ADAPTABILITY CULTURE AND MEETING OR BEATING ANALYSTS' ESTIMATES

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ABSTRACT

This paper investigates the relationship between adaptability culture and the propensity of US publicly listed firms to meet or beat analysts' expectations. We develop a novel firm- level measure of adaptability culture using textual analysis of 10-K reports, employing a bag-of-words methodology based on the Denison Model. Our hypothesis posits that adaptable firms, subject to higher analyst coverage, are more inclined to meet or beat earnings estimates—a proposition supported by the empirical results. Further analysis reveals that adaptability culture is positively associated with real earnings management practices. Notably, during the COVID-19 pandemic, adaptable firms exhibited a shift towards accrual-based earnings management to prevent negative earnings surprises, reflecting the dynamic nature of their financial reporting strategies. These findings suggest that while adaptability culture can enhance firms' resilience in meeting market expectations, it may also encour- age opportunistic behaviour in financial reporting. Our study contributes to the literature on corporate culture, earnings management, and analysts' expectations, offering insights into how corporate adaptability influences financial reporting practices. The findings have significant implications for regulators and auditors, highlighting the need for enhanced monitoring and control measures to mitigate potential opportunistic behaviour stemming from adaptability-driven cultures. This research underscores the importance of considering corporate culture in assessing the quality and reliability of financial reporting.

Keywords: Adaptability; Corporate culture; Meet or beat analyst's expectations; Denison model; Textual analysis; Earnings management

JEL Classification: G10; G30; M14; M41

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1 Introduction

Corporate culture has long been mooted as an essential factor that shapes the way organizations operate, thereby influencing their economic and financial behavior. Moreover, in recent decades, there has been an increasing volume of evidence that corporate culture indeed helps to determine a wide variety of firms' economic and financial outcomes (see, for example, Guiso, Sapienza and Zingales, 2006, 2009, 2015a, 2015b; Cronqvist, Low and Nilsson, 2007; Fiordelisi and Ricci, 2014, 2021; Callen and Fang, 2015; Zingales, 2015; Erhardt, Martin-Rios and Heckscher, 2016; Grieser *et al*., 2016; Bhandari *et al*., 2017; Harris, 2018, 2023; Nguyen *et al*., 2019; Grennan, 2019; Doukas and Zhang, 2021; Andreou *et al*., 2022; Billings, Klein and Shi, 2022; Graham *et al*., 2022; Fang *et al*., 2023; Luu, Nguyen and Wilson, 2023; Zebian, Harris and Abdelsalam, 2023; Cumming *et al*., 2024; etc.). These and other studies suggest that corporate culture provides the operating philosophy that guides managerial decision-making and thus has a significant impact on the firm (Quinn and Cameron, 1983; Quinn and Rohrbaugh, 1983).

In this study, we extend the growing literature that applies textual analysis to corporate finance and accounting related research for capturing corporate culture (Fiordelisi and Ricci, 2014, 2021; Bhandari *et al*., 2017; Harris, 2018, 2023; Nguyen *et al*., 2019; Andreou *et al*., 2022; Fang *et al*., 2023; Luu *et al*., 2023; Zebian *et al.*, 2023; Cumming *et al*., 2024; etc.). We develop measures of corporate culture using the bag-of-words method applied to firms'10-K filings from 1994 to 2021. This approach provides a proven way to capture a firm's corporate culture from a large body of archival data and is based on the intuition that the words used in such reports suggest the values and opinions held by senior management (Andreou *et al*., 2022). Using these measures, we consider the relationship between the adaptability

dimension of corporate culture, as defined by the Denison Model (Denison, 1984, 1990; Denison and Mishra, 1995), and the likelihood of firms meeting or beating analysts' forecasts.

