Overcoming Deceptive Evasions in Earnings Calls: The Role of Investor Suspicion

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This paper is based on my dissertation at Emory University. I am deeply grateful to my committee chair, Kathryn Kadous, for her invaluable guidance and mentorship, and to my committee members Kristy Towry, Melissa Williams, and Teri Yohn for their insightful feedback and suggestions. I also thank Grace Bizzel, Kyle Broderick, Ewelina Forker, Allison and Joel Gilmore, Joe Nixon, Amanda Portugal, and Zac Wiser for their excellent research assistance. This paper has benefited greatly from helpful comments provided by two anonymous reviewers, an anonymous associate editor, and by Eric Allen, Scott Asay, Bob Bowen, Nicole Cade, Shana Clor-Proell, Mike Durney, Scott Emett, Cassandra Estep, Razvan Ghita, Hayden Gunnell, Jessen Hobson, Patrick Hopkins, Jennifer Joe, Jane Jollineau, Steve Kaplan, Lisa Koonce, Mark Lang, Michal Matejka, Cassie Mongold, Grace Pownall, Karl Schumacher, Mani Sethuraman, Tim Shields, Suhas Sridharan, Hun Tong Tan, Brian White, Tina Zamora, and Jake Zureich, as well as from workshop participants at Arizona State University, Deakin University, Chapman University, EBAPE/FGV, Emory University, Seattle University, University of California Riverside, University of Delaware, and University of Iowa. I gratefully acknowledge financial support from the Deloitte Foundation, the Roberto C. Goizueta Foundation, the W. P. Carey School of Business, and the Sheth Fellowship Fund.

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Abstract

Evasive responses enable managers to escape difficult questions in earnings calls without lying. Although such tactics are common in corporate communication and other important settings, we still know little about how investors and other listeners can avoid being misled by them. Drawing on theories from multiple disciplines, I predict that a common type of non-answer leads to equivocal interpretations, while artful dodges escape detection in earnings calls. However, when investors adopt a suspicious state of mind—characterized by suspended judgment, balanced information search, and consideration of plausible rival possibilities—they are better able to distinguish potentially deceptive evasive tactics from proper responses. My experimental results support these predictions, showing that suspicious thinking allows investors to overcome non-answers and dodges without punishing adequate responses. I also provide evidence that non-answers and dodges are unique evasive strategies, and that simple interventions aligned with the context of earnings calls can prompt suspicion. These findings contribute to research on the informational role of earnings calls and offer new insights into how suspicion influences deception judgments and into previous research on evasive responses in earnings calls.

Keywords: Evasive responses; deception; suspicion; earnings calls; investor judgment.

1. Introduction

Stock trading by retail "mom-and-pop" investors accounts for a large portion of market activity, as highlighted by journalists and scholars (Arora 2022; Bloomberg 2023; Bryzgalova et al. 2023), and an increasing portion of these investors listen to earnings conference calls when deciding whether to invest in stocks (Cision 2017; Fima 2023).[1] Not surprisingly, virtually all public companies voluntarily hold earnings calls after the release of financial reports to address analyst inquiries and explain their current performance, operations, strategies, and prospects (NIRI 2016). Existing research provides evidence of strong stock price movements during these calls, especially during Q&A sessions, suggesting that live exchanges between managers and analysts are relevant (Bushee et al. 2004; Matsumoto et al. 2011). However, managers often sidestep questions they would rather not answer by overtly refusing to answer or dodging the question with off-point answers (Gow et al. 2021). Despite the prevalence of evasive responses in earnings calls (Overfelt 2021), whether and under what conditions individual investors can identify and overcome these potentially deceptive attempts are open empirical questions that have the potential to further our knowledge about the informational role of earnings calls.

Related studies mostly employ archival data to examine aggregate market reactions to managers' evasive responses in earnings calls, making it difficult to identify how individual investors evaluate evasiveness and what can minimize the effects of these tactics on judgment and decision-making (Barth et al. 2023; Hollander et al. 2010). Previous experimental research examines individual investor reactions to criticism received via text-based posts on social media when firms resort to strategic responses that resemble non-answers and dodges (Cade 2018), but

[1] For instance, the 2017 Cision Shareholder Confidence 365 Study documents in a large survey of individual investors that more than 40% of these investors listen to quarterly earnings calls when considering new stock investments and that 75% of them do so for stocks they currently own. In addition, the business press strongly encourages investors to attend earnings calls (e.g., Fairbourn 2023; Flannelly 2023).

does not directly address reactions to these maneuvers when used to escape verbal information requests or propose interventions to help investors who listen to earnings calls.[2] Understanding how evasive responses affect investor judgment is important given that prior psychology research suggests that the human mind operates under the presumption that speakers are forthright and may require a trigger event and additional processing to suspend this presumption (e.g., Fein 1996; Gilbert 1991; Levine 2014). In this study, I draw on this research in psychology to propose that managers' non-answers and dodges can deceive investors, but a suspicious mode of thinking can help investors overcome these deception attempts.

Non-answers are overt refusals to fulfill an information request that appear in 11% of manager answers in earnings calls and are often justified by mentions of recurring practice, e.g., "we do not disclose this information" (Gow et al. 2021). Investors exposed to non-answers may recognize managers' proprietary costs of disclosure (Mercer 2004), but they may also recognize the possibility of concealment (Milgrom 1981). This implies that non-answers are equivocal as they can be interpreted either positively (i.e., as a reasonable strategy to protect proprietary information), negatively (i.e., as a sign of incompetence or opportunistic concealment), or as a course of action that accommodates several possibilities.

Dodges, on the other hand, are failures to address the information request, i.e., the respondent answers a different question by providing an off-point answer (Rogers and Norton 2011). The media indicates that question dodging is commonplace in earnings calls (Griffith 2016; Overfelt 2021) and in many other critical settings (CBS News 2023; Hatmaker 2023; O'Brien 2023; Whitley 2023). Dodges go mostly undetected in political debates, as voters accept

[2] Cade (2018) examines situations in which the firm does not respond to a critical post on Twitter (No Response) or responds with unrelated positive information (Redirection). As discussed below, managers are unlikely to resort to no responses (silence) or redirections (abrupt dodges) to respond to call questions. Yet, I discuss and experimentally test the similarities and differences between these response strategies and non-answers and dodges in Section 6.

dodges as valid responses more than 60% of the time (Clementson 2018a, 2018b; Rogers and Norton 2011). Along these lines, Gow et al. (2021) explain that dodge detection "requires a deeper understanding of the meaning of questions and the responses," such that their algorithm cannot reliably identify dodges, such as when Adobe's CEO discussed the importance of Creative Cloud in response to a question about the higher prices of their main software in Australia. Accordingly, it is not yet well understood whether and under what circumstances dodges escape detection in high-stakes settings such as earnings calls, where investors have personal wealth at stake and direct control over their outcomes through trading.

Importantly, the motives underlying non-answers and dodges are unobservable and not necessarily deceptive, as they may reflect genuine statements or even distraction. However, communication research indicates that evasions often serve as attempts to conceal negative information or avoid reputational damage (Bavelas et al. 1990; McCornack et al. 2014). Consistent with this notion, managers' desire to withhold certain types of information during earnings calls is apparent in their higher propensity to evade difficult questions (e.g., involving delicate financials) compared to neutral or favorable ones (Gow et al. 2021; Hollander et al. 2010; Yezegel 2023). Thus, while not all evasions are deceptive, managers' evasive responses to contentious financial inquiries are likely to conceal deceptive intentions, underscoring the importance of sustaining an attentive state of mind when listening to earnings calls.

In this article, I propose that investors can benefit from a state of mind that combines suspension of judgment, unbiased information search, and consideration of plausible rival possibilities (e.g., that speakers may or may not have hidden motives) to discern between potentially deceptive evasive tactics and proper responses in earnings calls. This state of mind, often called "suspicion," can arise from multiple sources, such as warnings about speakers'

incentives or reputations or cues from the information set about potential ulterior motives. Suspicious thinking has been shown to improve negotiation outcomes (Sinaceur 2010), consumer choices (Campbell and Kirmani 2000; DeCarlo 2005), attributional thinking (Fein 1996), and judgment and decision-making more generally (Bobko et al. 2014a, 2014b).

I predict, therefore, that managers' non-answers and dodges can deceive investors by passing as valid responses in earnings calls, but a suspicious mode of thinking can help investors overcome these evasive tactics and thus adjust their investment judgments downward in response to potentially deceptive evasions while refraining from punishing proper answers. This prediction has tension insofar as prior accounting research suggests that investors consistently interpret nonresponsiveness as non-disclosure and thus bad news (Barth et al. 2022; Hollander et al. 2010; Milgrom 1981), and deception detection research yields mixed results for the effects of suspicion on deception judgments (e.g., Kim and Levine 2011; Toris and DePaulo 1985).

Given that cleanly isolating evasive responses, suspicion levels, and investor judgments in the environment is challenging, I conduct experimental studies to test my predictions. In my studies, participants with investment experience view information about a firm, report their initial willingness to invest, see the most recent financial reports, and then listen to the related earnings call before reporting their final willingness to invest. The CEO responds to one of the call questions with either a proper answer that resolves the information request, a non-answer, or a dodge. Study 1 includes a suspicion prompt that closely parallels those in prior research (Fein 1996; Sinaceur 2010) and relies on a press article to embody the investment setting. Study 2 explores features of how analysts ask questions in earnings calls to advance a context-specific suspicion prompt that matches the main attributes explored in prior studies.

I find that changes in willingness to invest in response to a proper answer, a non-answer,

or a dodge in the earnings call are not statistically different when investors do not receive a suspicion prompt. However, investors become significantly less willing to invest in response to a non-answer or dodge than to a proper answer when they are prompted to engage in suspicious thinking. Process analyses using complementary measurement methods provide convergent evidence that non-answers give rise to multiple interpretations, including more trusting ones, while dodges go mostly undetected. Moreover, a suspicious mode of thinking assists listeners in discerning evasive tactics without punishing proper responses. Supplemental studies indicate that non-answers and dodges significantly differ from the response strategies examined by Cade (2018) and that predispositions to trust or distrust others are unlikely to explain the attitudes of non-suspicious investors toward evasive responses.

My study extends the disclosure literature by providing evidence that commonly used evasive strategies can deceive individual investors who are able and willing to evaluate financial information diligently and listen to earnings calls. I experimentally demonstrate that potentially deceptive non-answers and dodges can pass as valid for these investors, but interventions aimed at fostering suspicious thinking can help them overcome managers' deceptive evasions. Collectively, these results challenge the notion that investors of all backgrounds evenly interpret nonresponsiveness as non-disclosure and thus bad news (Barth et al. 2022; Hollander et al. 2010; Milgrom 1981) and, therefore, indicate that evasive responses can limit the benefits of listening to earnings calls such as making more informed and profitable trades (Heinrichs et al. 2019; Kimbrough 2005) unless investors adopt a suspicious mode of thinking.

