*s because new managers in the presentation section can also answer questions and disclosures provided in the presentation section affect the content of the subsequent Q&A. However, when examining the effects of *Add_Q&A_Only*, we measure the textual properties of the Q&A section only. We expect β_1 to be positive.

We measure length as the natural log of the word count of the entire call (*lnLength*) and the Q&A section (*lnLength_Q&A*).[22] To measure the specificity of manager comments, we follow Hope et al. (2016) and use the Stanford Named Entity Recognition (NER) algorithm to capture whether the manager comments use general language or specific language (e.g, our main competitor vs. Apple), scaled by the total words spoken by managers (*Specificity_Call* and *Specificity_Q&A*).[23] To capture the expression of managerial opinions, we use the Hu and Liu (2004) opinion wordlist and scale by total words spoken by managers (*Opinion_Call* and *Opinion_Q&A*).[24] We follow the methodology in Bozanic et al. (2018) to identify sentences with qualitative forward-looking statements and scale by the total sentences spoken by managers (*FLS_Qual* and *FLS_Qual_Q&A*). See Appendix 3 for exact variable definitions.

[22] We note that results are similar when measuring length using the word count of managers' comments rather than the entire call which includes analysts' comments.

[23] The Stanford Named Entity Recognition (NER) algorithm offers seven entity categories from the pre-trained classifier, that is (1) location, (2) person, (3) organization, (4) money, (5) percent, (6) date, and (7) time. We sum the specific words from the seven categories to measure the number of specific words in managers' comments.

[24] We note that the opinion wordlist developed by Hu and Liu (2004) is based on customer product reviews and is not geared specifically towards a financial setting. One concern when using general use wordlists is that they might contain words that are misclassified or ambiguous in a financial setting (Henry and Leone 2016). Therefore, following suggested practices (Loughran and McDonald 2016), we exclude words that may express an opinion in a general setting but not in an accounting and finance setting (e.g., liability, appreciated, risk, positive, negative, etc.).

We include additional variables to ensure we control for any unexpected economic surprises that likely affect textual properties of the call. Specifically, we include decile ranks of the absolute earnings surprise (*AbsSurpDec*) and absolute revenue surprise (*AbsRevSurpDec*). We take the absolute value of these measures since our textual property variables do not capture directional performance. We also include the natural log of 1+the number of management forecasts issued concurrent with the conference call date (*lnMF*) because explicit guidance is often accompanied by additional disclosures.[25] We further include the variables used in our entropy balancing as well as industry and calendar quarter fixed effects. All continuous variables are winsorized at the 1st and 99th percentiles to mitigate the effect of outliers. We cluster standard errors by firm.[26] After entropy balancing, control observations are successfully balanced against treatment observations on all three moments (untabulated).

Table 3 reports descriptive statistics. The median length of calls in our sample is 7,419 words, with 4,400 words coming from the Q&A section. The median specificity of the entire call (Q&A section) is 3.3% (2.0%). The median percent of manager opinion words relative to total words is 4.1% (4.0%) in the entire call (Q&A section). The median percent of sentences with qualitative forward-looking statements in the entire call (Q&A section) is 11.8% (10.1%).

Table 5 Panel A presents the results of estimating Model (2). The odd (even) columns present results using *Add_Pres* (*Add_Q&A_Only)*. Across our four textual measures, the coefficient on *Add_Pres* is significant at the 1% level. These results are consistent with our expectations that adding managers to the presentation results in longer calls with more specific disclosures, more managerial opinions, and more qualitative forward-looking discussions.

[25] Adding these variables to our determinants model (equation 1) does not qualitatively change our inferences.
[26] As an alternative specification to entropy balancing, we also estimated Model (2) using firm fixed effects (replacing the industry fixed effects). We find qualitatively similar results (untabulated).

Similarly, when firms add a Q&A only manager, Q&A length (*lnLength_Q&A*) and specificity (*Specificity_Q&A*) both increase (significant at the 1% level). However, in columns (6) and (8), we do not find that adding a Q&A only manager is associated with the percent of manager opinions (*Opinion_Q&A*) nor with the extent of qualitative forward-looking statements (*FLS_Qual*) in the Q&A section. Taken together, our results suggest that adding new managers to the call results in greater disclosure with more specificity and also more nuance; however, more qualitative information – such as opinions and qualitative forward-looking statements – are primarily added in the presentation, where pre-scripting and rehearsing are common. Q&A only added managers appear to limit their disclosures to specific, factual information.

Our prior analysis does not attribute changes in the conference call content to the added manager because it is plausible that the addition of a new manager changes the distribution of discussions among the non-added managers, making it difficult to discern the added managers' contribution to changes in call content.[27] Nevertheless, we conduct univariate analyses at the firm-quarter-manager-level, comparing added managers to non-added managers *on the same call*. As reported in Panel B, we find that added presentation managers tend to be more specific and opinionated in their disclosures, and to provide more qualitative forward-looking statements than non-added managers on the same call. Added Q&A only managers are also more specific in their disclosures, but tend to be *less* opinionated compared to the non-added managers in the Q&A section. In sum, this evidence supports our expectation that firms add managers to the call in order to provide more specific and/or nuanced information that might be difficult for the traditional managers on the call to convey with credibility.

[27] For example, if a CFO is not normally on the call but is added in a particular quarter, it is plausible that they would be assigned the discussion of the quarterly results, making it difficult to identify their discussion of qualitative information when comparing the content of their speech to other managers on the call.

VI. ANALYST AND MARKET CONSEQUENCES

We next examine whether adding a manager impacts financial analysts and market outcomes in general. As discussed previously, it is unclear whether adding managers to the call improves the information set for analysts and investors or impedes analysts' and investors' ability to process the information. Given these possibilities, we do not have strong predictions about the effect of adding managers to a call on analysts' forecast properties or capital market outcomes.

Effect on analyst outputs

To test the effect on analyst outputs, we expand our sample to the firm-quarter-analyst level. We identify analysts that both 1) issue or confirm their EPS forecast for quarter t+1 at least once during quarter t (pre-period), and 2) issue or confirm their EPS forecast for quarter t+1 within one month following the earnings conference call. This limits our analysis to analysts that are actively following the firm at the time of the call (Lehavy, Li, and Merkley 2011; Bozanic and Thevenot 2015). Using this dataset of 244,028 firm-quarter-analyst observations, we estimate the following OLS model:

$$AnalystsFCPrpty = \beta_0 + \beta_1 Add_{i,t} + \beta_2 AbsSurpDec_{i,t} + \beta_3 AbsRevSurpDec_{i,t} + \beta_4 lnMF_{i,t} + Controls_{i,t} + Industry_i + Quarter_t + Analysts_j + \varepsilon_{i,t} \quad (3)$$

AnalystsFCPrpty refers to one of two properties of analyst forecasts: 1) the number of days between the analysts' post-period revision and the conference call (*Numdays_Revise*) and 2) an indicator variable equal to one if the forecast error (for quarter t+1) after the call is smaller than before the call (Δ*FCAcc_Ind*). To reduce the influence of other events while still allowing analysts time to release a report following the call, we only use revisions occurring within one week after the call when calculating Δ*FCAcc_Ind* (deHaan, Madsen, and Piotroski 2017). This restriction covers roughly 93% of the analyst following in our sample. Detailed variable definitions are provided in Appendix 3.