Adaptability culture, within the context of the Denison Model, is characterized by a firm's responsiveness to external changes, focus on customer needs, and organizational learning agility (Denison, 1984, 1990). Building on the recent study of Zebian *et al*. (2023) which finds a positive link between external corporate culture and analyst coverage, this study proposes that adaptability culture primes organizations to prioritize market expectations, leading to behaviors aligned with meeting or beating analysts' estimates. Firms with stronger adaptability cultures are particularly adept at adjusting to the evolving exter- nal environment by actively responding to stakeholders' expectations. This adaptability makes them more likely to manage earnings or issue forward-looking guidance in ways that ensure their actual earnings meet or exceed analyst forecasts. By aligning reported earnings with external benchmarks, these firms are positioned to maintain favorable market perceptions and bolster investor confidence. Consistent with this expectation, we find that adaptable companies are more likely to meet or exceed analysts' forecasts. While this main finding highlights the importance of adaptability culture in achieving favorable financial outcomes, it also raises concerns about the potential for earnings management behavior among firms that meet or beat analysts' forecasts.

To be sure, earnings management refers to the practice of manipulating financial reporting to present a more favorable picture of a firm's financial performance, which can mislead investors and analysts (Healy and Wahlen, 1999). The meeting or beating of analysts' forecasts might be indicative of earnings management behavior, as firms may have incentives (Cheng and Warfield, 2005) to engage in opportunistic and sometimes even environmental damaging practices (Thomas *et al*., 2022) in order to maintain the appearance of strong financial performance. Our study, therefore, not only contributes to the literature on

corporate culture and its impact on firms' financial performance and propensity to meet or beat analysts' consensus forecasts but also raises important questions about the potential link between adaptability culture and earnings management activity. In this regard, for the subset of firms that have met or beaten analysts' estimates, we explore whether adaptability is linked to the use of real or accruals earnings management in normal times and during crisis periods. Our results provide empirical evidence suggesting that the more adaptable companies are, the more likely they are to engage in real earnings management to meet or beat analysts' estimates during normal times compared to accruals earnings management during crisis periods. Moreover, prior research shows that as an alternative to earnings management, some firms might engage in expectations management as a strategy to lower analysts' consensus forecasts to later meet or beat them (Burgstahler and Eames, 2006; Brown and Pinello, 2007). Therefore, our study also examines the potential link between adaptability culture and the use of expectations management for the subset of companies with non-negative earnings surprises and finds no evidence suggesting the use of downwards expectations management by those firms.

Furthermore, by focusing on adaptability culture as a key dimension of corporate culture, we shed light on the mechanisms through which corporate culture influences firms' ability to cater to the expectations and thereby reflect the perceptions of investors and analysts. Our findings underscore the significance of adaptability in today's dynamic and rapidly changing business environment, where firms must be flexible and responsive to external challenges and opportunities to maintain their competitive edge and satisfy analysts' and investors' expectations.

What's more, our research has practical implications for managers, investors, and analysts. For managers, cultivating an adaptable corporate culture can contribute to an

enhanced likelihood of meeting or exceeding analysts' forecasts. However, they should also be cautious about the potential for earnings management behavior and ensure that their financial reporting practices are transparent, accurate, and adhere to established accounting standards. In addition, investors and analysts will find this study useful as our findings suggest that paying attention to the adaptability aspect of a firm's corporate culture can provide valuable insights into its financial performance and the likelihood of meeting or exceeding analysts' forecasts. However, our results also suggest that investors and analysts should also be mindful of the potential risks associated with earnings management behavior and consider a broader range of financial and non-financial indicators when evaluating a firm's performance and prospects.

To ensure the robustness of our results, we employ a range of econometric techniques, including logistic regression random effects (LOGIT-RE), pooled logistic regression with industry and year fixed effects (LOGIT), probit regression random effects (PROBIT-RE), pooled probit regression with industry and year fixed effects (PROBIT), instrumental variables regressions, and Heckman two-stage self-selection models. By using these diverse econometric approaches, we ensure that our results are not driven by methodological choices or potential biases, and that our conclusions are robust across different estimation methods. This strengthens the validity of our primary results which remain consistent across different estimation approaches, lending credence to our main findings. Furthermore, in addition to the main analysis, we explore several supplementary analyses to further illuminate the relationship between adaptability culture and the propensity to meet or beat analysts' forecasts. In particular, we conduct subsample analyses based on firm size, industry classification, and the presence of financial crises to examine potential variations in the relationship between adaptability culture and the firms' propensity to meet or beat analysts' earnings estimates.