In so doing, my study contributes to research on reactions to strategic responses in conversational disclosures (Cade 2018) by examining evasive strategies uniquely suited for verbal communication in earnings calls and the moderating role of suspicion in this setting. I

show that non-answers are equivocal to non-suspicious investors, and dodges escape their detection. Moreover, I demonstrate that Cade's (2018) Twitter-compatible strategies of "no responses" and "redirections to good news" do not generalize to contexts of live exchanges in which information requests originate from highly validated analysts and evasions are less obvious. My study also adds to research that seeks to detect opportunistic reporting via markers of deception in earnings call speeches (e.g., Hobson et al. 2017; Hobson et al. 2012) by showing that evasive managers can hide sensitive information without lying.

In addition, my work sheds new light on the puzzle in archival findings of negative market reactions to general markers of nonresponsiveness (Hollander et al. 2010) together with less pronounced reactions and larger investor uncertainty when nonresponsiveness is proxied by explicitly unresponsive language (Barth et al. 2022; Lee 2016). I refine the concept of nonresponsiveness and provide evidence that non-suspicious investors tend to interpret non-answers equivocally and fail to detect dodges. This is consistent with the human tendency to assume that verbal communication is honest and implies that evasive responses can undermine archival identification strategies by adding noise that is difficult to parse out.

Finally, my study addresses a fundamental gap in the deception detection literature. A plethora of studies examine how to improve people's accuracy in discerning lies from truths.[3] However, deception attempts often take the form of polished evasive tactics that can give rise to ambivalent interpretations or go entirely unnoticed, and existing research provides little evidence for whether and how listeners can circumvent these deception attempts. Instead, prior studies mostly focus on listeners' impressions of evasive politicians or acquaintances (Clementson 2018a, 2018b; McCornack 1992; Rogers and Norton 2011) or employ archival designs to

[3] See, for instance, Ben-Shakhar and Elaad (2003), Hartwig and Bond (2011), Kim and Levine (2011), McCornack (1990), Mann et al. (2004), Reinhard et al. (2013), and Toris and DePaulo (1985).

examine aggregate outcomes (Barth et al. 2023; Hollander et al. 2010), overlooking the cognitive processes through which listeners can fall prey for or overcome deceptive evasions. My study leverages the earnings call setting to bridge research on suspicion (Bobko et al. 2014a, 2014b) and deception detection (Levine 2014; Rogers and Norton 2011) by showing that subtle interventions to induce suspicious thinking in complex applied settings can help listeners overcome evasions, a more refined type of deception that has gained momentum in today's increasingly connected world, in which falsehoods can be quickly revealed.

2. Theoretical Background and Hypotheses Development

2.1. Evasive Tactics and the Earnings Call Setting

Human communication mostly consists of cooperative efforts in the pursuit of informative or pleasant exchanges. Disconnected remarks would not favor this pursuit, and scrutiny of all incoming messages would be inefficient or impossible; thus, listeners reasonably assume that speakers are contributing information that is complete, truthful, relevant, and clear (Grice 1989). More formally, listeners assume that speakers are sharing information that observes all the so-called Gricean maxims of the cooperative principle by being sufficient (in appropriate quantity), accurate (high quality and truthful), pertinent to the discussion (relevant), and delivered clearly. Grice's theorizing is consistent with evidence that people accept new messages as valid upon comprehension, i.e., understanding implies acceptance, whereas rejection is a subsequent act that demands additional processing (Gilbert 1991; Gilbert et al. 1990; Gilbert et al. 1993; Meissner and Kassin 2002; Levine 2014).

Despite the reasonableness of listeners' assumption that communication meets all Gricean maxims, speakers often violate one or more of these maxims by sharing information in the amount, quality, relevance, and level of clarity that is convenient (Hayes 2007; McCornack

1992; McCornack et al. 2014). Like in other communication contexts, in earnings calls, listeners are likely to assume that managers and analysts are engaging in cooperative conversations despite being aware that managers may have incentives not to do so. Managers have incentives to evade questions because disclosure of information that negatively affects evaluations of firms' prospects is costly, as it harms their equity-based compensations and reputations (Beyer et al. 2010). Consistent with these incentives, managers tend to evade difficult questions during earnings calls (Gow et al. 2021; Hollander et al. 2010; Yezegel 2023), echoing broader evidence that they tend to withhold bad news hoping that the adverse situation will reverse or be offset with good news (Bertomeu et al. 2020; Kothari et al. 2009; Sletten 2012).[4]

Further, managers prepare extensively for earnings calls, and some even script evasive responses as part of their backstage preparation (Bamber and Abraham 2020; Brown et al. 2019). This endeavor is warranted, as analysts often ask questions that inform their forecasts and recommendations by probing areas that managers would prefer to avoid (Abraham and Bamber 2017; Brown et al. 2015; Chen et al. 2018; Ji and Rozenbaum 2023; Lee 2016; Yezegel 2023). To illustrate, analysts often ask about reductions in discretionary expenses, such as advertising, selling, general and administrative (SG&A), and research and development (R&D) expenses, when there are indications that these reductions may have been used opportunistically to boost earnings (Ji and Rozenbaum 2023). Managers who are publicly asked difficult questions like this may or may not be willing or able to answer. If not, managers can violate Gricean maxims to evade the question in hopes of minimizing negative impressions.[5] The present study focuses on

[4] Disclosure of proprietary information is also costly (e.g., Gow et al. 2021), as I further discuss below.
[5] Managers can also violate Gricean maxims by lying; however, lying is risky because lies tend to be revealed over time (e.g., through future financial reports). Once detected, lies can trigger litigation and damage speakers' reputations (Asay and Hales 2018). For instance, investors filed a class action lawsuit against Novo Nordisk and its management, alleging that their responses in earnings calls were misleading (see https://www.novonordisksecuritieslitigation.com/).

two commonly used evasive tactics: non-answers and dodges.

Non-answers violate the maxim of *quantity* by openly declining the information request, i.e., the respondent candidly communicates an unwillingness to answer (Clementson 2018a; Gow et al. 2021). In political debates and interviews, non-answers can be seen as a transgression of norms or a challenge to the inquirer and can hurt politicians' images (Clementson 2018a; Ekström 2009). In earnings calls, managers respond to approximately 11% of the questions with non-answers and usually justify them by resorting to firms' policies; they say, for example, "I cannot provide this information" or "we do not disclose this information" (Gow et al. 2021). I propose that non-answers are equivocal because investors can interpret them either as a favorable approach to protect proprietary information (Mercer 2004), as an opportunistic means to withhold information (Milgrom 1981), or as a strategy that might accomplish both goals.

Dodges, on the other hand, violate the maxim of *relevance* by failing to address the information request, i.e., the respondent answers a different question and thus provides information that can be either more or less related to the original question but does not answer it (Rogers and Norton 2011). I focus on dodges that are related to original questions because managers are intelligent and articulate individuals who prepare extensively to handle difficult questions (Bamber and Abraham 2020; Brown et al. 2019) and strive to convey positive impressions (Abraham and Bamber 2017). Thus, I assume that managers will resort to "artful" dodges that do not draw attention to the evasion and, therefore, are somewhat related to the original question. The business press suggests that dodges are typically "artful" in earnings calls (Overfelt 2021) and in other high-stakes settings (CBS News 2023; Hatmaker 2023; O'Brien 2023; Whitley 2023). For example, during the Q3 2020 Huntington Ingalls' call, CEO Mike Petters artfully dodged a question about the firm's capital deployment strategy amid COVID

with a somewhat relevant mention of "investments in that space" before shifting gears to less relevant "opportunities in environmental and nuclear investments."

Dodges go mostly undetected in political debates (Clementson 2018a, 2018b; Rogers and Norton 2011), which is consistent with the notion that listeners focus their attention on the goal of understanding incoming information instead of focusing on its relevance (e.g., Gilbert 1991; Grice 1989). However, investors have personal wealth at stake during earnings calls, making it important to examine whether and under what conditions dodges can deceive them. In this context, unprompted detection of dodges may plausibly occur, given investors' financial incentives and the ease with which they can trade in response to signs of deception.[6]

Interestingly, previous research finds negative market reactions to general markers of evasiveness in earnings calls as coded by research assistants (Hollander et al. 2010). However, when evasiveness is proxied by overt refusals to answer (i.e., non-answers) as captured by textual analysis, reactions are less pronounced and market uncertainty is larger (Barth et al. 2023; Lee 2016). Overall, previous archival studies examining the effects of various proxies of evasiveness on changes in stock prices do not consider the impact of evasive responses on individual listeners, such as retail investors, and leave open the questions of whether and how potentially deceptive non-answers and dodges can pass as valid answers, and what can help listeners detect these evasive tactics and avoid being deceived.

I propose that non-answers can be equivocal to investors while dodges can escape detection, enabling managers to purposefully mislead during earnings calls. Drawing on theories

[6] Analysts in the question queue speak five times on average, squeezing in several questions each time they talk (Mayew et al. 2020). However, whether analysts ask follow-up questions that insist on answers to evaded questions is unclear. I assume analysts refrain from doing so, as they generally strive to avoid tension with managers (Brown et al. 2015), and follow-up questions to evasions are uncommon in other high-stakes settings (Clementson 2016; Clementson and Eveland, 2016). Moreover, the artful dodges in the earnings calls by Adobe, Huntington Ingalls, and Strategic Education discussed throughout the paper did not receive follow-up questions on the evasion.

from psychology and sociolinguistics, I make predictions for how a suspicious mode of thinking can help investors discern potentially deceptive evasive tactics from plausible responses.

2.2. The Role of Suspicion in Overcoming Deceptive Evasions

Comprehension of new messages implies acceptance as truthful, whereas reversing initial acceptance and related mental representations is a subsequent act that demands additional processing (Gilbert 1991; Gilbert et al. 1990; Gilbert et al. 1993). The evidence provided by Gilbert and colleagues is consistent with evidence that the human mind operates under the default presumption that speakers are forthright, and that suspension of this presumption requires a trigger event, such as listener awareness that the speaker has a motive for deception or that reality is at odds with the message (Clare and Levine 2019; Meissner and Kassin 2002; Levine 2014). Some trigger events suspend the default honesty presumption by prompting suspicion, i.e., a state of suspension of judgment in which people engage in unbiased information search and heightened levels of cognitive activation, entertaining multiple possible motives underlying communication instead of taking it at face value (Fein 1996; Hilton et al. 1993; Sinaceur 2010).

Suspicion enhances judgment and decision-making in many domains and can be induced in several ways, such as by warnings about past events, speakers' incentives or reputations, or cues from the information set about potential ulterior motives (Bobko et al. 2014a, 2014b). For instance, listeners who learn (versus do not learn) about speakers' incentives to support a given proposition engage in suspicious thinking and make more objective inferences about speakers while refraining from being distrustful (Fein 1996). Also, listeners in a negotiation scenario engage in a more comprehensive information search and infer more reasonable attributions about the person making an offer when they are told that the other party "might have hidden motives (both benevolent and malevolent) that underlie their offer" (Sinaceur 2010). Similarly, prior

accounting research suggests that warnings about managers' discretion or analysts' biases can enhance investor judgment (Garavaglia 2023; Kelly et al. 2012; Koonce et al. 2023).