Similar to Model (2), we use an entropy-balanced sample, include controls for firm performance and concurrent disclosures (*AbsSurpDec*, *AbsRevSurpDec*, *lnMF*), control for the variables used in our entropy balancing, and include industry, calendar quarter, and analysts fixed effects in all specifications. All continuous variables are winsorized at the 1st and 99th percentiles and we cluster standard errors by firm-quarter. After entropy balancing, control observations are successfully balanced against treatment observations on all three moments (untabulated).

Descriptive statistics are reported in Table 3. The median analyst takes one day to revise their forecast (*Numdays_Revise*), and 62.4% of our sample analysts exhibit increased forecast accuracy after the call (Δ*FCAcc_Ind*).

Table 6 presents the results of estimating Model (3). The odd (even) columns present results for *Add_Pres* (*Add_Q&A_Only*). In column (1), we find that *Add_Pres* is positively related to the number of days it takes analysts to revise their t+1 forecasts *(Numdays_Revise),* significant at the 1% level. *Add_Q&A_Only* is also positively related to *Numdays_Revise*, but the effect is less strong (significant at the 10% level, column (2)). However, in columns (3) and (4), we do not find evidence that adding a manager to the call either significantly improves or negatively affects analysts' forecast accuracy around the call (Δ*FCAcc_Ind*).

Analysts may take longer to revise their forecasts in quarters with added managers because they are unfamiliar with the communication style of the manager. To explore this possibility, we examine whether the effect differs when the added manager is more familiar to the analyst. Recall from our descriptive statistics in Table 2 Panel F that the added manager is often the CEO or CFO, particularly for presentations. The likelihood that analysts are unfamiliar with the communication styles of these managers is much lower than with other managers; thus, we include an additional indicator variable identifying quarters in which the added manager is the CEO or CFO

(*Add_Pres_CEOCFO* and *Add_Q&A_Only_CEOCFO*). Results are reported in columns (5) through (8). Consistent with our conjecture, analysts take longer to revise their forecast when the added manager is not the CEO or CFO (coefficients on *Add_Pres* and *Add_Q&A_Only* remain significant); however, this positive relation is attenuated when the added manager in the presentation is the CEO or CFO (*Add_Pres_CEOCFO*). Moreover, the sum of the two coefficients is insignificant, indicating that adding a CEO or CFO to the presentation or Q&A does not affect analysts' ability to revise their forecasts. We also find that forecast accuracy declines when the added manager to the presentation is *not* the CEO or CFO (significant coefficient on *Add_Pres*); however, this negative effect attenuates when the added presentation manager is the CEO or CFO (*Add_Pres_CEOCFO*) and the overall effect on forecast accuracy of adding a CEO or CFO to the presentation (sum of the two coefficients) is insignificant.

Overall, our results suggest that adding unfamiliar managers to the call, particularly in the presentation, can impede analysts' information processing. It is possible the managers' unfamiliar communication style makes it more difficult for analysts to process the information provided on the call.[28]

Effect on capital market

To test whether adding a manager is associated with capital market effects, we estimate a model similar to Model (3) above:

$$Market_{i,t} = \beta_0 + \beta_1 Add_{i,t} + \beta_2 AbsSurpDec_{i,t} + \beta_3 AbsRevSurpDec_{i,t} + \beta_4 lnMF_{i,t} + Controls_{i,t} + Industry_i + Quarter_t + \varepsilon_{i,t} \quad (4)$$

[28] We also estimated Model (3) including the conference call textual traits examined in Section 5 as additional regressors. In untabulated results, we find results that are inferentially-similar with the inclusion of these variables. One interpretation of these results is that it is not *what* managers are saying on the call that affects analyst forecast properties but *who* is saying it (i.e., it is the unfamiliarity with managers' idiosyncrasies that are driving the results on analyst outputs); however, we recognize that our measures of textual properties are noisy and incomplete measures of the information disclosed during the call so we consider this evidence as *suggestive* of such an effect.

Market refers to one of two capital market consequences: 1) the absolute abnormal market returns on the conference call date, and 2) the speed of price discovery measured as the Intra-Period Efficiency (IPE) on and 5 days subsequent to the conference call date (*IPE*) (Blankespoor, deHaan, and Marinovic 2020). Detailed variable definitions are provided in Appendix 3. Controls variables and other regression specifications are the same as our prior estimation of Model (3).

Descriptive statistics are reported in Table 3. The average absolute abnormal market return on the conference call date is 4.1% (*AbsCAR*). The mean IPE in our sample is about 0.6, comparable to IPE measured around earnings announcements (Blankespoor et al., 2020).

Columns (1) through (4) in Table 7 presents the results of estimating Model (4). As before, odd (even) columns present results for *Add_Pres* (*Add_Q&A_Only*). On average, we do not find evidence suggesting that adding a manager to the call has significant immediate capital market consequences. We also estimate Model (4) including a variable identifying quarters with an added CEO or CFO (*Add_Pres_CEOCFO* and *Add_Q&A_Only_CEOCFO*). In column (7), we find a weak positive (negative) coefficient on *Add_Pres* (*Add_Pres_CEOCFO*), suggesting faster price discovery when non-CEO/CFO managers are added to the presentation but no such difference when a CEO or CFO is added (sum of two coefficients is insignificant). This result is somewhat contrary to the findings from examining analyst outputs; however, the results are marginal so we do not draw strong conclusions from this evidence. Overall, we find limited capital market effects of adding a manger; it is possible stronger effects could be captured with finer measurement than is possible with our current data.[29]

[29] We do not use intraday data because to do so effectively requires audio files of conference calls, which we do not have (prior research documents the noisiness of using word counts per minute to estimate conference call times (Chen, Nagar, and Schoenfeld 2018)). Moreover, using intraday data would necessarily limit our sample to calls that are held within trading hours, which reduces our sample by roughly 38% and potentially introduces selection biases related to the decision to hold conference calls during trading hours.

VII. CONCLUSION

This study provides evidence that firms are intentional about which managers are chosen to speak in their earnings conference calls, suggesting that managers designated as spokespersons for the firm are not interchangeable. We find that in firm-quarters with unusual firm events firms are more likely to add a manager to the call, presumably because managers with more direct knowledge of specific firm activities are more effective at communicating this information. Firms also appear to use the call as a platform to showcase their managerial "bench strength", particularly when succession planning is critical. We also find that adding managers to the call changes the textual characteristics of the call: calls with added presentation managers are longer, have greater specificity, more managerial opinions and more forward-looking qualitative statements. We further document that while the timeliness and accuracy of analysts' forecasts are unchanged when the added manager is a familiar manager (i.e., the CEO or CFO), it declines when the added manager is someone other than the CEO or CFO. It is possible that despite the fact that the new manager provides more information about firm events, the manager's unfamiliar disclosure style makes it more difficult for analysts and market participants to process this information.