This study makes several important contributions to the literature. Firstly, by operationalizing the adaptability dimension of corporate culture using the Denison Model (Denison, 1984, 1990; Denison and Mishra, 1995), we add to the growing body of research that applies textual analysis to measure corporate culture (see, for example, Fiordelisi and Ricci, 2014, 2021; etc.). Secondly, we contribute to studies that explore the role played by corporate culture in shaping firms' stock market performance (see, for example, Harris, 2018, 2023; Fiordelisi *et al*., 2019; Wang, Farag and Ahmad, 2021; Andreou *et al*., 2022; Zebian *et al*., 2023) by demonstrating the importance of adaptability culture in determining the likelihood of meeting or beating analysts' forecasts. Furthermore, while previous research has identified a correlation between external corporate culture and increased analyst coverage (please see Zebian *et al*., 2023) as well as between innovation and the likelihood of meeting or beating analyst estimates (see, Jeppson and Salerno, 2017; Lobo Xie and Zhang, 2018), this study delves into the specific role that adaptability culture plays in the mechanics of earnings management. In so doing, we raise for the first time an important question about the potential link between adaptability culture and earnings management behavior for the subset of companies that have met or beaten analysts' expectations. Hence, we uniquely explore how adaptability culture drives managerial decisions, distinguishing between real earnings management and accrual-based tactics, and provide novel insights into the strategic shifts in these practices during tumultuous economic periods. To be clear, our results provide empirical evidence suggesting the usage of earnings management tactics; specifically, real earnings management during normal times and accrual earnings management during the COVID-19 pandemic. Our findings also show that the choice of earnings management tactics relate to the costs versus the benefits of each strategy, which could imply that during hard times, engaging in accruals earnings management could be a less costly alternative, however, further research is needed in this area.

The remainder of this paper is organized as follows: Section 2 presents the literature review; Section 3 provides the data and summary statistics; Section 4 details the main empirical results; Section 5 provides supplementary analyses and robustness checks; and Section 6 concludes with a discussion of our findings, their implications, and avenues for future research.

2 Literature Review

Performance relative to analysts' forecasts is of extreme importance to businesses and investors and has been extensively studied in prior literature (Kolasinski *et al*., 2023). For instance, Graham *et al.* (2022) conducted a series of interviews with more than 400 executives and CFOs and reported that around 73.5% considered analysts' consensus estimates to be a crucial performance benchmark and therefore, meeting or beating analysts' earnings estimates is deemed essential for a firm's status and prosperity (Iatridis and Kadorinis, 2009). In fact, managers are more likely to meet or beat analyst estimates when they report profits. In other words, they seek to report earnings that beat analysts' estimates (Brown, 2001). Additionally, the US capital markets seem to act as an incentive mechanism that motivates and rewards firms that perform well relative to analysts' earnings forecasts through higher valuations and punishes those that fail to do so through a market selloff (Bartov, Givoly and Hayn, 2002; Mande and Son, 2012; Luo, Wang and Wu, 2023).