In this study, I propose that features of the earnings call setting that lead investors to consider that managers might have hidden motives, such as a warning from a business article or salient references to potential sources of ulterior motives, can induce suspicious thinking. I expect suspicious investors to suspend the presumption that communication is honest and engage in attentive scrutiny of new messages under the premise that hidden motives are possible. In so doing, investors are likely to identify (and focus on) mismatches between the information request and the information delivered and then contemplate potential opportunistic motives. Importantly, the suspension of judgment and cognitive activation driven by suspicion is expected to enable reasonable scrutiny while preventing definitive judgment or unfounded distrust. Suspicious investors will pay close attention to new messages and draw objective inferences rather than indiscriminately forming negative evaluations or punishing proper answers.

In sum, theory suggests that investors listening to earnings calls display the default presumption that speakers are communicating honestly and thus tend to (1) accept non-answers as legitimate responses despite their equivocal nature and (2) fail to detect dodges. However, when prompted to adopt a suspicious mode of thinking, investors are likely to suspend the default presumption that communication is honest and more thoroughly scrutinize managers' messages, contemplating several possible motives underlying spoken communication in conjunction with the information available. As a result, investors adopting a suspicious mode of thinking will be more likely to (1) resolve the equivocation in non-answers and (2) detect dodges by considering well-founded possibilities of opportunism underlying these tactics and their potential consequences. They will then revise their investment judgments accordingly. I predict,

therefore, that potentially opportunistic non-answers and dodges in earnings calls will negatively affect the attractiveness of a company as an investment relative to answers that properly resolve the information request, but only when investors adopt a suspicious mode of thinking toward managers' responses to analyst questions. More formally:

> *Hypothesis 1*: Investors will become less willing to invest in a company after listening to *non-answers* in earnings calls than after listening to proper answers that resolve the information request when they adopt a suspicious mode of thinking toward managers' responses to analyst questions, but not when they adopt default non-suspicious thinking.
>
> *Hypothesis 2*: Investors will become less willing to invest in a company after listening to *dodges* in earnings calls than after listening to proper answers that resolve the information request when they adopt a suspicious mode of thinking toward managers' responses to analyst questions, but not when they adopt default non-suspicious thinking.

Moreover, my theory suggests that suspicion enables reasonable and objective scrutiny of new messages while preventing indiscriminate negative evaluations of proper answers that resolve the information request. If this is the case, suspicion will lead investors to consider the potential hidden motives of the act of evading an important question and the implications of the information withheld when resolving the equivocation in non-answers or detecting dodges. These considerations, i.e., perceptions of evasiveness, should explain the changes in investment judgments hypothesized above.

> *Hypothesis 3*: Investors' perceptions of manager evasiveness will mediate the joint effects of suspicion and *non-answers* on changes in willingness to invest predicted in Hypothesis 1.
>
> *Hypothesis 4*: Investors' perceptions of manager evasiveness will mediate the joint effects of suspicion and *dodges* on changes in willingness to invest predicted in Hypothesis 2.

3. Overview of Studies and Transparency

I conduct experimental studies to test my hypotheses and the theorized mechanism. The studies examine the joint effects of managers' evasive responses and investor suspicion on investment judgments in the context of earnings calls but use different approaches to induce

suspicion. Participants are randomly assigned to conditions in between-subjects designs and do not participate in more than one study. The studies use complementary process measures to provide convergent evidence that non-answers are equivocal to investors and dodges go mostly undetected, but suspicious thinking can help listeners overcome these evasions while refraining from punishing proper responses. Central parts of my manipulations appear in Appendix A, while complete documentation for my studies, including experimental instruments, code, data sets, and supplemental materials, is available at [omitted], which is the Open Science Framework (OSF) page for this study. The Institutional Review Board (IRB) at the author's institution approved the studies in this paper.

4. Study 1

4.1. Participants and Procedure

Following a G*Power (Erdfelder et al. 1996) estimate that 251 participants would provide a statistical power of 0.95 using medium effect size (i.e., 0.25), I recruit 270 Amazon Mechanical Turk (AMT) workers to account for potential exclusions. They participate in exchange for $3.00 and the chance to enter a drawing for $2.00 bonuses, as I describe below. I use the screening services from the CloudResearch online platform to recruit American participants with investment experience and outstanding reputations on AMT. I include in the final sample responses from 232 participants (power of 0.93) who accurately answered attention check questions, completed the open-ended investment justification, and had either (1) experience investing in individual stocks or (2) taken at least one accounting or finance college-level course.[7] This exclusion criterion enables me to filter out responses from inattentive or

[7] I use post-experimental questions to assess CloudResearch's unobtrusive prescreening and thus participants' compliance with the eligibility criteria. I find that 5 of the 270 AMT workers recruited had not invested in individual stocks (but in mutual funds or similar vehicles) and had taken no accounting or finance courses. Twenty-one of the remaining 265 participants failed attention check questions and 12 failed to provide open-ended investment

unqualified participants, increasing statistical power and reliability (Oppenheimer et al. 2009; Thomas and Clifford 2017). Retained participants are 66.8% males and 40.1 years old on average. They had taken, on average, 1.78 finance and 1.91 accounting courses, 98.3% had invested in individual stocks, and 72.0% had listened to earnings calls. These participants have experience and knowledge that satisfy the goals of my study insofar as AMT workers with similar levels of investment experience and financial literacy are able and willing to evaluate financial information diligently (Krische 2019). AMT workers are also more representative of the U.S. population than university students and other participant pools (Paolacci et al. 2010).

4.2. Design and Manipulations

Participants assume the role of an investor interested in the medical devices retail industry. They first review background information about Gamma, a fictional public company, together with its most recent earnings release, and then report their initial investment judgments. Next, participants are asked to read a passage from a business article about retail trading strategies while they wait for the earnings call relative to the recent release. I manipulate *Suspicion* by varying whether the article omits (*Low*) or includes (*High*) a fragment adapted from Sinaceur (2010) that reads as follows: "*[…] Recent research shows that investors benefit the most from listening to earnings calls if they are mindful that managers might have hidden motives when speaking in these calls. Thus, pay close attention to Gamma's Q2 earnings call and consider the CEO's motives when he speaks*." Prior research in accounting has used similar manipulations to induce suspicion-related constructs (Garavaglia 2023; Koonce et al. 2023).

After reading the passage, participants are enabled to move to the next page, where they

justifications. Failure to respond to open-ended questions is associated with low interest or motivation (Geer 1988; Scholz and Zuell 2012) and precludes process analyses. Inferences for H1 remain unchanged if I include responses from all participants, but the contrast test for H2 is not significant at conventional levels.

listen to the earnings call while reexamining recent earnings performance. The company reports a slowdown in sales that is offset with lower discretionary expenses (R&D and SG&A), such that earnings just meet expectations. After listening to the call, participants report their final investment judgments, provide an open-ended investment justification, and answer demographic questions. The combination of lower discretionary expenses and earnings that just meet expectations does not necessarily indicate a problem, but it justifiably raises questions in earnings calls (Ji and Rozembaum 2023). Importantly, whether and how managers address these questions reveals pivotal information about companies' prospects that investors and other listeners may benefit from (e.g., Dichev et al. 2016, p. 34).

The Q&A section of the earnings call audio in my materials contains an analyst question about the reduction in discretionary expenses. The question includes the following information request: "*just wondering if you could help us understand the lower levels of R&D and SG&A expenses this quarter*." I manipulate the *CEO's Response* to this question at three levels by presenting participants with a *Direct Answer*, a *Non-Answer*, or a *Dodge*. In the *Direct Answer* condition, the CEO satisfies the information request by delivering a response that complies with all Gricean maxims and resolves the question being asked. In the *Non-Answer* condition, the CEO violates the Gricean maxim of quantity by overtly refusing to fulfill the information request while justifying the refusal by stating that the information cannot be disclosed. This response mirrors the most common type of non-answers in earnings calls (Gow et al. 2021). In the *Dodge* condition, the CEO deflects the question and thus violates the Gricean maxim of relevance by reiterating information about R&D that does not address the information request. This response meets the definition of dodge and mirrors typical responses in earnings calls (e.g., Griffith 2016;

Overfelt 2021). See Appendix A for the wording and the OSF page for the audio files.[8]

Recall that the studies in this paper seek to test the prediction that a suspicious mode of thinking helps listeners contemplate speakers' *potential* hidden motives and thus overcome potentially deceptive evasions. A key feature of the design created to test this prediction is that it leaves the CEO's *actual* motives open. After all, the pattern participants observe in the financial reports together with the *potential* motives (e.g., earnings management) underlying evasive responses should trigger negative reactions. That is, while the actual motives underlying managers' evasions are unobservable and may contain good intentions, evasions coupled with the pattern of financials in the materials tend to be cunning (Bavelas et al. 1990; Gow et al. 2021; Hollander et al. 2010; McCornack et al. 2014; Yezegel 2023), and real earnings management has been shown to negatively predict performance and stock returns (Dichev et al. 2016; Kothari et al. 2016). Leaving the CEO's *actual* motives open enables me to create a theory-relevant baseline, *Direct Answer*, against which I can compare reactions to the *Non-Answer* and *Dodge* conditions while testing the notion that *Suspicion* does not trigger indiscriminate negative evaluations.[9]

[8] The wording employed seeks to minimize differences across conditions. The audio recordings are identical across the six conditions except for the portions containing my manipulations. Thus, there is negligible variation in the characteristics of voice, as well as in tone measured as the difference between the positive words and the negative words scaled by the total words in the call (Loughran and McDonald 2011). I also find negligible variation in Blathering scores, as proposed by Barth et al. (2023), across the *Direct Answer*, *Non-Answer*, and *Dodge* responses. The *Non-Answer* (*Dodge*) condition removes 58 (19) words or 24 (6) seconds from the audio in the *Direct Answer* condition, which contains 557 words and lasts 263 seconds. The *Non-Answer* and *Dodge* responses do not add to the information set as the former is a refusal to answer while the latter is a rewording of part of the presentation session of the call. The small variations in length and wording needed to operationalize the constructs of interest are unlikely to cause the results to match the specific pattern of interactions that I predict.

[9] Theory suggests that a direct answer must comply with all Gricean maxims and thus provide information that is not present in the other CEO Response conditions. The *Direct Answer* in my studies meets this requirement by offering a firm-specific explanation that is reasonable and open to interpretation. It could be viewed positively or neutrally if investors regard the reasons for reductions in discretionary expenses as favorable or unremarkable, or negatively if they doubt the response or suspect it conceals less favorable implications (e.g., limited future innovation or market reach). This allows the *Direct Answer* to serve as a theory-relevant baseline for testing whether suspicion leads to indiscriminate negative evaluations. In my design, several plausible motives allow Gamma's underlying economics to be held constant across conditions while favoring tests of my behavioral theory. For instance, the CEO could be using evasion because they are resistant to admitting that they do not know or forgot the reasons presented in the

4.3. Dependent and Process Measures

I measure initial and final investment judgments with three scale questions commonly used in previous investor judgment studies (e.g., Asay et al. 2023).[10] I measure *Change in Willingness to Invest* (*CWTI*) as the average difference between final and initial responses (Cronbach's $\alpha = 0.86$). This change measure enables me to filter out noise from idiosyncratic preferences. Differences for all three questions load in the expected direction onto one principal component that explains 77.0% of the variance (eigenvalue of 2.31). Inferences are unchanged if I use individual questions, component scores, or final (initial) responses as a dependent (control) variable in an ANCOVA.