Our study is the first study (to our knowledge) to carefully examine a firm's choice of which managers to include as speaking managers on the earnings conference call. Given that conference calls are a disclosure medium in which managers are directly involved in delivering information to stakeholders, it stands to reason that the choice of which managers deliver the information matters, consistent with the notion from Upper Echelons theory that managers are not interchangeable. We add to our understanding of how firms plan for and conduct their earnings conference calls, demonstrating that the "line up" of managers on the call is an important consideration. Our evidence also suggests that having managers who are regularly on the call deliver specific or nuanced information about events for which they have limited direct knowledge is difficult. Overall, our study expands our understanding of earnings conference call to consider not just *what* information is disclosed but also *who* discloses it.

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Table 1. Sample construction

	Firm-quarter level Obs	**Manager-firm-quarter level Obs**
Available Thompson Reuters StreetEvents quarterly earnings conference call transcripts from 2002 to 2019	297,830	
Less: Observations not merged with Compustat *gvkey, datadate, rdq* and *atq*	(131,540)	
Less: Observations with unparsable transcripts	(19,839)	
	146,451	486,164
Less: Observations with unidentifiable manager name and role	(477)	(2,582)
Restricting the sample to conference calls where all managers on the participant list have associated speaking text in the transcript	(4,499)	(17,945)
Restricting the sample to conference calls where at least a CEO, CFO, or IR is present	(1,522)	(4,197)
	139,953	461,440
Less: Observations with missing data on determinants	(98,913)	(321,369)
Main Sample:	**42,905**	**146,045**

This table reports the sample selection procedure for the firm-quarter level and manager-quarter level sample during the sample period of 2002 Q1-2019 Q4.

Table 2. Sample description

Panel A. Frequency of calls by the number of managers

	Frequency of Calls (firm-quarter level)					
No. of managers	**Total Managers on Call**		**Presentation Managers**		**Q&A Only Managers**	
0			6	0.01%	31,220	72.77%
1	169	0.39%	1,141	2.66%	7,020	16.36%
2	7,430	17.32%	9,858	22.98%	2,857	6.66%
3	19,802	46.15%	23,714	55.27%	1,193	2.78%
4	9,187	21.41%	6,364	14.83%	411	0.96%
5 or more	6,317	14.72%	1,822	4.25%	204	0.48%
Total	**42,905**	**100%**	**42,905**	**100%**	**42,905**	**100%**
Mean (Median)	**3.4 (3)**		**3.0 (3)**		**0.4 (0)**	

This table presents the frequency of distinct calls based on the total number of managers on the call, the number of managers who speak in the presentation section, and the number of managers who speak in the Q&A section only, respectively.

Panel B. Distribution of managerial roles

Managerial role	Presentation Managers		Q&A only Managers	
	Frequency of managers	Percentage (%)	Frequency of managers	Percentage (%)
CEO	41,113	32.4%	1,591	8.4%
CFO	38,720	30.5%	1,994	10.5%
IR	26,431	20.8%	483	2.5%
Div/Reg	6,086	4.8%	6,790	35.7%
COO	5,667	4.5%	2,854	15.0%
OtherFin/Acct/Tax	3,240	2.6%	1,424	7.5%
Board	1,201	0.9%	486	2.6%
Strat	1,181	0.9%	698	3.7%
Sale/MKT	976	0.8%	1,098	5.8%
Leg	983	0.8%	405	2.1%
Other	847	0.7%	699	3.7%
IT	336	0.3%	445	2.3%
HR	218	0.2%	79	0.4%
Total	**126,999**	**100.0%**	**19,046**	**100.00%**

This table presents the frequency of distinct managerial roles of presentation managers and Q&A only managers.

Panel C. Frequency of calls with certain managerial roles

Call with	Presentation Managers		Q&A only Managers	
	Frequency of calls	Percentage (%) out of 42,899	Frequency of calls	Percentage (%) out of 11,685
CEO	40,440	94.3%	1,285	11.0%
CFO	38,570	89.9%	1,982	17.0%
IR	26,280	61.3%	460	3.9%
COO	5,580	13.0%	2,756	23.6%
Div/Reg	4,812	11.2%	4,773	40.8%
OtherFin/Acct/Tax	3,124	7.3%	1,282	11.0%
Strat	1,178	2.7%	669	5.7%
Board	1,187	2.8%	442	3.8%
Sale/MKT	960	2.2%	1,072	9.2%
Leg	982	2.3%	395	3.4%
Other	816	1.9%	620	5.3%
HR	218	0.5%	79	0.7%
IT	328	0.8%	433	3.7%

This table presents the distribution of calls with certain managerial roles of presentation managers and Q&A only managers.

Panel D. Common combinations of managerial roles of presentation managers on the call

Total number of presentation managers	Frequency	% out of Group Total	% out of Sample Total (42,905)
1			
CEO	644	56.4%	1.5%
CFO	268	23.5%	0.6%
IR	163	14.3%	0.4%
Other combinations	66	5.8%	0.2%
Total	**1,141**	**100.0%**	**2.7%**
2			
CEO,CFO	7,152	72.6%	16.7%
CEO,IR	1,140	11.6%	2.7%
CFO,IR	555	5.6%	1.3%
CEO,OtherFin/Acct/Tax	205	2.1%	0.5%
CEO,COO	197	2.0%	0.5%
Other combinations	609	6.2%	1.4%
Total	**9,858**	**100.0%**	**23.0%**
3			
CEO,CFO,IR	16,825	70.9%	39.2%
CEO,CFO,OtherFin/Acct/Tax	1,378	5.8%	3.2%
CEO,CFO,COO	903	3.8%	2.1%
CEO,CFO,Div/Reg	779	3.3%	1.8%
CEO,CFO,Strat	576	2.4%	1.3%
Other combinations	3,253	13.7%	7.6%
Total	**23,714**	**100.0%**	**55.3%**
4			
CEO,CFO,COO,IR	1,944	30.5%	4.5%
CEO,CFO,Div/Reg,IR	1,180	18.5%	2.8%
CEO,CFO,IR,Board	285	4.5%	0.7%
CEO,CFO,COO,OtherFin/Acct/Tax	262	4.1%	0.6%
CEO,CFO,IR,Sale/MKT	202	3.2%	0.5%
Other combinations	2,491	39.1%	5.8%
Total	**6,364**	**100.0%**	**14.8%**
5			
CEO,CFO,Div/Reg,Div/Reg,IR	230	15.6%	0.5%
CEO,CFO,COO,Div/Reg,IR	173	11.7%	0.4%
CEO,CFO,Div/Reg,IR,Sale/MKT	86	5.8%	0.2%
CEO,CFO,COO,IR,Sale/MKT	63	4.3%	0.1%
CEO,CFO,COO,IR,Board	54	3.7%	0.1%
Other combinations	868	58.9%	2.0%
Total	**1,474**	**100.0%**	**3.4%**

This table presents the common combination of managerial roles of presentation managers by the total number of presentation managers.