Existing literature also draws a link between meeting and beating analysts' estimates and earnings management or/and manipulation. For instance, Chu *et al*. (2019) found evidence that firms pressured to maintain their reputation of outperforming earnings forecasts are more likely to engage in earnings manipulation. Similarly, firms that are known to have a meet or

beat streak rely on accruals and real earnings management to sustain their outperformance relative to the consensus forecasts or avoid breaking their streaks (Zhang *et al.*, 2018). Such studies show that firms pay special attention to analysts' expectations and short-term price fluctuations and may engage in earnings manipulation to avoid reporting losses (Roychowdhury, 2006). However, it is worth noting that other motives exist for earnings management besides outperforming earnings estimates including meeting the expectations of capital markets, lending and compensation agreements, and regulatory requirements (Healy and Wahlen, 1999; Iatridis and Kadoronis, 2009). Yet, the decision to engage in real vs accrual earnings management is linked to the benefits versus costs of doing so (Cohen and Zarowin, 2010). For instance, in an attempt to meet or beat analysts' expectations, managers might use discretion in defining non-GAAP earnings by excluding certain expenses when it is costly to engage in accruals earnings management (Doyle, Jennings and Soliman, 2013). These studies and many others are linked to the opportunistic view of agency theory in which managers, being utility seekers, are more likely to engage in opportunistic behaviour that benefits them at the expense of other stakeholders (Chu *et al.*, 2019; Habib *et al.*, 2022). Not only that, but the prospect theory can also help explain how the market seems to be myopic in its valuation of a firm's performance by focusing on the meet/beat data, thereby leading management to engage in earnings manipulation in order to avoid reporting losses (Burgstahler and Dichev, 1997). On the contrary, some scholars argue, under the efficiency or signalling view, that earnings management is not opportunistic in nature, but can signal a firm's ability to outperform in the future (Gunny, 2010), however, in our perspective, the opportunistic argument holds more weight and scholarly backing, i.e., companies engaging in earnings management are more likely doing so in an attempt to mislead stakeholders.

Interestingly, besides earnings management, firms have other tricks up their sleeves such as expectations management in which firms attempt to influence the capital market's

opinion and analysts' earnings forecasts through announcements and guidance. In addition, prior work suggests that firms seem to engage in upwards earnings management and downwards expectations management to avoid reporting negative earnings surprises (Brown and Pinello, 2007). Similarly, Burgstahler and Eames (2006) provide evidence that firms engage in the same earnings surprise games to meet or slightly beat analysts' estimates, whereas Filzen and Peterson (2015) show that financial statement complexity is positively related to expectations management in order to beat earnings' expectations.

So, what's the connection to corporate culture? It is logical to assume that earnings surprise games can also be influenced by firms' corporate culture given that 69% of executives indicate that corporate culture has a significant impact on financial reporting quality (Graham *et al.*, 2022). Indeed, recent research suggests that earnings management is linked to the firm's corporate culture. For instance, Zhao, Teng and Wu (2018) found that firms that heavily promote their corporate culture on the internet are less likely to engage in earnings management, whereas Lee, Lee and Kung (2022) found evidence that firms that publicize the culture of integrity through CSR activity disclosures report a lower use of accruals earnings management. Additionally, prior research suggests that earnings management is influenced by the strength of corporate culture (Xie, 2011; Ji, Rozenbaum and Welch, 2017; Li *et al.*, 2021; Saci, Jasimuddin and Hoque, 2021), the type of corporate culture (Harris, 2018, 2023; Aswani, 2020; Bhandari *et al.*, 2022), and level of corruption and CEO compensation (Biggerstaff, Cicero and Puckett, 2015; Liu, 2016).

Nonetheless, the link between corporate culture and meeting or beating analysts' estimates has been underexplored in the literature despite the recent meaningful rise in the use of corporate culture as an explanatory variable in corporate finance and accounting related studies. Such a relationship can be of extreme importance to academics, standard setters and

investors, given the established relationship between corporate culture and firms' financial performance. Even so, to our best knowledge, there are no prior studies that examine the relationship between a firm's adaptability culture and meeting or beating analysts' estimates[1] despite the significant importance of adaptability in today's everchanging world. We build our analyses on the earlier results of Zebian *et al*. (2023) where external culture was found to be positively linked to both return comovement and analyst coverage. In addition, it has been shown that analysts are attracted to firms based on corporate culture (Zhao, Jen and Chen, 2023). In this paper, we argue that higher analyst coverage can add market pressure to firms with an adaptable culture, thereby acting as a strong motive to meet or beat the analysts' consensus forecasts. The notion that market pressure impacts the firms' performance relative to analysts' estimates is in line with Huang, Pereira and Wang (2017) where a positive relationship was found between analyst coverage and whether a firm meets or beats analysts' estimates, and Williams and Sun (2015) who found evidence that market pressure on industry leaders cause them to have a higher propensity to meet or beat analysts' forecasts to maintain their reputation.