I measure the process measure *Perceptions of Evasiveness* (*POE*) using participants' open-ended justifications for their final investment judgment. To encourage thoughtful responses, I offered participants entrance into a drawing for one of 30 bonuses of $2.00 if their justifications included at least one relevant factor. I rely on my theorizing to develop a coding scheme to measure *POE*. That is, I take into account that, in their justifications, participants can mention evasive responses: (1) positively if they see the evasion as a means to protect proprietary information; (2) neutrally if they do not elaborate on the evasion or cannot assert whether it serves positive or negative intentions; or (3) negatively if they believe it serves a detrimental purpose. In providing open-ended investment justifications, participants can also focus on the implications of the evasion and thus mention the role played by discretionary

Direct Answer condition and do not want to appear incompetent. I acknowledge that other forms of direct answer are possible, including those that cite industry-wide or macroeconomic downturns. Future research can examine how suspicion affects investor reactions to such external attributions, which can also arise in realistic settings.

[10] The questions are: "How likely are you to invest in Gamma Corporation stock as part of your diversified portfolio?" with endpoints 0 ("Not at all likely") and 100 ("Very likely"); "How attractive is an investment in Gamma Corporation stock as part of your diversified portfolio?" with endpoints 0 ("Not at all attractive") and 100 ("Very attractive"); and "Assume you have $10,000 available to invest in individual stocks. How much of your $10,000 would you invest in Gamma Corporation stock?" with endpoints 0 ("Nothing at all") and 10,000 ("Entire amount"). I rescale the third question so that all are on a 101-point scale.

expenses and how these expenses connect to managers' reporting incentives.

Based on this rationale, two research assistants, blind to the experimental conditions and hypotheses, evaluate open-ended justifications along three dimensions: evasion, discretionary expenses, and opportunism. For the evasion dimension, coders assign value +1/-1 if the justification mentions the evasion attempt with a positive/negative valence and value 0 (zero) if there is no valenced mention. They do the same for the discretionary expenses dimension because investors can presume honesty and thus interpret reductions in expenses as a means to boost earnings, but investors can also suspend the presumption of honesty and interpret reductions in R&D and SG&A as detrimental given the nature of these expenses. For the third dimension, coders assign -1 for mentions of opportunism or concerns about firm prospects and 0 for no mentions. Coders reconciled the differences. *POE* is the average score and varies from -1 to 0.66, capturing the notion that justifications can discuss multiple dimensions and thus reflect positive or negative impressions that either offset or amplify each other.[11]

4.4. Analytical Strategy

My theory predicts that investors will react more negatively to non-answers (H1) and dodges (H2) than to direct answers, but only when they adopt a suspicious mode of thinking. Thus, each of my hypotheses predicts an ordinal interaction in which only one combination of factors is expected to have a significant effect on investment judgments. I depict these interactions in Figure 1 and label A, B, C, D, E, and F the cells Low Suspicion/Direct Answer, High Suspicion/Direct Answer, Low Suspicion/Non-Answer, High Suspicion/Non-Answer, Low Suspicion/Dodge, and High Suspicion/Dodge, respectively. Thus, H1 predicts that *CWTI* will be

[11] Coders' initial agreement rate was 88.1%, which is above chance as indicated by Cohen's Kappa ($\kappa > 0.77$, 95% confidence interval [0.72, 0.82]). Inferences remain unchanged when using a dichotomous variable that collapses negative (non-negative) values into -1 (0). Offsetting (amplifying) impressions occur, for instance, if participants disapprove the evasion while approving (disapproving) the reduction in discretionary expenses.

significantly lower for *cell D* than for *cells A, B, and C*, which are relevant for the analysis but are not expected to differ among them in terms of *CWTI*. Analogously, H2 predicts that *CWTI* will be significantly lower for *cell F* than for *cells A, B, and E*, which are relevant for the analysis but are not expected to differ among them in terms of *CWTI*. Therefore, my theory and design have two major implications for data analysis. First, tests of H1 and H2 involve different sets of cells. Second, the traditional factorial analysis of variance (ANOVA) procedure for interaction effects lacks statistical power for tests of ordinal interactions (Bobko 1986; Furr and Rosenthal 2003; Strube and Bobko 1989). Following prior research, I conduct planned contrasts and a series of supplementary analyses to provide meaningful tests of my theoretical predictions (Guggenmos et al. 2018; Rosnow and Rosenthal 1995; 1996; Rosenthal and Rosnow 1985; Rosenthal et al. 2000). In addition, I conduct mediation analyses using a proxy for the joint effects of *CEO Response* and *Suspicion* that is consistent with the predicted ordinal interactions. All p-values are two-tailed.[12]

4.5. Results

Table 1, Panel A reports descriptive statistics for *CWTI*, which are depicted in Figure 2. Table 1 also reports an ANOVA model (Panel B), contrast analyses (Panel C), and simple effects (Panel D). The visual pattern of means depicted in Figure 2 fits the predicted pattern in Figure 1. The 2 (*Suspicion*: Low vs. High) × 3 (*CEO Response*: Direct Answer vs. Non-Answer vs. Dodge) ANOVA in Panel B conveys a main effect of *Suspicion*, F (1, 226) = 7.11, $p < 0.01$, $\eta_p^2 =$ 0.03, but no effect of CEO Response (F (2, 226) = 1.14, $p = 0.32$, $\eta_p^2 = 0.01$) or interaction (F (2,

[12] My studies are built on the premise that investors will not always see through evasive responses. Thus, consistent with practice in previous studies (Clementson 2018a; Roger and Norton 2011), I do not ask manipulation check questions. Because participants are not expected to necessarily notice the independent variables, these questions would provide no insight into the effectiveness of my manipulations (Hauser et al. 2018). I use attention check questions and process analyses instead to mitigate related concerns (Oppenheimer et al. 2009). Also, I find no statistical differences in *initial* judgments across levels of the manipulations in my experimental studies.

226) = 1.61, $p = 0.20$, $\eta_p^2 = 0.01$). These results are consistent with research showing that the traditional ANOVA conveys spurious main effects and underpowered tests of theory-driven ordinal interactions (Bobko 1986; Furr and Rosenthal 2003; Strube and Bobko 1989).

Thus, to test Hypothesis 1, I code cells A, B, C, D, E, and F with weights +1, +1, +1, -3, 0, and 0, respectively. These weights allow me to examine whether the average *CWTI* in the *High Suspicion*/*Non-Answer* condition (cell D) is lower than the average *CWTI* in the other three conditions of the 2 × 2 design that leaves the Dodge cells E and F out. The planned contrast test in Panel C is significant, F (1, 226) = 7.38, $p < 0.01$, $\eta_p^2 = 0.05$. The residual between-cells variation is negligible, i.e., F (2, 150) = 0.01, $p = 0.99$, $q^2 = 0.004$, indicating that no other significant effect is present in the data after accounting for the predicted ordinal interaction and that less than 1% of the between-cells variance is left unexplained by the contrast.[13] These results support H1. In addition, simple main effects tests in Panel D show that *Non-Answer* has a significant negative effect on *CWTI* when *Suspicion* is *High*, F (1, 226) = 4.68, $p = 0.03$, but not when *Suspicion* is *Low*, F (1, 226) = 0.01, $p = 0.94$.

Hypothesis 2 predicts an ordinal interaction that involves a different set of cells. Thus, I code the cells A, B, C, D, E, and F as +1, +1, 0, 0, +1, and -3, respectively, so that I can examine whether the average *CWTI* in the *High Suspicion*/*Dodge* condition (cell F) is lower than the average *CWTI* in the other conditions of the 2 x 2 design that leaves the *Non-Answer* cells C and D out. The planned contrast test is significant, F (1, 226) = 5.46, $p = 0.02$, $\eta_p^2 = 0.03$, and the residual between-cells variation is very low, i.e., F (2, 153) = 0.12, $p = 0.89$, $q^2 = 0.03$, supporting Hypothesis 2. Also, simple main effects in Panel D show that *Dodge* has a marginally

[13] Tests of the between-cells residuals reported in this paper omit the two cells not included in the 2 x 2 design of interest. See Guggenmos et al. (2018) and Rosnow and Rosenthal (1995; 1996) for a discussion of contrast residuals.

significant negative effect on *CWTI* when *Suspicion* is *High*, F (1, 226) = 3.11, p = 0.08, but not when *Suspicion* is *Low*, F (1, 226) = 0.12, p = 0.73.

Figure 3 depicts means and reports standard deviations for *Perceptions of Evasiveness* (*POE*). The pattern of means for *POE* in Figure 3 indicates that participants form more negative impressions when the CEO evades (versus addresses) the question, but only in the *High Suspicion* condition. Hypotheses 3 and 4 predict that *POE* will mediate the joint effects of *Suspicion* and *CEO Response* on *CWTI* predicted in Hypotheses 1 and 2. Mediation analyses in Figure 4 support Hypotheses 3 and 4.[14] That is, *POE* fully mediates the joint effects of *Suspicion* and *Non-Answer* on *CWTI* as shown by the significant indirect effects in Panel A (c - c' = -3.93, SE = 1.13, CI = [-6.43, -1.98]) together with insignificant direct effects. *POE* also fully mediates the joint effects of *Suspicion* and *Dodge* on *CWTI* as shown by the significant indirect effects in Panel B (c - c' = -3.49, SE = 1.20, CI = [-6.13, -1.46]) together with insignificant direct effects. Appendix B illustrates typical open-ended justifications.

4.6. Discussion

Consistent with theory, Study 1 indicates that non-suspicious investors tend to interpret non-answers equivocally and fail to detect dodges, taking these potentially deceptive evasions as proper answers. However, suspicious thinking leads them to resolve the equivocation in non-answers and detect dodges while refraining from punishing acceptable direct answers. The statistically equivalent investment judgments for the direct answer at the low- and high-suspicion conditions suggest that suspicion, and not a negative signal or other design artifacts, drives the results supporting my hypotheses. In addition, the use of a suspicion prompt that closely matches

[14] Given that I predict ordinal interactions in which the combination of *High Suspicion* and *Non-Answer* (*Dodge*) is expected to account for the entire variation across the cell means, I proxy for the joint effects of *Suspicion* and *Non-Answer* (*Dodge*) by using the indicator variable *Suspicion*Non-Answer* (*Suspicion*Dodge*), which assumes the value of 1 for participants in the focus combination condition, and 0 for participants in the remaining conditions.

prompts used in previous studies (e.g., Fein 1996; Koonce et al. 2023; Sinaceur 2010) strengthens the construct validity of the *Suspicion* manipulation. Another key attribute of Study 1 is that it uses an unobtrusive, theory-driven procedure to measure perceptions of evasiveness, providing evidence for the causal mechanisms at play. Open-ended investment justifications also reassure that participants understand the setting in my materials. However, the coding of open-ended responses involves subjectivity and raises questions about scale reliability. Study 2 seeks to address these questions while examining whether other features of the exchanges in earnings calls can similarly prompt listeners to engage in suspicious thinking.