Panel E. Frequency of firm-quarter calls with added managers

Call with	**Frequency of calls**	**Percentage (%)**
Added Presentation manager (*Add_Pres* = 1)	2,918	6.8%
No added Presentation manager (*Add_Pres* = 0)*	39,987	93.2%
Total	**42,905**	**100.00%**
Added Q&A only manager (*Add_Q&A_Only* = 1)	2,268	5.3%
No added Q&A only manager (*Add_Q&A_Only* = 0)	40,637	94.7%
Total	**42,905**	**100.00%**
*No added Presentation manager:		
No added managers this quarter and same managers in prior four quarters	15,837	36.9%
No added managers this quarter with some variation in prior four quarters	24,150	56.3%
Total	**39,987**	**93.20%**

This table presents the frequency of distinct calls based on existence of newly added managers on the call and the breakdown of firm-quarter calls. For firm-quarter calls with added presentation (Q&A only) manager, we present the frequency of calls with added presentation (Q&A only) managers and calls with no added presentation (Q&A only) managers. For firm-quarter calls with no added presentation manager, we present the frequency of the calls where the set of presentation managers has been the same in the past four quarters and the frequency of calls where there was some variation in the set of presentation managers in the past four quarters.

Panel F. Distribution of added managerial roles on the call at the firm-quarter call level

Added role	**Frequency of firm-quarters adding presentation managers**	**Percentage (%) out of 2,918**	**Frequency of firm-quarters adding Q&A only managers**	**Percentage (%) out of 2,268**
Div/Reg	682	23.4%	878	38.7%
CFO	548	18.8%	102	4.5%
CEO	461	15.8%	106	4.7%
COO	442	15.1%	286	12.6%
OtherFin/Acct/Tax	410	14.1%	359	15.8%
Strat	122	4.2%	115	5.1%
Sale/MKT	117	4.0%	159	7.0%
Other	112	3.8%	160	7.1%
Board	98	3.4%	68	3.0%
Leg	98	3.4%	139	6.1%
IT	45	1.5%	71	3.1%
HR	15	0.5%	18	0.8%

This table presents the frequency of distinct managerial roles for added managers on the call at the firm-quarter call level. The table is presented in the order of the frequency of added managerial roles for presentation managers and the frequency of added managerial roles for Q&A only managers.

Table 3. Descriptive statistics

Variable	N	Mean	Std Dev.	1%	25%	50%	75%	99%
Determinants and controls								
Add_Pres	42,905	0.068	0.252	0	0	0	0	1
Add_Q&A_Only	42,905	0.053	0.224	0	0	0	0	1
New_SPI	42,905	0.045	0.208	0	0	0	0	1
New_M&A	42,905	0.045	0.208	0	0	0	0	1
New_Databreach	42,905	0.005	0.073	0	0	0	0	0
New_BigMiss	42,905	0.056	0.230	0	0	0	0	1
New_BigBeat	42,905	0.050	0.217	0	0	0	0	1
New_RS&ICW	42,905	0.017	0.130	0	0	0	0	1
New_CL	42,905	0.075	0.263	0	0	0	0	1
New_SEO	42,905	0.031	0.173	0	0	0	0	1
New_Litigation	42,905	0.006	0.076	0	0	0	0	0
New_CEO	42,905	0.023	0.150	0	0	0	0	1
New_CFO	42,905	0.034	0.182	0	0	0	0	1
Over60	42,905	0.276	0.447	0	0	0	1	1
NonEA_CC_Mgrs	42,905	2.106	3.719	0	0	0	3	19
Δ*Size*	42,905	0.083	0.186	-0.4	-0.007	0.056	0.141	0.902
Age	42,905	24.690	14.480	4	13	21	35	55
Δ*lnEmp*	42,905	0.472	0.590	-0.2	0.094	0.262	0.641	3.104
Δ*BTM*	42,905	0.004	0.243	-0.95	-0.081	-0.006	0.077	1.006
Δ*ROA*	42,905	0.000	0.023	-0.11	-0.005	0.000	0.005	0.104
Δ*lnBusseg*	42,905	-0.002	0.155	-0.69	0.000	0.000	0	0.693
Δ*lnGeoseg*	42,905	0.006	0.107	-0.41	0.000	0.000	0	0.511
Δ*RetVol*	42,905	0.000	0.075	-0.24	-0.039	0.000	0.039	0.232
Δ*R&D*	42,905	-0.001	0.022	-0.14	0.000	0.000	0.000	0.1
Δ*Lev*	42,905	0.006	0.062	-0.17	-0.019	0.000	0.021	0.265
Δ*lnAnalyst*	42,905	0.031	0.300	-0.81	-0.134	0.000	0.182	1.099
Δ*Instown*	42,905	0.010	0.078	-0.31	-0.022	0.003	0.04	0.31
Δ*IR*	42,905	0.008	0.279	-1	0	0	0	1
Q4	42,905	0.250	0.433	0	0	0	1	1
Conference call textual properties								
Add_Pres	42,870	0.068	0.252	0	0	0	0	1
Add_Q&A_Only	42,870	0.053	0.224	0	0	0	0	1
Length	42,870	7,365	2,184	2,835	5,783	7,419	8,790	12,940
lnLength	42,870	8.857	0.314	7.951	8.663	8.912	9.081	9.468
Length_Q&A	42,870	4,460	1,818	870	3,134	4,400	5,648	9,183
lnLength_Q&A	42,870	8.306	0.468	6.770	8.050	8.390	8.639	9.125
Specificity_Call	42,870	0.035	0.012	0.014	0.026	0.033	0.041	0.075
Specificity_Q&A	42,870	0.022	0.009	0.007	0.016	0.020	0.026	0.052
Opinion_Call	42,870	0.041	0.006	0.028	0.037	0.041	0.045	0.057
Opinion_Q&A	42,870	0.041	0.007	0.026	0.036	0.040	0.045	0.059
FLS_Qual	42,870	0.121	0.040	0.044	0.092	0.118	0.146	0.232
FLS_Qual_Q&A	42,870	0.107	0.047	0.021	0.072	0.101	0.135	0.247
AbsSurpDec	42,870	4.791	2.646	1	3	5	7	10
AbsRevSurpDec	42,870	4.679	2.624	1	2	4	7	10
lnMF	42,870	0.894	0.715	0	0	1.099	1.386	2.398

Variable	N	Mean	Std Dev.	1%	25%	50%	75%	99%
Analysts forecast properties								
Add_Pres	244,028	0.069	0.254	0	0	0	0	1
Add_Pres_CEOCFO	244,028	0.022	0.148	0	0	0	0	1
Add_Q&A_Only	244,028	0.060	0.238	0	0	0	0	1
Add_Q&A_Only_CEOCFO	244,028	0.006	0.076	0	0	0	0	0
Numdays_Revise	244,028	2.208	4.569	0	0	1	1	25
ΔFCAcc_Ind	226,188	0.624	0.484	0	0	1	1	1
AbsSurpDec	244,028	4.714	2.575	1	3	4	7	10
AbsRevSurpDec	244,028	4.793	2.672	1	2	5	7	10
lnMF	244,028	0.887	0.716	0.000	0.000	0.693	1.386	2.398
Capital market consequences								
Add_Pres	42,870	0.068	0.252	0	0	0	0	1
Add_Pres_CEOCFO	42,870	0.023	0.149	0	0	0	0	1
Add_Q&A_Only	42,870	0.053	0.224	0	0	0	0	1
Add_Q&A_Only_CEOCFO	42,870	0.005	0.069	0	0	0	0	0
AbsCAR	42,869	0.041	0.044	0	0.011	0.026	0.055	0.229
IPE	37,154	0.568	0.381	-1.177	0.470	0.686	0.808	0.952
AbsSurpDec	42,870	4.791	2.646	1	3	5	7	10
AbsRevSurpDec	42,870	4.679	2.624	1	2	4	7	10
lnMF	42,870	0.894	0.715	0	0	1.099	1.386	2.398

This table provides descriptive statistics on the determinants and consequences of adding a new manager on the call.