3 Data, Measures, and Summary Statistics

3.1 Data

To investigate the relationship between adaptability corporate culture and meeting/beating analysts' estimates, we build a unique sample in this study by merging data from multiple sources. First, we obtain annual firm-level financial accounting data of US publicly traded firms for the period 1994 to 2021 from the Compustat database. To produce

[1] The most related work is by Harris (2018, 2023) who using an alternative cultural framework to the one adopted in this study, namely the competing values framework (CVF), examine the relationship between a firm's competition culture and meeting or beating analysts' estimates.

our measure of adaptability culture, we conduct a textual analysis of firms' 10-K filings obtained from the Securities Exchange Commission's (SEC's) Edgar database. We obtain analyst forecast data from the Institutional Brokers Estimate System (I/B/E/S) database provided by the Thomson Reuters Corporation. We perform our analysis on all firms included in the Compustat database, excluding financials (SIC 6000-6999) and utilities (SIC 4900-4999). In addition, to limit survivorship bias, firms that are inactive or acquired by another firm during the period of study are retained in the sample. Also, we attempt to mitigate the effects of outliers by winsorizing all continuous variables at the 1% and 99% levels. Finally, we delete from our sample all firm-year observations with missing data on the main variables of interest (listwise deletion). This results in a main sample consisting of 33,582 firm-year observations for 4,834 unique firms. Table 1 reports the definitions of all the variables used in the analysis.

[Insert Table 1 Here]

3.2 Measuring Adaptability Culture using the Denison Model

Consistent with existing literature, we utilize a text-based analytic approach (please see for example, Fiordelisi and Ricci, 2014, 2021; Andreou *et al.*, 2022; etc) and build on the work of Zebian *et al.* (2023) to construct specific cultural measures based on Denison's organizational culture model (Denison, 1984, 1990; Denison and Mishra, 1995).

The Denison Model is a framework for understanding organizational culture, which identifies four cultural traits necessary for organizational effectiveness. As depicted in Figure 1, these cultural traits are situated along two dimensions: internal versus external orientation and stability versus flexibility. The four cultural traits are adaptability, mission, consistency, and involvement, which respectively measure an organization's ability to adapt to change, clarity of purpose, integration, and management's focus on empowering its employees

(Denison, 1984, 1990; Denison and Mishra, 1995; Fey and Denison, 2003; Kotrba *et al*., 2012; Denison *et al*., 2014; Zebian *et al*., 2023).

[Insert Figure 1 Here]

To estimate our measures of adaptability culture we adopt a text parsing process of the firms' 10-K reports based on a simple multi-step approach that is closely related to that taken in recent literature in this area (please see, for example, Fiordelisi and Ricci, 2014, 2021; Andreou *et al*., 2022; etc). We obtain the culture bag of words that are based on the Denison Organization Cultural Survey following Zebian *et al*. (2023). The details of the bag of words used for adaptability and other cultural traits are listed in Table 2.

[Insert Table 2 Here]

We then measure adaptability culture by counting the frequency of related words from the bag of words that are found in each firm's 10-K filings and then scale this count by the total number of words in the 10-K report, following Zebian *et al*. (2023); Fiordelisi and Ricci (2014, 2021). Specifically, we measure adaptability culture as follows:

$$ADAPT = \frac{Total\ word\ count\ related\ to\ adaptability\ culture}{Total\ words\ in\ 10K\ report}, \quad (1)$$

where *ADAPT* represents the firm's score with regards to adaptability culture across three dimensions, i.e., creating change, customer focus and organisational learning as per Denison's model. We also calculate cultural score measures for the remaining three cultural traits, i.e., "mission", "consistency" and "involvement", [2] using the same approach.