5. Study 2

5.1. Participants, Design, and Procedure

I rely on a G*Power estimate that 158 participants would provide a statistical power of 0.80 using medium effect size (i.e., 0.25) to recruit 180 AMT workers and thus account for potential exclusions. Using CloudResearch and the criteria in Study 1, I retain responses from 148 participants (power of 0.77) who accurately answered attention check questions and had either (1) experience investing in individual stocks or (2) taken at least one accounting or finance college-level course.[15] On average, these participants are 66.2% males and 38.2 years old (SD = 11.3). They had taken 1.73 (SD = 2.65) finance and 2.21 (SD = 3.27) accounting courses, 92.6% had invested in individual stocks, and 61.5% had listened to earnings calls.

Adapting materials from Study 1, I dropped the business press article containing the *Suspicion* manipulation, maintained the *CEO Response* manipulation, and prompted suspicion by varying how the analyst asks the question associated with the *CEO Response* manipulation. That

[15] Nineteen of the 180 AMT workers recruited had not invested in individual stocks (but in mutual funds or similar vehicles) and had taken no accounting or finance courses. Thirteen of the remaining 161 AMT workers failed the attention check questions. Inferences are unchanged if I include responses from all participants.

is, I manipulate *Suspicion* by varying whether the analyst asking the question *voices* or *suppresses* the concerns that motivate the question. Both conditions include the same information request as in Study 1, i.e., "*just wondering if you could help us understand the lower levels of R&D and SG&A expenses this quarter*." The analyst stops there in the *Low Suspicion* condition. In the *High Suspicion* condition, the analyst adds: "*I mean, the reduction in these discretionary expenses helped Gamma meet earnings expectations in spite of the weaker sales in this quarter. I worry that this reduction in R&D and SG&A expenses will compromise innovation and sales going forward*." The analyst complements the information request with a fact that is available from the financial information displayed to participants in all conditions while they listen to the call and adds a related worry. In so doing, the analyst motivates the question without changing the information request or adding information about the firm or its management.

Therefore, the analyst's complementary statement prompts suspicion by exposing a concern about the link among discretionary expenses, sales, and earnings expectations and thus a reason why the CEO might have hidden motives when answering the question. This suspicion prompt matches the prompts in Study 1 and in prior research (e.g., Fein 1996; Sinaceur 2010) by leading investors to consider that the manager might have hidden motives but do so tacitly. The suspicion prompt also parallels actual earnings calls, in which analysts may reveal the reasoning underlying the information request. For instance, during the Q4 2012 earnings call for Strategic Education, analyst Corey Greendale asked, "*I know you're not going to comment on my model specifically. But relative to what we'd expected, the reason that EPS was able to beat ours, mean we have SG&A came in significantly lower. Think it was down about 20% sequentially. What were the reasons for that?*" This question closely resembles the *Suspicion* prompt in Study 2, and interestingly, Chairman Robert Silberman and CFO Mark Brown did not discuss the reasons for

lower discretionary expenses, failing to address the information request. This anecdotal case is consistent with findings that some analysts are skilled in eliciting information in earnings calls and their questions are more likely to be evaded (Yezegel 2023), as well as that analysts often use a negative tone to ask questions, increasing the chances of evasiveness (Gow et al. 2021). Overall, anecdotal and empirical evidence supports the construct and ecological validity of Study 2's *Suspicion* manipulation.

I measure the dependent variable *Change in Willingness to Invest* (*CWTI*) using the three questions and procedure used in Study 1. A principal component analysis shows that responses to the three questions load as expected onto one component with an eigenvalue of 2.44, which explains 81.3% of the variance. As for Study 1, results are based on average differences (Cronbach's $\alpha = 0.84$), and inferences are unchanged if I use each of the questions individually, component scores, or final (initial) responses as a dependent (control) variable in an ANCOVA.

To supplement the process evidence in Study 1, I replace open-ended investment justifications with seven scale questions intended to capture perceptions of management's *Openness* and *Credibility* and the firm's *Prospects* more objectively.[16] *Openness* seeks to capture whether and how participants perceive evasion attempts and thus ties back to the "evasion" dimension of *Perceptions of Evasiveness* (*POE*) in Study 1. *Credibility* and *Prospects* seek to capture how participants evaluate the act of side-stepping a relevant question while withholding information and, hence, circle back to the "discretionary expenses" and "opportunism"

[16] After reporting their final investment judgment, participants rated on 7-point scales with endpoints 0 ("*Not at all*") and 6 ("*A great deal*") the extent to which the manager (1) *satisfactorily answered the questions asked during the conference call*, (2) *communicates honestly via earnings conference calls*, (3) *seems to be hiding important information during the conference call* (reversed), (4) *is competent to lead Gamma*, and (5) *is trustworthy*. They also rate the extent to which (6) they and (7) other investors who listen to the call *worry about Gamma's future performance* (reversed). I use average scores for questions 1-3, 4-5, and 6-7 to measure *Openness*, *Credibility*, and *Prospects* (Cronbach's $\alpha = 0.81$, 0.83, and 0.91), respectively.

dimensions of *POE* in Study 1, respectively.

Finally, after completing the questions related to *Openness*, *Credibility*, and *Prospects*, participants in the *Non-Answer* and *Dodge* conditions are presented with a debriefing message from an investment advisor that explicitly discusses the CEO's evasion and its implications. These participants are then given the chance to update their final investment judgment. I measure *Informed CWTI* as the average difference between updated and initial willingness to invest (Cronbach's $\alpha = 0.86$). The differences load in the expected direction onto one principal component that explains 85.8% of the variance (eigenvalue of 2.57). *Informed CWTI* seeks to capture the extent to which a suspicious mode of thinking helps listeners adjust their judgments toward informed judgments while ruling out alternative explanations.

5.2. Results

Table 2, Panel A reports descriptive statistics for *CWTI*, which are depicted in Figure 5. Table 2 also reports an ANOVA model (Panel B), contrast analyses (Panel C), and simple effects (Panel D). The visual pattern on means depicted in Figure 5 fits the predicted pattern in Figure 1. The ANOVA in Panel B reports significant main effects of *Suspicion* (F (1, 142) = 3.45, p = 0.07, $\eta_p^2 = 0.02$) and CEO Response (F (2, 142) = 4.42, p = 0.01, $\eta_p^2 = 0.06$) on *CWTI*, but no interaction, F (2, 142) = 1.12, p = 0.33, $\eta_p^2 = 0.02$. Following the reasoning and procedures in Study 1, I code the cells A, B, C, D, E, and F with weights +1, +1, +1, -3, 0, and 0, respectively, to test the ordinal interaction predicted in Hypothesis 1. Replicating Study 1, the planned contrast test is significant, F (1, 142) = 8.82, $p < 0.01$, $\eta_p^2 = 0.06$, and the residual between-cells variation is low, i.e., F (2, 89) = 1.11, p = 0.34, $q^2 = 0.16$. Simple effects tests suggest that *Non-Answer* has a significant negative effect on *CWTI* when *Suspicion* is *High*, F (1, 142) = 8.88, $p < 0.01$, but not when *Suspicion* is *Low*, F (1, 142) = 1.32, p = 0.25.

To test Hypothesis 2, I code the cells A, B, C, D, E, and F as +1, +1, 0, 0, +1, and -3, respectively. This planned contrast test is also significant, F (1, 142) = 4.54, p = 0.03, η_p^2 = 0.03, and the residual between-cells variation is low, i.e., F (2,97) = 0.03, p = 0.97, q^2 = 0.01. Simple main effects show that *Dodge* has a marginally significant negative effect on *CWTI* when *Suspicion* is *High*, F (1, 142) = 3.37, p = 0.07, but not when *Suspicion* is *Low*, F (1, 142) = 0.00, p = 0.99. These results provide further support for Hypotheses 1 and 2.

Figure 6 illustrates means and standard errors for *Openness*, *Credibility*, and *Prospects*. To test the mechanisms underlying the results for H1 as predicted in Hypothesis 3, I compare the *High Suspicion* /*Non-Answer* cell to the other cells of the 2 x 2 design that leaves the *Dodge* cells E and F out, i.e., the Baseline Cells Non-Answer (see Panel A). A multivariate analysis of variance (MANOVA) shows that *Openness, Credibility*, and *Prospects* are significantly more negative in the *High Suspicion*/*Non-Answer* cell than in the Baseline Cells Non-Answer, as all the univariate tests are significant ($p < 0.02$) and so is the multivariate test, F (3,89) = 4.70, $p <$ 0.01. Using Hayes' (2022) bootstrapping procedure, I find that each of the variables *Openness, Credibility*, and *Prospects* mediates the effects of *High Suspicion*/*Non-Answer* on *CWTI*. To test the mechanisms predicted in Hypothesis 4, I compare the *High Suspicion*/*Dodge* cell to the other cells of the 2 x 2 design that leaves the *Non-Answer* cells C and D out, i.e., the Baseline Cells Dodge (see Panel B). The MANOVA results are similar for the effects of *High Suspicion* /*Dodge*, except that the univariate tests are not significant for *Prospects* (p = 0.39) and the multivariate test is marginally significant, F (3,97) = 2.15, p = 0.099. I also find that *Openness* and *Credibility*, but not *Prospects*, mediate the effects of *High Suspicion*/*Dodge* on *CWTI*. For clarity and brevity, I report these mediation analyses in the supplemental materials.

Finally, I find that *Informed CWTI* is significantly more negative than *CWTI* for both the

non-answer (Mean = -11.62, SD = 18.03) and the dodge (Mean = -12.71, SD = 18.35) regardless of whether *Suspicion* is *Low* or *High* (all p-values < 0.01). This evidence is consistent with non-answers being equivocal and dodges escaping detection until explicitly pointed out, suggesting that suspicion can mitigate but not eliminate the evasiveness of these tactics. In addition, the more negative investment judgments following the debriefing message support the notion that participants did not treat the *Suspicion* manipulation as a direct signal of managerial misconduct. If they had done so, the post-debriefing responses would likely have shown no further decline.

5.3. Discussion

Study 2 provides a constructive replication of Study 1 by using a suspicion prompt that incorporates critical features of the exchanges in earnings calls. The results indicate that listeners engage in a suspicious mode of thinking when they are reminded of the reasons why a speaker might have hidden motives. The statistically equivalent judgments for the direct answer at the low- and high-suspicion conditions replicate the pattern in Study 1, which relies on a suspicion prompt that closely matches those used in prior research, providing comfort that suspicion, and not a negative signal from the question, drives the results in Study 2. Study 2 also provides supplementary process evidence from more objective measures, further supporting the notion that a suspicious mode of thinking can improve judgment by helping listeners discern potentially deceptive evasive tactics from plausible responses. Interestingly, the evidence is consistent with non-answers being equivocal and dodges escaping detection until they are explicitly pointed out, suggesting that suspicion can mitigate but not eliminate the evasiveness of these tactics.

Together, studies 1 and 2 provide evidence consistent with my hypotheses but do not rule out the possible overlaps between the evasive strategies examined in this paper and the response strategies studied by Cade (2018). Also, these studies do not examine whether or how investors

can overcome evasions when unprompted. I explore these questions in two supplemental studies.