Table 4. Determinants of adding a manager on the call

	Add_Pres **(1)**	***Marginal Effects*** **(2)**	***Add_Q&A_Only*** **(3)**	***Marginal Effects*** **(4)**
New_SPI	0.042	0.003	0.102	0.005
	(0.475)	(0.475)	(0.977)	(0.977)
New_M&A	0.226***	0.014***	-0.305**	-0.015**
	(2.659)	(2.657)	(-2.454)	(2.447)
New_Databreach	-0.283	-0.018	-0.429	-0.021
	(-0.939)	(0.939)	(-1.372)	(1.369)
New_BigMiss	-0.139	-0.009	-0.012	-0.001
	(-1.583)	(1.581)	(-0.124)	(0.124)
New_BigBeat	0.051	0.003	0.170*	0.008*
	(0.564)	(0.564)	(1.809)	(1.806)
New_RS&ICW	-0.007	-0.000	0.091	0.004
	(-0.050)	(0.050)	(0.545)	(0.545)
New_CL	0.128*	0.008*	-0.033	-0.002
	(1.792)	(1.790)	(-0.394)	(0.394)
New_SEO	-0.242**	-0.015**	0.044	0.002
	(-2.060)	(2.063)	(0.389)	(0.389)
New_Litigation	0.714***	0.044***	0.082	0.004
	(3.811)	(3.807)	(0.318)	(0.318)
New_CEO	0.831***	0.052***	0.685***	0.033***
	(8.734)	(8.700)	(6.011)	(5.954)
New_CFO	0.477***	0.030***	0.457***	0.022***
	(5.244)	(5.188)	(4.587)	(4.553)
Over60	0.128**	0.008**	0.306***	0.015***
	(2.500)	(2.496)	(4.726)	(4.671)
NonEA_CC_Mgrs	0.032***	0.002***	0.056***	0.003***
	(5.867)	(5.901)	(7.732)	(7.538)
Δ*Size*	0.033	0.002	0.126	0.006
	(0.257)	(0.257)	(0.825)	(0.825)
Age	-0.003	-0.000	0.006**	0.000**
	(-1.351)	(1.350)	(2.069)	(2.059)
Δ*lnEmp*	0.080*	0.005*	-0.116*	-0.006*
	(1.646)	(1.647)	(-1.725)	(1.717)
Δ*BTM*	0.059	0.004	0.221**	0.011**
	(0.651)	(0.651)	(2.087)	(2.090)
Δ*ROA*	-2.143**	-0.133**	0.609	0.030
	(-2.199)	(2.199)	(0.550)	(0.549)
Δ*lnBusseg*	-0.218	-0.014	-0.267*	-0.013*
	(-1.519)	(1.518)	(-1.770)	(1.776)
Δ*lnGeoseg*	0.066	0.004	-0.006	-0.000
	(0.324)	(0.324)	(-0.027)	(0.027)
Δ*RetVol*	0.521*	0.032*	0.078	0.004
	(1.791)	(1.794)	(0.218)	(0.218)

Δ*R&D*	0.250	0.016	0.702	0.034
	(0.282)	(0.282)	(0.535)	(0.535)
Δ*Lev*	-0.201	-0.013	0.826**	0.040**
	(-0.530)	(0.530)	(2.068)	(2.066)
Δ*lnAnalyst*	-0.045	-0.003	-0.025	-0.001
	(-0.648)	(0.648)	(-0.313)	(0.313)
Δ*Instown*	-0.614**	-0.038**	-0.161	-0.008
	(-2.194)	(2.192)	(-0.510)	(0.510)
Δ*IR*	-0.574***	-0.036***	0.037	0.002
	(-6.984)	(6.943)	(0.426)	(0.426)
Q4	-0.027	-0.002	0.004	0.000
	(-0.338)	(0.338)	(0.044)	(0.044)
Constant	-3.320***		-2.678***	
	(-3.143)		(-2.931)	
Industry FE	YES		YES	
Calendar Quarter FE	YES		YES	
Observations	42,775		42,835	
Pseudo R^2 (%)	3.60%		5.66%	

This table reports an analysis of the determinants of adding a presentation (Q&A only) manager to the quarterly earnings conference call. It summarizes the results of a logistic regression of new presentation (Q&A only) managers on the call on changes in firm events and firm-level characteristics. Marginal effects are provided for each independent variable. Robust z-statistics are in parentheses. ***, **, and * denote significant at the 1%, 5% and 10% levels, respectively, based on the two-tailed tests. All variables are defined in Appendix 3.

Table 5. Conference call textual properties

Panel A. Adding a manager to the call and conference call textual properties

	lnLength		*Specificity_Call*		*Opinion_Call*		*FLS_Qual*	
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
Add_Pres	0.030***		0.001***		0.000***		0.005***	
	(5.120)		(3.963)		(3.701)		(6.120)	
Add_Q&A_Only		0.088***		0.003***		-0.000		-0.000
		(8.333)		(12.046)		(-1.449)		(-0.051)
AbsSurpDec	-0.006***	-0.011***	0.000**	0.000	-0.000	-0.000**	0.001***	0.001**
	(-4.398)	(-4.744)	(2.373)	(1.246)	(-0.945)	(-2.373)	(6.868)	(2.169)
AbsRevSurpDec	0.002	0.005**	0.000	-0.000	-0.000	-0.000	0.000	0.000
	(1.239)	(2.046)	(0.195)	(-0.768)	(-1.013)	(-0.457)	(1.330)	(0.625)
lnMF	0.049***	0.023**	0.000	-0.000	0.001***	0.000	0.001	0.002**
	(6.484)	(2.050)	(0.051)	(-0.207)	(3.243)	(0.654)	(1.233)	(2.145)
Entropy Balanced	YES	YES	YES	YES	YES	YES	YES	YES
EB Controls	YES	YES	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES	YES	YES
Calendar Quarter FE	YES	YES	YES	YES	YES	YES	YES	YES
Observations	42,870	42,870	42,870	42,870	42,870	42,870	42,870	42,870
Adjusted R2 (%)	23.20%	21.40%	15.80%	15.40%	12.00%	6.18%	13.30%	8.47%
Within R2 (%)	18.60%	15.90%	3.78%	4.44%	2.65%	0.95%	3.22%	1.04%

This table reports an analysis of the relation between conference call textual properties and adding a presentation (Q&A only) manager to the quarterly earnings conference call. It summarizes the results of regressing conference call length, conference call specificity, conference call opinions, and conference call qualitative forward-looking statements. Odd (even) columns are entropy-balanced on *Add_Pres* (*Add_Q&A*_Only). Industry fixed effects and calendar quarter fixed effects are included for each model. Coefficient t-statistics are in parentheses. ***, **, and * denote significant at the 1%, 5% and 10% levels, respectively, based on the two-tailed tests. All variables are defined in Appendix 3.