[2] Please see the Online Appendix of Zebian *et al*. (2023) for the multivariate validation analyses and sanity checks on our measure of firms' corporate culture. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4311338

3.3 Measuring Meeting/ Beating Earnings Forecasts

We employ analysts' forecast-based measures to capture firms' propensity to meet or beat analysts' forecasts following Cheng and Warfield (2005). Specifically, we take the difference between actual earnings per share (EPS) and the consensus of analysts' forecasts and compute a *MEET_BEAT* dummy variable equal to 1 if the reported earnings per share (EPS) for the year is greater than or equal to the final consensus of analysts' earnings estimates.

3.4 Measuring Expectations Management

As in Brown and Pinello (2007), we compute two measures of expectations management; denoted as *EXM* and *WLKDN*, which represent the presence and magnitude of downwards expectations management, respectively. In particular, *EXM* is a dummy variable that is equal to 1 if the reported earnings per share (EPS) is lower than the initial analysts' consensus. Meanwhile, analysts' walkdown, *WLKDN*, is calculated as the difference between the initial and final analysts' forecasts in which a positive number indicates downwards revisions by analysts (Brown and Pinello, 2007).

3.5 Measuring Earnings Management

We follow Hribar and Collins (2002); Kothari, Leone and Wasley (2005), Roychowdhury (2006), and Collins, Pungaliya and Vijh (2017), in constructing our measures of earning management activity. Specifically, we capture upwards earning management via the following variables; *POS_DCWA* , *POS_APROD* and *POS_ADEXP*. The variable *POS_DCWA* is an indicator that is equal to 1 if the firm manages its working capital accruals upwards, and is 0 otherwise; *POS_APROD* represents an indicator variable that is equal to 1 if the firm manages its production costs upwards and is 0 otherwise; and *POS_ADEXP* denotes

an indicator variable that is equal to 1 if the firm manages its discretionary expenses downwards and is 0 otherwise. [3]

3.6 Control Variables

We carefully select control variables for our empirical work based on the prior literature. To begin with, we include controls that capture firm-specific characteristics that have been used in previous corporate culture studies (see for example Andreou *et al*., 2022; Zebian *et al.*, 2023), and which also relate to both earnings management and meeting or beating analysts' estimates including the firm's age, size, leverage, growth, and financial health. In particular, we control for the number of years since incorporation, *AGE*, in line with literature showing that a firm's position in the business cycle can influence earnings management (see for example Callen, Rob and Segal, 2008; Stubben, 2010). We also control for the natural logarithm of the market value of equity, *SIZE*, as larger firms tend to have more analyst coverage which motivates them to meet or beat analysts' estimates (Cheng and Warfield, 2005; Williams and Sun, 2015). In line with Quinn (2018), we control for the firm's debt-to-equity ratio, *LEV*, since it relates to external market pressure faced by firms, and the market-to-equity ratio, *MTB*, since high-growth firms have a higher incentive (Quinn, 2018) and tendency (Cheng and Warfield, 2005) to meet or beat analysts' forecasts. Finally, we control for the financial health of companies which can have an influence on the use of earnings management by including Altman's (1968) bankruptcy risk measure, *ZSCORE* (Zhang *et al*., 2018; Andreou *et al*., 2022).

Additionally, the literature shows that one of the costs of engaging in earnings management is market scrutiny, which could deter companies from using them (Cohen and

[3] Please see the Appendix for further details on how these variables are estimated.