6. Supplemental Studies

Cade (2018) examines reactions to response strategies managers can use to handle critical posts about financial reports received from unknown individuals via text-based social media such as Twitter. Cade shows that, when many (vs. few) retweets validate a critical tweet, investors react more negatively if the firm does not reply to the criticism (No Response) than if the firm replies with an explanation or unrelated good news (Redirection). I conduct *Supplemental Study 1* to examine the possibility that the strategies of *No Response* and *Redirection* examined by Cade (2018) overlap with the evasive responses examined in this study.[17]

Cade's (2018) *No Response* strategy seems similar to the *Non-Answer* in my studies, as both violate the Gricean maxim of quantity. However, a *No Response*, i.e., silence, may appear rude during verbal communication, such as in earnings calls, and may give the impression that managers are temperamental and unable to hold cordial exchanges with market participants. Thus, while non-suspicious investors react equivocally to polite, justified refusals to answer like non-answers, as shown in studies 1 and 2, non-suspicious investors are likely to react negatively to a "no-response" strategy in earnings calls. Likewise, Cade's (2018) *Redirection* strategy seems like the *Dodge* in my studies, as both violate the Gricean maxim of relevance. However, by redirecting questions with unrelated good news, managers may draw attention to the fact that they are not addressing the information request, as discussed in Section 2.1. Thus, while non-suspicious investors fail to detect artful dodges, as shown in studies 1 and 2, these investors are

[17] Diverging from Cade's (2018) focus on various levels of the validity of the critical post, my studies have the same JP Morgan analyst ask the question in all experimental conditions, holding the validity of the information request constant at a high level. Thus, I do not address low levels of validity, as they are incompatible with my study's setting. As explained in sections 4.6 and 5.3, the statistically equivalent investor judgments for the direct answer at the low- and high-suspicion conditions alleviate concerns that the suspicion prompts signal lower management credibility or any other validity issues.

likely to identify and punish abrupt departures from the topic as the ones in redirections.

Adapting materials from Study 1, I drop the suspicion prompt (press article) and thus hold suspicion low. I maintain the original CEO Response conditions and add conditions that capture the *No Response* and *Redirection* strategies used by Cade (2018). The *No Response* contains a 13-second "silence response," while the *Redirection* repeats the positive messages from the presentation session underlined in Appendix A.

As expected, *CWTI* is significantly more negative in the *No Response* (Mean = -5.98, SD = 12.47) condition than in the *Direct Answer* (M = 3.69, SD = 8.90, F (1,197) = 14.29, $p < 0.01$, $\eta_p^2 = 0.07$) and in the *Non-Answer* (M = -0.59, SD = 12.18, F (1,197) = 4.56, $p = 0.03$, $\eta_p^2 = 0.02$) conditions. Also, *CWTI* is significantly more negative in the *Redirection* (M = -4.18, SD = 11.65) condition than in the *Direct Answer* (F (1,197) = 9.14, $p < 0.01$, $\eta_p^2 = 0.04$) and in the *Dodge* (M = 2.14, SD = 12.12, F (1,197) = 5.90, $p = 0.02$, $\eta_p^2 = 0.03$) conditions. Replicating studies 1 and 2, I do not find significant differences in pairwise comparisons of the *Direct Answer*, *Non-Answer*, and *Dodge*. These results indicate that non-answers and dodges are unique evasive strategies and that Cade's (2018) findings are unlikely to generalize to the earnings call setting, where managers' evasive responses to highly validated analysts can go undetected by capable and diligent investors who fail to adopt a suspicious mode of thinking.[18]

Another relevant question is whether individual investors are inherently non-suspicious towards managers' responses in earnings calls or predispositions to trust or distrust can predict naturally occurring suspicion. In *Supplemental Study 2*, instead of prompting suspicion, I

[18] Managers often resort to polite, justified refusals to answer or artful dodges as part of their efforts to convey positive impressions during earnings calls (see Section 2.1 above for a complete discussion). Accordingly, I am unaware of instances where managers answer call questions with no responses (silence) or redirections (abrupt dodges). Thus, in addition to differing from common evasive responses in several ways, as Supplemental Study 1 demonstrates, no responses and redirections are uncommon in earnings calls.

measure *propensity to trust* at least 7 days after the completion of the main task using the Interpersonal Trust Scale (Rotter 1967). Bobko et al. (2014a) conjecture that propensity to trust can inhibit the perception and assimilation of contextual cues of deception and thus hinder suspicion, but I am unaware of empirical support for this claim. I find substantial variation in how individual investors interpret and react to managers' non-answers and dodges in the absence of a suspicion prompt. However, results suggest that the general disposition to rely on others' words captured by *propensity to trust* may fail to explain investors' attitudes, as even investors who are predisposed to not trust others appear naturally non-suspicious towards managers' responses, succumbing to the pervasive evasiveness of non-answers and dodges.

I expand on supplemental studies 1 and 2 in the supplemental materials.

7. General Discussion

Despite the ubiquity of managers escaping crucial questions in earnings calls without delivering a falsehood (e.g., Gow et al. 2021; Hollander et al. 2010), little is known about the information investors glean from common types of evasive responses or how to help them overcome these deception attempts. This article offers theory and experimental evidence that a common variety of non-answers, where the manager alleges recurring practices to justify the refusal to answer, gives rise to multiple interpretations, including more trusting ones. Further, artful dodges, i.e., responses that sidestep the information request while offering tangentially related information, can escape detection in high-stakes settings such as earnings calls, where personal wealth is at stake. My study demonstrates that a suspicious mode of thinking, induced through simple interventions, helps investors distinguish potentially deceptive evasions from adequate responses by resolving the equivocation in non-answers and detecting artful dodges. My results also suggest that non-answers and dodges are evasive strategies uniquely suited to the

context of earnings calls, where even less trusting investors may be naturally non-suspicious.

My study extends research on the informational role of earnings calls in several important directions. For instance, individual investors are expected to benefit from listening to earnings calls by making more informed and profitable trades (Heinrichs et al. 2019; Kimbrough 2005). My findings indicate that managers' non-answers and dodges can limit these benefits unless investors adopt a suspicious mode of thinking. These findings are important given that individual stock trading accounts for over 20% of all market activity in U.S. stock exchanges (Bryzgalova et al. 2023), and earnings calls are largely covered by the business press (Call et al. 2022) and advocated as a precious source of information (Fairbourn 2023; Fima 2023; Flannelly 2023). Not surprisingly, a large portion of individual investors listen to these calls, as shown by the Cision's (2017) survey and responses in my studies.

Moreover, my work extends research on suspicion to the growing literature on the effects of evasiveness in applied settings (Barth et al. 2023; Clementson 2018a, 2018b; Hollander et al. 2010; Rogers and Norton 2011), illuminating the value of suspicious thinking to listeners of high-impact dialogues such as earnings calls. Related accounting research shows that warnings about managers' discretion or analysts' biases enhance investor judgment by prompting skepticism or scrutiny (Garavaglia 2023; Kelly et al. 2012; Koonce et al. 2023)—states of mind that closely parallel suspicion (Sinaceur 2010).[19] My study contributes to this emerging literature by providing evidence that suspicion can improve investment judgments in response to potentially deceptive evasive tactics in the unique setting of earnings calls. In addition, my study indicates that, like news articles and warnings from regulators, analysts can induce suspicion by voicing the concerns that motivate their questions. In so doing, my study broadens our

[19] Sinaceur (2010) treats suspicion and skepticism as synonyms. In addition, the definition of suspicion in this study includes the information search and critical assessment of rival hypotheses that characterize scrutiny and skepticism.

understanding of how suspicion can arise organically in financial decision-making settings.

Additionally, my study extends research that uses markers of deception in earnings calls to detect opportunistic reporting (Hobson et al. 2017; Hobson et al. 2012; Larcker and Zakolyukina, 2012). While markers of cognitive dissonance are evident when individuals make false statements (Hobson et al. 2017; Hobson et al. 2012), I show that evasive managers can mislead without delivering a falsehood. Future research can examine whether observable markers arise when individuals evade questions. Similarly, use of particular word categories is associated with misreporting (Larcker and Zakolyukina, 2012); however, evasive managers can be deceptive without using those words, as is the case in my experiments. Overall, my results imply that parties interested in attesting to financial statements should be mindful of evasion attempts. For instance, while the PCAOB encourages auditors to observe earnings calls to obtain an understanding of the company and its environment (PCAOB 2010), the effectiveness of this practice likely depends on whether auditors detect evasive managerial responses.

These contributions are subject to limitations that provide opportunities for future research. First, I position my experimental tasks as the investors' first exposure to the speaker. In some cases, investors may be familiar with managers' communication styles and accommodate evasive behavior accordingly. For example, when commenting on Tesla's Q1 2018 earnings call, a financial analyst described the evasive posture of Elon Musk as unusual, since he is known for an "inviting, enlightening tone" (Cox 2018). Tesla's stock price dropped more than 7% in the premarket trade following the call. Also, I hold non-verbal cues absent and the medium as audio, which is usual in earnings calls, but visual elements may further influence investor perceptions (e.g., Cade et al. 2020). Future research can explore whether the communication medium or familiarity with manager-specific cues either trigger suspicion or moderate its effects on investor

judgment.

Second, and relatedly, the experimental studies reported in this paper employ two different prompts of suspicion to provide convergent evidence that contextual features of applied settings can prompt investors with a suspicious state of mind. It is important to note, however, that many features of earnings calls can similarly prompt suspicion or interact with the effects of established suspicion prompts. For instance, the status or reputation of the inquirer analysts as all-star, bearish, or bullish (e.g., Mayew et al. 2020) can prompt suspicion or moderate the effects of other suspicion prompts. Future research can examine not only whether other contextual features of earnings calls prompt listeners to be suspicious but also the boundary conditions imposed by these features.

8. Concluding Remarks

Contrary to the common belief that evasive responses are readily recognized as signs of concealment and thus bad news, non-answers can trigger equivocal interpretations and dodges can go undetected, misleading listeners in crucial contexts such as earnings calls. My findings suggest that investors and listeners more broadly can benefit from adopting a suspicious state of mind when making judgments and decisions based on live information exchanges in high-stakes settings and that simple suspicion prompts can help listeners resist the tendency to accept evasions as legitimate responses. I hope these findings inspire future research on the properties of suspicion and evasive responses, as well as the boundary conditions that earnings calls and other applied settings may impose.