Panel B. Textual properties of added managers and non-added managers on the call at the firm-quarter call level

Textual properties	Frequency of calls	Added presentation managers		Non-added presentation managers		Difference	
		Mean	Median	Mean	Median	Mean	Median
Specificity	2,879	0.048	0.039	0.038	0.034	0.010***	0.004***
Opinion	2,879	0.043	0.042	0.042	0.042	0.001***	0.000***
FLS_Qual	2,879	0.143	0.127	0.130	0.124	0.013***	0.003***

Textual properties	Frequency of calls	Added Q&A only managers		Non-added Q&A only managers		Difference	
		Mean	Median	Mean	Median	Mean	Median
Specificity	1,131	0.078	0.047	0.046	0.032	0.031***	0.013***
Opinion	1,131	0.037	0.036	0.038	0.038	-0.002**	-0.003**
FLS_Qual	1,131	0.109	0.065	0.103	0.088	0.006	-0.007

This table presents the textual properties of added managers and non-added managers on the call at the firm-quarter call level. The table is presented in the order of the textual properties of added managers, the textual properties of non-added managers, and the differences, respectively. We require firm-quarter calls to have both added and non-added managers. ***, **, and * indicate statistically significant differences at the 1%, 5% and 10% levels, respectively. All variables are defined in Appendix 3.

Table 6. Adding a manager to the call and analysts' forecast properties

	Numdays_Revise		*ΔFCAcc_Ind*		*Numdays_Revise*		*ΔFCAcc_Ind*	
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
Add_Pres [a]	0.100***		-0.005		0.161***		-0.017**	
	(2.867)		(-0.753)		(3.771)		(-1.962)	
Add_Pres_CEOCFO [b]					-0.190***		0.036**	
					(-2.793)		(2.528)	
Add_Q&A_Only [a]		0.072*		-0.004		0.080*		-0.003
		(1.840)		(-0.564)		(1.949)		(-0.330)
Add_Q&A_Only_CEOCFO [b]						-0.081		-0.018
						(-0.579)		(-0.702)
AbsSurpDec	0.016**	0.036***	0.008***	0.008***	0.016**	0.036***	0.008***	0.008***
	(2.241)	(3.906)	(5.620)	(5.334)	(2.190)	(3.899)	(5.698)	(5.302)
AbsRevSurpDec	0.016**	0.014	0.003**	0.005***	0.016**	0.014	0.003**	0.005***
	(2.079)	(1.610)	(2.152)	(3.265)	(2.090)	(1.607)	(2.131)	(3.254)
lnMF	-0.116***	-0.182***	0.010*	0.016**	-0.120***	-0.183***	0.011*	0.015**
	(-4.012)	(-4.919)	(1.682)	(2.319)	(-4.141)	(-4.952)	(1.844)	(2.297)
Entropy Balanced	YES	YES	YES	YES	YES	YES	YES	YES
EB Controls	YES	YES	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES	YES	YES
Calendar Quarter FE	YES	YES	YES	YES	YES	YES	YES	YES
Analysts FE	YES	YES	YES	YES	YES	YES	YES	YES
p-value of F-test: *[a] + [b]* = 0					0.601	0.101	0.993	0.404
Observations	243,397	243,397	225,571	225,571	243,397	243,397	225,571	225,571
Adjusted R^2 (%)	30.20%	29.80%	6.37%	6.50%	30.20%	29.80%	6.42%	6.51%
Within R^2 (%)	0.14%	0.21%	0.33%	0.38%	0.16%	0.21%	0.39%	0.39%

This table reports an analysis of the relation between analysts' forecast properties and adding a manager to the quarterly earnings conference call at firm-quarter-analyst level. It summarizes the results of regressing the number of days to revise and the change in forecast accuracy around the call. Odd (even) columns are entropy-balanced on *Add_Pres* (*Add_Q&A*_Only). Industry fixed effects, calendar quarter fixed effects, and analyst fixed effects are included for each model. Coefficient t-statistics are in parentheses. ***, **, and * denote significant at the 1%, 5% and 10% levels, respectively, based on the two-tailed tests. All variables are defined in Appendix 3.

Table 7. Adding a manager to the call and capital market consequences

	AbsCAR		*IPE*		*AbsCAR*		*IPE*	
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**
Add_Pres [a]	0.001		0.008		0.001		0.017*	
	(0.651)		(0.987)		(0.491)		(1.818)	
Add_Pres_CEOCFO [b]					0.000		-0.028*	
					(0.094)		(-1.675)	
Add_Q&A_Only [a]		-0.001		0.011		-0.001		0.009
		(-0.927)		(1.354)		(-0.866)		(1.040)
Add_Q&A_Only_CEOCFO [b]						-0.000		0.025
						(-0.134)		(0.929)
AbsSurpDec	0.002***	0.002***	-0.003**	-0.002	0.002***	0.002***	-0.003**	-0.002
	(11.592)	(10.846)	(-1.976)	(-1.147)	(11.597)	(10.846)	(-1.989)	(-1.133)
AbsRevSurpDec	0.001**	0.001***	-0.001	-0.003	0.001**	0.001***	-0.001	-0.003
	(2.511)	(2.733)	(-0.754)	(-1.400)	(2.511)	(2.733)	(-0.705)	(-1.398)
lnMF	-0.000	0.000	0.013**	0.008	-0.000	0.000	0.012**	0.008
	(-0.553)	(0.120)	(2.139)	(1.138)	(-0.550)	(0.117)	(2.081)	(1.159)
Entropy Balanced	YES	YES	YES	YES	YES	YES	YES	YES
EB Controls	YES	YES	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES	YES	YES
Calendar Quarter FE	YES	YES	YES	YES	YES	YES	YES	YES
p-value of F-test: *[a] + [b]* = 0					0.369	0.877	0.943	0.658
Observations	243,397	243,397	225,571	225,571	243,397	243,397	225,571	225,571
Adjusted R^2 (%)	30.20%	29.80%	6.37%	6.50%	30.20%	29.80%	6.42%	6.51%
Within R^2 (%)	0.14%	0.21%	0.33%	0.38%	0.16%	0.21%	0.39%	0.39%

This table reports an analysis of the relation between capital market consequences and adding a presentation (Q&A only) manager to the quarterly earnings conference call. It summarizes the results of regressing absolute abnormal returns on the conference call date and the speed of price discovery subsequent to the conference call. Odd (even) columns are entropy-balanced on *Add_Pres* (*Add_Q&A*_Only). Industry fixed effects and calendar quarter fixed effects are included for each model. Coefficient t-statistics are in parentheses. ***, **, and * denote significant at the 1%, 5% and 10% levels, respectively, based on the two-tailed tests. All variables are defined in Appendix 3.

Appendix 1. Examples of conference call transcripts

Verizon Communications, Inc., Q4 2017; Added presentation manager (categorized as CEO) discusses integration efforts following a restructuring (SPI):

CEO (Added manager): "We executed the world's largest successful 5G precommercial trial, invested in assets and platforms for the future, and gained significant traction in the integration of new businesses…The integration of new businesses is accelerating our mobile-first digital strategy and providing a platform for global reach..."

Hecla Mining Company, Q4 2011; CEO introduces an added presentation manager (categorized as COO) to give details following a litigation settlement.

CEO: "We're working with MSHA in order to progress as safely and quickly as possible to bring the Lucky Friday mine back in production…With that I'm going to hand things over to [Added COO name] who will provide greater detail on this work plan..."

COO (Added manager): "MSHA issued the order to close the Silver Shaft and remove any loose material in the one-mile deep shaft…When we received the order one of our critical concerns was the ability to access and maintain the pumps at the 5,300 level to keep the mine from flooding during the stand-by period. The pumps were only accessible via the Silver Shaft… Resolution was the construction of a new drift which would be accessible via the #2 shaft and allowing us to maintain the pumps..."

Lear Corporation, Q2 2005; Added presentation manager (categorized as COO) discusses restructuring (SPI) in the presentation section and also answers questions in the Q&A section

[Presentation] IR: "[Added COO name] will cover our strategy and restructuring actions…"

COO (Added manager): "Interior systems make up 17% of our revenue, and over the last few years, we've experienced margin compression as many of these components are now priced as commodities. And given the increase in resin pricing, our financial results have now reached an unacceptable level. As a result, we're in the process of evaluation strategic options for this product group…"

[Q&A] Analyst: "…it seems to me what you're saying is you're going to disaggregate the Company somewhat…because the market's changing. And if that's the case, once you're done with that, what's the long-term strategy?...Is there sort of a second piece of this where you build off a new leaner platform to get deeper in electronics?"

CFO: "Let me take the first part, and then [Added COO name] will take the second part…"

COO (Added manager): "The issue with interiors, there have been some changes with our customer sourcing strategy that are just forcing us to relook to see if we really want to compete in that segment, possibly at the expense of the other two. So that's why we're really focused on seats and electronics, and we're reevaluating interiors systems."

Hershey Co., Q4 2014; Added Q&A only manager (categorized as Div/Reg) answered questions regarding an M&A.

Analyst: "…and then my second question is actually more about the acquisition strategy from here. As you've bought the KRAVE business and moved very clearly into a very different snacking category, might we see more of those types of moves that you end up bulking up in snack categories that are maybe more in line with where the consumer is heading?"

CEO: "...[Analyst name], you set us up nicely to talk about KRAVE. [Added manager name] who is the President of North America and was very, very involved with the acquisition for KRAVE is here. So why don't I give her a chance to just talk for a couple of minutes about the acquisition."

President of North America (Added manager): "...Meat snacks is a category that is one of the fastest-growing...[H]ousehold penetration is only about 31%, but it continues to grow as we're at 2 points this past year. So clearly, it's a meeting a lot of consumer needs. And as we looked the category, KRAVE was interesting to us. Because KRAVE is really playing in the fastest-growing segment of the meat snacks category... We think it has tremendous potential…"

QUALCOMM Inc., Q3 2018; Added Q&A only manager (categorized as Legal) answered questions regarding a litigation filed in this quarter

Analyst: "The second question is on the potential to get an injunction in China against Apple…So my question is, what is the process? and whether you check all the boxes so that if you did want to pursue that, you could?"

General Counsel (Added manager): "[Analyst name], this is [Added manager name]…the answer is, yes, we are seeking injunctive relief there. In some cases, in China, you're not only entitled to permanent injunctions, but you're entitled to preliminary injunctions on occasion. But China is definitely a jurisdiction which is willing to enjoin infringers or patent infringement."

Alexander & Baldwin Inc., Q4 2018; An impairment (SPI) occurred in the quarter and a CFO turnover also took place which led to a new interim CFO to participate as well. The interim CFO only spoke once during the call and the other seven questions were answered by Added Q&A only manager (categorized as OtherFin/Acct/Tax)

Analyst: "And then an accounting question on that. Does the impairment that you took give you any tax benefit? or if you do something strategic with Grace [subsidiary] or sell an asset, does that impairment enable you to shelter gains or not?"

CAO (Added manager): "This is [CAO name]. the impairment itself is a noncash book entry. And so any tax impact that would be generated would result from an actual transaction itself. And so in this case, because it was just a fair-valuing exercise that happened, there really isn't any tax consequence to the company as a result of us remeasuring it to fair value."

Appendix 2. Methodology used to classify managerial roles

Based on the role information provided by Thompson Reuters StreetEvents conference call transcripts, we form a list of roles and manually read through the roles to construct our list of flag words that is used to categorize the managers into certain roles. Following is an example of our flag words for each role. The full list of flag words is available upon request.

Role	Example flag words
CEO	CEO, Chief Executive
CFO	CFO, Chief Fin
COO	COO, Chief Operat
IR	IR, Investor, Public Relation, External Affair, Spokeman
Sales/Marketing	Sales, Revenue, Pricing, Marketing, Advertising
	Excluded roles with the prefix ‘Internet’, ‘International’ because these are considered Divisional Roles
HR	HR, Human Resource, Human Capital, Labor Relations
Other Finance/Accounting/ Tax	Controller, CAO, Accounting, Accountant, Tax, Internal Control, Internal Audit, Tresur, Financ
Legal	Legal, Law, Counsel, Attorney, Compliance
IT	CIO, CTO, Technology, Information
Strategy/Acquisition	Strateg, Acquisiti, Business Development, Growth
	Excluded roles with ‘Network’, ‘Product’, ‘Financial’
Divisional/Regional	Division, Region, Segment, Business Unit, Subsidiary, International, Vice President, General Manager
	Included roles with names of continent, country, city
Board	Board, Chair, Managing Director, Non-Executive Director, Independent Director, Lead Director, Audit Co, Nominating

If a manager’s role does not include any of the flag words, it is considered to have an “Other” role. Examples of “Other” roles include Chief Scientific Officer and Chief Medical Officer.
If a manager has more than one unique role during the firm quarter, we give priority to certain roles as follows.

1) Functional role takes priority over Divisional/Regional role for managers other than CEO, CFO, and COO.
2) CEO, CFO, COO roles take priority over other functional roles other than Divisional/Regional. CEO, CFO, COO roles with Divisional/Regional role are considered as Divisional/Regional role.
3) IR role takes priority over Other Financial/Accounting/Tax roles as the manager is more likely to be on the conference call primarily because of the IR role.
4) Board role takes priority over other functional roles except CEO, CFO, COO, and IR.
5) For Managing directors (Board) who also hold other roles, Board role takes priority over functional roles except CEO, CFO, COO, Division/Regional, and IR.
6) For any remaining managers with multiple roles, we consider the manager to have the first role listed.