Appendix A. Transcript of the earnings call audio used in the Experimental Studies

Operator – Welcome to the Second Quarter 2019 Gamma Earnings Call. My name is Brian, and I will be your operator for today's call. At this time, all participants are in a listen-only mode. Following the presentation session, we will conduct a question-and-answer session. If you want to ask a question, please press star-1. I will now turn the call over to Mr. John Davis, Chairman and Chief Executive Officer. You may proceed, sir.
John Davis (CEO) – Welcome to Gamma's second-quarter earnings call. For today's call, I will provide some comments on our quarterly results and then I will open the call to Q&A. Our second-quarter performance met our expectations and positions us well for another strong year in 2019. Organic sales growth relative to Q2 2018 was 2.6% balanced between U.S. and international. By segment, MedSurg once again led the way with 2.9% growth. Orthopedics grew 2.1% globally. Neurotechnology and Spine had a worldwide organic growth of 1.3%. Our adjusted quarterly EPS of $0.88 increased 8.82% from the prior year, reflecting that our sales growth comes along with significant improvement in operating expenses. We have continuously made meaningful investments in R&D which ensures a steady rate of new product introductions, such as the 1877 endoscopy camera launched early this quarter with initial sales near 15% above our expectations. We expect third-quarter annual organic sales to exceed last year's by a satisfactory margin, driving EPS up as well. We maintain our policy of not providing specific guidance on future performance and we are now ready to answer participants' questions.
Operator – Thank you. We will now begin the question and answer session. Our first question comes from the line of Kevin Owen from Goldman Sachs. Sir, your line is now open.
Kevin Owen (Goldman Sachs) – I was just wondering. The current report provides very limited information on how each product contributes to organic sales growth by segment. Could you please walk us through these numbers?
John Davis (CEO) – Yes, we have these numbers here. Here we go. The 2.9% growth in MedSurg was driven by a 3.6% growth at Instruments and a 1.9% growth at Sustainability. In Orthopedics, knees grew 2.5% behind Mako, while hips grew 1.2%. In Neurotechnology, the 1.8% growth in Neurotech growth was offset by Spine, which grew 0.2%.
Operator – Our next question comes from the line of Katherine Lewis from JP Morgan. Your line is now open.
Katherine Lewis (JP Morgan) – Thank you for taking the question. John, just wondering if you could help us understand the lower levels of R&D and SG&A expenses this quarter. ***Complementary statement in the High Suspicion condition in Study 2*** – Thank you for taking the question. John, just wondering if you could help us understand the lower levels of R&D and SG&A expenses this quarter. I mean, the reduction in these discretionary expenses helped Gamma to meet earnings expectations in spite of the weaker sales in this quarter. I worry that this reduction in R&D and SG&A expenses may compromise innovation and sales going forward.
John Davis (CEO)
Direct Answer condition – Thanks for your question, Katherine. Yes, we recently concluded several R&D projects and we have a handful of them that are close to maturity. So, because these projects are consuming resources at a slower pace, our R&D expenditure was reduced a little bit. Our team is about to start promising new projects and R&D will normalize. SG&A expenses are only slightly below last year, and we attribute that to our increased efficiency in selling our products. We hope to keep improving.
Non-Answer condition – Thanks for your question, Katherine, but I can't give you the specifics. This involves strategic information that we cannot disclose at this time.
Dodge condition – Thanks for your question, Katherine. We have continuously made meaningful investments in R&D, ensuring a steady rate of new product introductions, such as our 1877 endoscopy camera, which we launched early this quarter and has surprised us with initial sales that exceeded our expectations by near 15%. We are really excited for the future of this product and of others to come!
Operator – There are no further questions at this time. I will now turn the conference over to Mr. John Davis for any closing remarks.
John Davis (CEO) – Thank you all for joining our call. Our conference call for the third quarter 2019 results will be held on October 25th. Thank you.
Operator – Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.

Appendix B. Quotations from open-ended investment justifications

A) Quotations from Study 1	B) Quotations from Supplemental Study 2
• Non-Answer/Low Suspicion condition: – *Gamma shows steady gains in operating income and meets or exceeds analyst expectations from 2016 to 2019. It is in a growing business such as orthopedics and spine health care, especially given demographic trends. The fact of not spending as much on R&D may be because it already has novel and lucrative products developing and waiting to be released within industry and the consumer market.* • Non-Answer/High Suspicion condition: – *I understand that the CEO didn't want to reveal specifics of R&D because of sharp competition in that field, but rather than avoiding an answer, he could have made a general statement about the decline in R&D investment in the past quarter*. • Dodge/Low Suspicion condition: – *I think Gamma seems like a steady investment. It grows slowly, and it seems relatively confident that it will continue to do so. It seems like they have good investments in R&D, and that the new endoscopy scope has boosted sales*. • Dodge/High Suspicion condition: – *One of the things that concerned me was that the Gamma management did not directly answer the question of R&D expenses. All he said that the company remained committed to R&D and highlighted one of the new products that was introduced. He did not directly answer the question on why less resources/expenses were being dedicated to R&D as compared to the prior year. It made me wonder if there were other things which the company was not being forthright about*.	• Non-Answer: – *I don't like that John evaded the question about R&D. I believe he didn't have a good answer to the question and chose not to answer it. As a result, I lost confidence in investing and trusting them with my money.* – *The company keeps information confidential. It means they are up to something and don't have to disclose that info to gain investors.* – *The question regarding the reduction in spending in R&D and SG&A expenses should have been answered. When Gamma brushed off the question it raised a considerable yellow flag.* – *I was pleased with the conference call and the optimism for growth. I didn't feel that any particular segment stood out, but as part of a balanced portfolio adding some Gamma investments would be a safe and steady option.* • Dodge: – *Their concentration on reinvesting in research and development and emphasis on getting new products out indicates they are driven to gain more of a market share and thus their earnings should remain steady or go up*. – *I really didn't like how the CEO dodged the question of why R&D and SG&A expenses have gone down. It makes me think that he's hiding something, especially when sales growth has slowed down.*

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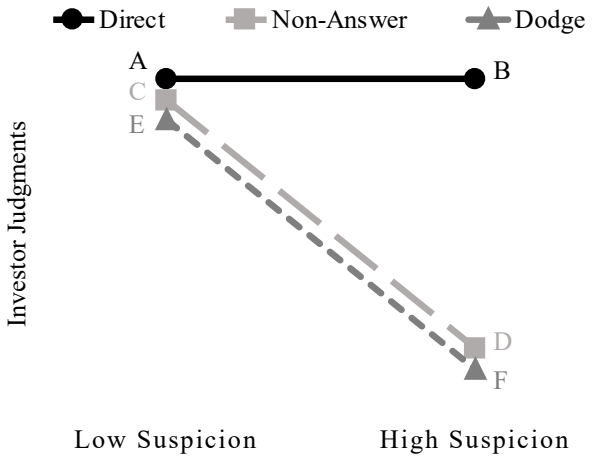
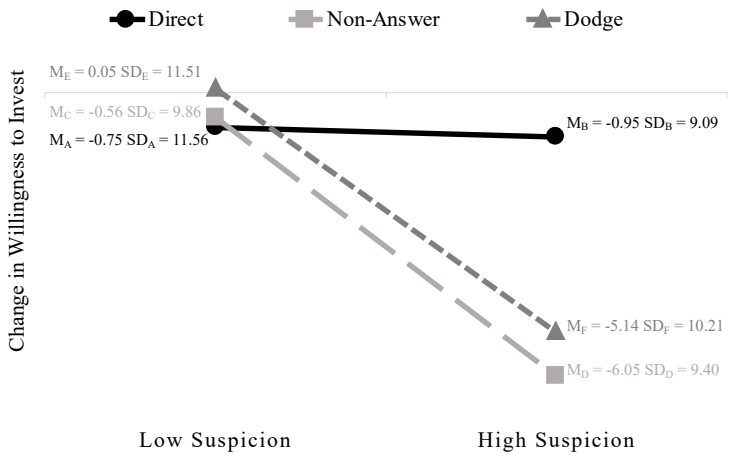
Figure 1: Predicted Effects of Suspicion and CEO Response on Investor Judgments



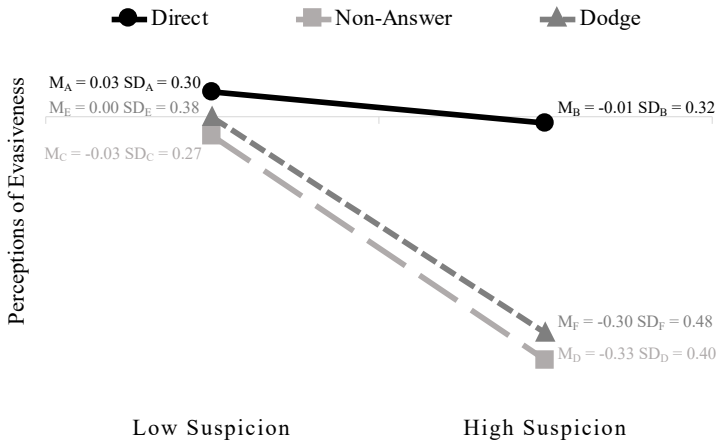
Note. Cells A, B, C, D, E, and F receive weights +1, +1, +1, -3, 0, and 0, respectively, for tests of Hypothesis 1 and weights +1, +1, 0, 0, +1, and -3 for tests of Hypothesis 2.

Figure 2: Observed Means (M) and Standard Deviations (SD) for Change in Willingness to Invest in Study 1



Note. This figure depicts the observed pattern of means of the dependent variable, Change in Willingness to Invest (CWTI), by Suspicion and CEO Response in Study 1. See Table 1 for descriptive and inferential statistics.

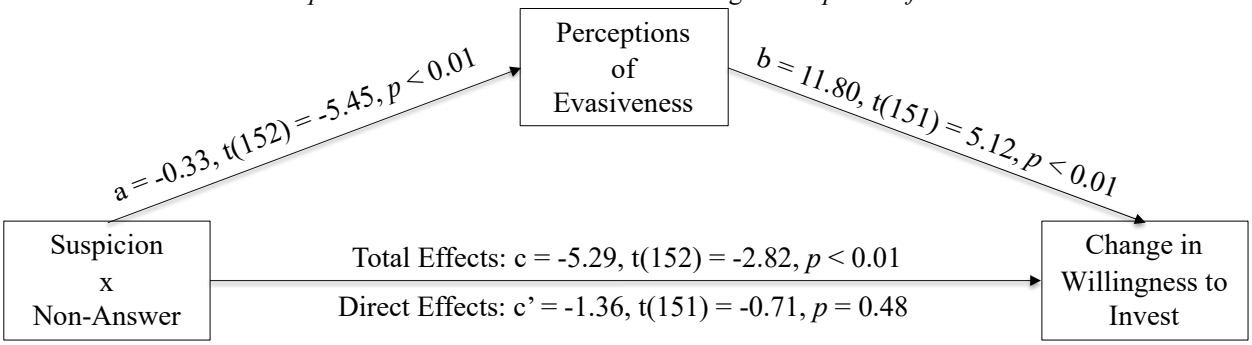
Figure 3: Observed Means (M) and Standard Deviations (SD) for Perceptions of Evasiveness in Study 1



Note. This figure depicts the observed pattern of means of the process variable Perceptions of Evasiveness (POE) by Suspicion and CEO Response in Study 1. See Figure 4 for inferential statistics.

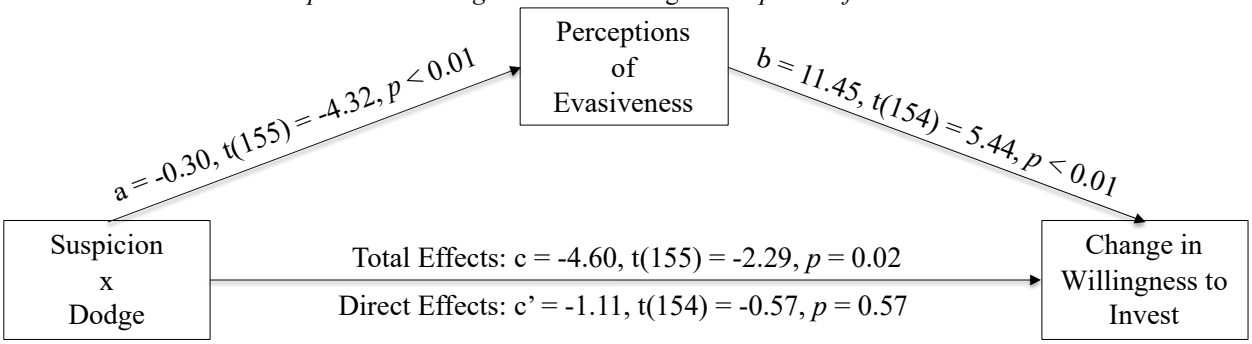
Figure 4: Perceptions of Evasiveness Mediate the Joint Effects of Investor Suspicion and CEO Evasive Responses on Change in Willingness to Invest in Study 1

Panel A: Joint effects of *Suspicion* and *Non-Answer* on *CWTI* through *Perceptions of Evasiveness*



N = 154. Indirect effects (a × b): c – c' = -3.93, SE = 1.13, 95% CI = [-6.43, -1.98]

Panel B: Joint effects of *Suspicion* and *Dodge* on *CWTI* through *Perceptions of Evasiveness*

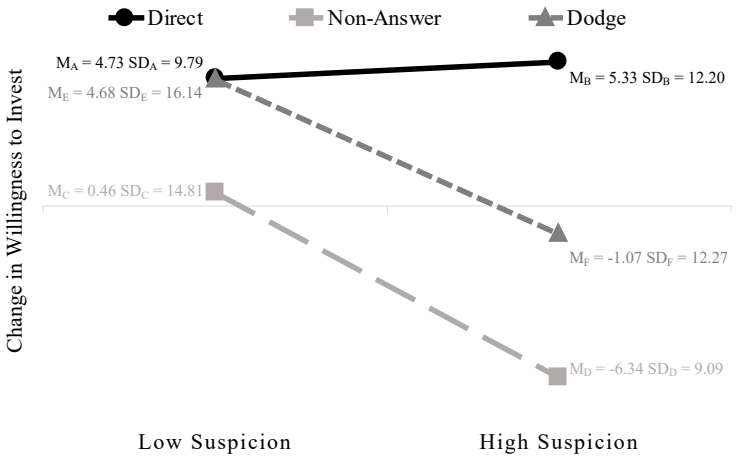


N = 157. Indirect effects (a × b): c – c' = -3.49, SE = 1.20, 95% CI = [-6.13, -1.46]

Note. This figure reports coefficients (standard errors) for tests in Study 1 of the mediation effects of *Perceptions of Evasiveness* (*POE*) on the relationship between *Suspicion*Non-Answer* and *Change in Willingness to Invest* (*CWTI*) in Panel A and on the relationship between *Suspicion*Dodge* and *CWTI* in Panel B. Observations in the Dodge condition are excluded from Panel A analyses, and observations in the Non-Answer condition are excluded from Panel B.

I use the bootstrapping procedure for mediation analysis (Hayes 2022, model 4). Statistical significance at the 5 percent level for indirect effects is inferred when the 95% confidence interval based on 10,000 bootstrap samples does not include zero.

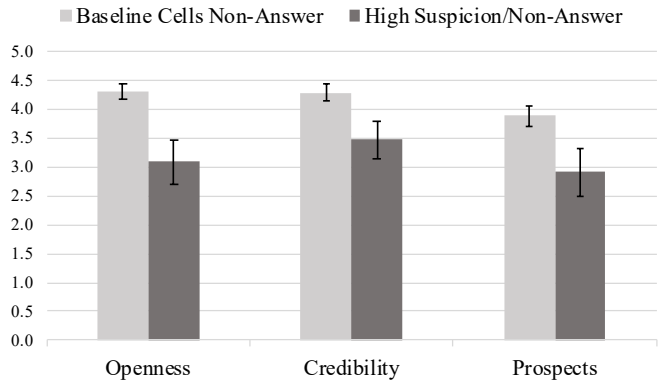
Figure 5: Observed Means (M) and Standard Deviations (SD) for Change in Willingness in Study 2



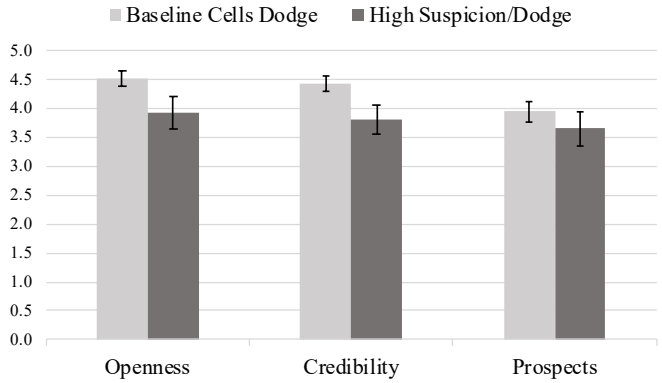
Note. This figure depicts the observed pattern of means of the dependent variable, Change in Willingness to Invest (CWTI), by Suspicion and CEO Response in Study 2. See Table 2 for descriptive and inferential statistics.

Figure 6: Observed Means and Standard Errors for Openness, Credibility, and Prospects in Study 2

Panel A: Joint Effects of *Suspicion* and *Non-Answer* on *Openness*, *Credibility*, and *Prospects*



Panel B: Joint Effects of *Suspicion* and *Dodge* on *Openness*, *Credibility*, and *Prospects*



Note. This figure illustrates means (bars) and standard errors (error bars) for *Openness*, *Credibility*, and *Prospects* in Study 2. Panel A compares the *High Suspicion*/*Non-Answer* cell to the Baseline Cells Non-Answer (i.e., *Low Suspicion*/*Direct Answer*, *High Suspicion*/*Direct Answer*, and *Low Suspicion*/*Non-Answer*) collapsed. Panel B compares the *High Suspicion*/*Dodge* cell to the Baseline Cells Dodge (i.e., *Low Suspicion*/*Direct Answer*, *High Suspicion*/*Direct Answer*, and *Low Suspicion*/*Dodge*) collapsed. *Openness*, *Credibility*, and *Prospects* are calculated as the average score for participants' responses to post-experimental questions on 7-point scales.

Table 1: Effects of Suspicion and CEO Response on CWTI in Study 1

Panel A: Descriptive Statistics for CWTI – mean [stand. dev.]

	CEO Response							
	Direct		Non-Answer		Dodge		Overall	
Low Suspicion	A	-0.75 [11.56] n = 39	C	-0.56 [9.86] n = 38	E	0.05 [11.51] n = 42	-0.41 [10.94]	n = 119
High Suspicion	B	-0.95 [9.09] n = 40	D	-6.05 [9.40] n = 37	F	-5.14 [10.21] n = 36	-3.95 [9.74]	n = 113
Overall		-0.85 [10.32] n = 79		-3.27 [9.96] n = 75		-2.34 [11.17] n = 78	-2.13 [10.50]	n = 232

Panel B: Analysis of Variance (ANOVA)

Source	Sum of Squares	df	Mean Square	F	p
Suspicion	760.27	1	760.27	7.11	<0.01
CEO Response	244.71	2	122.36	1.14	0.32
Suspicion*CEO Resp.	344.11	2	172.06	1.61	0.20
Error	24,153.24	226	106.87		

Panel C: Planned Contrasts

Source	Sum of Squares	df	Mean Square	F	p
H1: +1, +1, +1, -3, 0, 0	788.72	1	788.72	7.38	<0.01
Residual Test	2.28	2	1.14	0.01	0.99
H2: +1, +1, 0, 0, +1, -3	583.53	1	583.53	5.46	0.02
Residual Test	26.33	2	13.16	0.12	0.89

Panel D: Simple Main Effects

Non-Ans. vs. Direct Answer	Sum of Squares	df	Mean Square	F	p
Given Low Suspicion	1.16	1	1.16	0.01	0.94
Given High Suspicion	399.51	1	399.51	4.68	0.03
Dodge vs. Direct Answer					
Given Low Suspicion	15.96	1	15.96	0.12	0.73
Given High Suspicion	288.81	1	288.81	3.11	0.08

Note. I label A, B, C, D, E, and F the cells *Low Suspicion*/*Direct Answer*, *High Suspicion* /*Direct Answer, Low Suspicion*/*Non-Answer*, *High Suspicion*/*Non-Answer*, *Low Suspicion* /*Dodge*, and *High Suspicion*/*Dodge*. I code the cells A, B, C, D, E, F with contrast weights +1, +1, +1, -3, 0, 0 to test the ordinal interaction predicted in H1 and with contrast weights +1, +1, 0, 0, +1, -3 to test the ordinal interaction predicted in H2. Tests of the between-cells residual omit the two cells not included in the 2 x 2 design of interest.

Table 2: Effects of Suspicion and CEO Response on CWTI in Study 2

Panel A: Descriptive Statistics for CWTI – mean [stand. dev.]

	CEO Response						
	Direct		Non-Answer		Dodge		Overall
Low Suspicion	A	4.73 [9.79] n = 21	C	0.46 [14.81] n = 28	E	4.68 [16.14] n = 25	3.01 [14.05] n = 74
High Suspicion	B	5.33 [12.20] n = 25	D	-6.34 [9.09] n = 19	F	-1.07 [12.27] n = 30	-0.26 [12.23] n = 74
Overall		5.05 [11.04] n = 46		-2.29 [13.13] n = 47		1.55 [14.32] n = 55	1.42 [13.23] n = 148

Panel B: Analysis of Variance (ANOVA)

Source	Sum of Squares	df	Mean Square	F	p
Suspicion	571.93	1	571.93	3.45	0.07
CEO Response	1,462.48	2	731.24	4.42	0.01
Suspicion*CEO Response	371.62	2	185.81	1.12	0.33
Error	23,511.52	142	165.57		

Panel C: Planned Contrasts

Source	Sum of Squares	df	Mean Square	F	p
H1: +1, +1, +1, -3, 0, 0	1,460.36	1	1,460.36	8.82	<0.01
Residual Test	320.31	2	160.16	1.11	0.34
H2: +1, +1, 0, 0, +1, -3	751.71	1	751.71	4.54	0.03
Residual Test	10.40	2	5.20	0.03	0.97

Panel D: Simple Main Effects

Non-Ans. vs. Direct Answer	Sum of Squares	df	Mean Square	F	p
Given Low Suspicion	220.16	1	220.16	1.32	0.25
Given High Suspicion	1,068.86	1	1,068.86	8.88	<0.01
Dodge vs. Direct Answer					
Given Low Suspicion	0.91	1	0.91	0.00	0.99
Given High Suspicion	504.60	1	504.60	3.37	0.07

Note. I label A, B, C, D, E, and F the cells *Low Suspicion*/*Direct Answer*, *High Suspicion* /*Direct Answer, Low Suspicion*/*Non-Answer*, *High Suspicion*/*Non-Answer*, *Low Suspicion* /*Dodge*, and *High Suspicion*/*Dodge*. I code the cells A, B, C, D, E, F with contrast weights +1, +1, +1, -3, 0, 0 to test the ordinal interaction predicted in H1 and with contrast weights +1, +1, 0, 0, +1, -3 to test the ordinal interaction predicted in H2. Tests of the between-cells residual omit the two cells not included in the 2 x 2 design of interest.