Appendix 3. Variable definitions

Variables for manager participation	
Add_Pres	Indicator variable equal to 1 if a manager who did not speak in the presentation in the prior four quarters speaks in the presentation section of the call in quarter t, and 0 otherwise
Add_Pres_CEOCFO	Indicator variable equal to 1 if a CEO or CFO who did not speak in the presentation in the prior four quarters speaks in the presentation section of the call in quarter t, and 0 otherwise
Add_Q&A_Only	Indicator variable equal to 1 if a manager who did not speak in the presentation and Q&A section in the prior four quarters speaks in the Q&A section only in quarter t, and 0 otherwise
Add_Q&A_Only_CEOCFO	Indicator variable equal to 1 if a CEO or CFO who did not speak in the presentation and Q&A section in the prior four quarters speaks in the Q&A section only in quarter t, and 0 otherwise
Determinants and Controls	
New_SPI	An indicator variable equal to 1 if there were any material special items (Compustat variables doq, rcpq, wdpq, gdwlipq, spiopq) in quarter t and not t-1 through t-4, and 0 otherwise. Materiality is determined based on 0.5% of quarterly sales or 1% of lagged total assets (Riedl and Srinivasan 2010)
New_M&A	An indicator variable equal to 1 if there were any mergers and acquisitions activity announced or closed (became effective) during quarter t and not t-1 through t-4, and 0 otherwise
New_Databreach	An indicator with value 1 if there were any data breach incidents reported during time t and not time t-1 through t-4, and 0 otherwise
New_BigMiss	An indicator variable equal to 1 if actual EPS missed the analyst EPS forecast consensus by two cents or more during quarter t and not t-1 through t-4, and 0 otherwise
New_BigBeat	An indicator variable equal to 1 if actual EPS beat the analyst EPS forecast consensus by two cents or more during quarter t and not t-1 through t-4, and 0 otherwise
New_RS&ICW	An indicator variable equal to 1 if there were any restatements or internal control weaknesses reported during quarter t and not t-1 through t-4, and 0 otherwise
New_CL	An indicator variable equal to 1 if there were any comment letters received at quarter t and not t-1 through t-4, and 0 otherwise
New_SEO	An indicator variable equal to 1 if there were any seasoned equity offerings issued during quarter t and not t-1 through t-4, and 0 otherwise
New_Litigation	An indicator variable equal to 1 if there were any securities litigation filed during quarter t and not t-1 through t-4, and 0 otherwise

New_CEO	An indicator variable equal to 1 if there were a new CEO hired during quarter t and not t-1 through t-4, and 0 otherwise
New_CFO	An indicator variable equal to 1 if there were a new CFO hired during quarter t and not t-1 through t-4, and 0 otherwise
Over60	An indicator variable equal to 1 if a CEO or CFO on the call at quarter t is over 60 years old, and 0 otherwise
NonEA_CC_Mgrs	The number of managers (excluding the CEO, CFO, and IR) participating on non-earnings conference calls or live presentations in the last four quarters
SIZE	The natural log of 1+ total quarterly assets at the end of quarter t
Age	Firm age measured as the current calendar year in quarter t less the first calendar year in which the firm appeared on Compustat
lnEmp	The natural log of 1+ the number of employees in the firm at the end of quarter t
BTM	Book to market value of equity at the end of quarter t. Negative values are deleted.
ROA	Return on assets, measured as net income before extraordinary items at the end of quarter t scaled by lagged total quarterly assets
lnBusseg	The natural log of 1+ the number of a firm's business segments at the end of quarter t
lnGeoseg	The natural log of 1+ the number of a firm's geographic segments at the end of quarter t
RetVol	Return volatility calculated over the 3 months in quarter t
R&D	R&D intensity, measured as quarterly R&D expenditures at the end of quarter t divided by total quarterly assets at the end of quarter t. Missing observations are filled in with pro-rated annual data, otherwise set to 0
Lev	The book value of long-term debt at the end of quarter t deflated by total quarterly assets at the end of quarter t
lnAnalyst	The natural log of 1+ the number of analyst following the firm during quarter t
Instown	Percent of holdings owned by institutional owners at the end of quarter t
IR	An indicator variable equal to 1 if an IR was on the earnings conference call for quarter t, and 0 otherwise
Textual Properties	
lnLength	Total conference call length measured as the natural log of the total number of words
lnLength_Q&A	Conference call Q&A section length measured as the natural log of the number of words in the Q&A section
Specificity_Call	The number of specific words in managers' comments based proper nouns identified by the Stanford Named Entity Recognition (NER) algorithm scaled by total words spoken by managers

Specificity_Q&A	The number of specific words in managers' comments in the Q&A section based proper nouns identified by the Stanford Named Entity Recognition (NER) algorithm scaled by total words spoken by managers in the Q&A section
Opinion_Call	The number of opinion words (Hu and Liu 2004) throughout the entire call spoken by managers scaled by total words spoken by managers
Opinion_Q&A	The number of opinion words (Hu and Liu 2004) in the Q&A section spoken by managers scaled by total words spoken by managers in the Q&A section
FLS_Qual	The number of qualitative forward-looking sentences (Bozanic et al. 2018) throughout the entire call spoken by managers scaled by total sentences spoken by managers
FLS_Qual_Q&A	The number of qualitative forward-looking sentences (Bozanic et al. 2018) in the Q&A section spoken by managers scaled by total sentences spoken by managers in the Q&A section
Consequences and Controls	
Numdays_Revise	Number of days it took an analyst following the firm in the pre-period (between rdq_t and rdq_{t-1}) and post-period (30 days after the conference call date) issue a revised forecast for quarter t+1 after the conference call date (or date +1 if the conference call is conducted after hours)
ΔFCAcc_Ind	An indicator variable equal to 1 if the forecast error (calculated as the difference between actual EPS and the analyst EPS forecast for quarter t+1, scaled by lagged price) of a forecast made within 7 days of the conference call date (or date +1 if the conference call is conducted after hours) is smaller than the forecast error in the pre-period, and 0 otherwise
AbsCAR	Absolute value of abnormal returns on the date of the conference call (or date +1 if the conference call is conducted after hours)
IPE	The speed of price discovery on and subsequent to the conference call date, calculated as the average of $[1 – (\|AbRet_5 – AbRet_t\|)/\| AbRet_5\|]$ measured over days [0,5] relative to the conference call date, adjusted for after-hours calls. $AbRet_t$ is the buy-and-hold market-adjusted return over [0,t]
AbsSurpDec	The decile ranking of the absolute value of earnings surprise ((median analyst consensus EPS – actual)/lagged closing price)
AbsRevSurpDec	The decile ranking of the absolute revenue surprise, calculated as the absolute value of the difference between sales at quarter t and sales at quarter t - 4, scaled by lagged price
lnMF	The natural log of 1 + the number of management forecasts occurring concurrently with the conference call