Zarowin, 2010), so we control for those variables by including: a dummy equal to 1 if the firm is audited by one of the Big 4 accounting firms (i.e. KPMG, PWC, Deloitte, and E&Y) and is 0 otherwise*, BIG4*; the number of years the firm is audited by the same accounting firm, *TENURE*; an indicator that is equal to 1 if the firm's auditor issues a modified opinion, and is 0 otherwise, *MODIFIED.*

Following Cheng and Warfield (2005), we also include a series of additional control variables that have a huge influence on earnings management and meeting/beating analysts' consensus by controlling for the percentage growth in revenue, *REV_GROWTH*, as another proxy for firm's growth which positively relates to outperforming analysts' expectations; net operating assets, *NOA*, as companies starting their fiscal year with higher NOA tend to end with negative earnings surprises; and the natural log of number of shares outstanding, *SHARES*, since a lower number positively impacts both earnings per share measure and propensity to beat estimates. In addition, literature shows that companies facing higher litigation risk and implicit claims are motivated to avoid missing analysts' earnings estimates; we control for these by including a dummy variable that captures whether the firm is in a high litigation industry, *LIT*, and a measure of labour intensity as a proxy for implicit claims, *CLAIM*, calculated as one minus the ratio of gross property plant and equipment to total assets. Moreover, we control for analyst attributes such as the number of analysts estimates as per the final consensus, *NUM_ESTIMATE*; and variation in analyst consensus estimates, *CV_FORECAST*, which influence incentives related to analysts' estimates, as higher coverage usually motivates outperformance.

Finally, we follow Brown and Pinello (2007) and control for forecasting uncertainty proxied by the absolute value of the analysts' forecast error, *FE*, since it increases the probability of negative earnings surprises, in addition to lack of profitability using an indicator equal to 1 if the firm reported a negative earnings per share and 0 otherwise, *LOSS*.

3.7 Summary Statistics and Correlation Analysis

The descriptive statistics of the variables used in our main analyses are displayed in Table 3. We observe a mean value of 0.0249 for our adaptability culture variable, *ADAPT*, and a mean value of 0.6822 for the propensity to meet or beat analysts' estimates, *MEET_BEAT*. Overall, we observe that the summary statistics on the variables used in our analyses are largely comparable to the values reported in previous studies using these data (please see, for example, Fiordelisi *et al*., 2019; Andreou *et al*., 2022; Zebian *et al*., 2023).

We compute Pearson correlation coefficients for the variables used in our analyses and provide these in Table 4. The pairwise relationship between our measure of adaptability corporate culture, *ADAPT,* and our measure of meeting or beating analysts' estimates, *MEET_BEAT*, is positive and significant, with a correlation coefficient of 0.112. In addition, some of the more interesting relationships we notice are that our measure of the "adaptability" cultural trait, *ADAPT*, is related to our measures of expectations management, *EXM* and *WLKDN*, with correlation coefficients of 0.05 and -0.041, respectively. Furthermore, we find *ADAPT* to have stronger positive relationships with both measures of upwards real earnings management, *POS_APROD* and *POS_ADEXP*, with correlation coefficients of 0.094 and 0.145, respectively. However, we observe a weak relationship between *ADAPT* and our measure of accruals earnings management, *POS_DWCA*, with a correlation coefficient of negative -0.001.

[Insert Table 4 Here]

4 Main Empirical Results

4.1 Adaptability Corporate Culture and Meeting or Beating Analysts' Estimates

Next, we investigate whether a firm's adaptability corporate culture is related to the propensity to meet or beat analysts' estimates. We argue that firms with higher levels of adaptability culture are subject to a greater level of market scrutiny since such firms are followed by more financial analysts (please see Zebian *et al*., 2023).[4] Therefore, we expect the management of adaptable firms to be highly incentivized to meet or beat analysts' earnings estimates given the higher market pressure (Williams and Sun, 2015; Huang *et al*., 2017). Hence, we test whether adaptability culture is positively related to the propensity of meeting or beating analysts' consensus forecasts. To do this, we estimate the following regression model:

$$\begin{aligned} MEET\_BEAT_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} + \beta_5 AGE_{i,t} \\ & + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 MTB_{i,t} + \beta_9 ZSCORE_{i,t} + \beta_{10} BIG4_{i,t} \\ & + \beta_{11} TENURE_{i,t} + \beta_{12} MODIFIED_{i,t} + \beta_{13} REV\_GROWTH_{i,t} + \beta_{14} NOA_{i,t-1} \\ & + \beta_{15} SHARES_{i,t} + \beta_{16} LIT_{i,t} + \beta_{17} CLAIM_{i,t} + \beta_{18} NUM\_ESTIMATE_{i,t} \\ & + \beta_{19} CV\_FORECAST_{i,t} + \beta_{20} FE_{i,t} + \beta_{21} LOSS_{i,t} + \varepsilon_{i,t}, \end{aligned} \quad (2)$$

where our dependent variable *MEET_BEAT* is a dummy variable equal to 1 if actual earnings per share (EPS) is greater than or equal to the analysts' consensus forecast, and 0 otherwise, and the independent variable, *ADAPT*, represents our adaptability culture measure. We also control for other cultural traits *MISSION*, *CONSIST* and *INVOLVE*, which represent the mission, consistency and involvement traits, respectively. In estimating this model, we account for the impact of other factors by including firm-specific control variables and other variables that are known to strongly relate to the firms' propensity to meet or beat analysts' forecasts as per existing literature. All the variables have been previously defined (please see Table 1). In

[4] As previously reported in Zebian *et al*. (2023), we also find in untabulated results evidence of a positive relationship between the number of analysts' estimates and adaptability culture.

addition, we include in our estimates year and industry dummies in all specifications to control for unobserved time-invariant year and industry effects. The coefficient of interest is β_1 in Eq. (2) and is predicted to be positive and significant.

Table 5 column (1) presents the random-effects panel logit regression estimates of Eq. (2), where the coefficient term 0.1175 (p-value < 0.01) on the *ADAPT* variable indicates the nature of the link between adaptability cultural trait and the firm's propensity to meet or beat analysts' estimates. Consistent with our expectations, we find this relationship to be positive and statistically significant[5]. Additionally, we provide pooled logit, random-effects panel probit and pooled probit estimates of Eq. (2) in columns (2), (3) and (4) of Table 5, and these are consistent with our panel logit results. Additional endogeneity checks and robustness tests for the relationship between adaptability corporate culture and firm,' propensity to meeting or beating analysts' estimates relation are provided in Section 5.

[Insert Table 5]

4.2 The Interaction between Adaptability Culture and Innovation in Meeting or Beating Analysts' Estimates

Our results suggests that adaptability culture plays an important role in meeting or beating analysts' estimates. Yet, a valid argument could be made that our results may be possibly driven by the innovative nature of these firms, i.e., our measure of adaptability culture might only be capturing innovation, and not specifically a consequence of adaptability culture, especially since prior research has already documented a relationship between innovation and earnings management (see for example, Jeppson and Salerno, 2017; Lobo *et al.*, 2018; Guggenmos, 2020) which could further impact the propensity to meet or beat analysts'

[5] We also examine the relationship between *ADAPT* and the one-year ahead *MEET_BEAT* in Table A.1 and test the robustness of the relationship using Linear Probability Models (LPM) and Conditional Logit model in Table A.2 of the Appendix and the results are consistent with Table's 5 results. Additionally, we examine the relationship between *ADAPT* and consistently meeting or beating of analysts' estimates for streaks 2, 3, 4 and 5 consecutive years in Tables A.10 and A.11 of the Appendix. We find similar results to those reported in Table 5.

estimates. Indeed, we acknowledge the notion that adaptable firms are more innovative (please see Zebian *et al*., 2023) and that innovative firms are more likely to meet or beat analysts' earnings estimates (please see, e.g., Jeppson and Salerno, 2017; Lobo et al., 2018); hence, it is likely that innovation mediates the relationship between adaptability culture and meeting/beating earnings expectations.[6] However, we argue that the measure of adaptability culture is more inclusive and incapsulates innovation as well as other dimensions within an organization including customer focus, organizational learning and creating change. Thus, we evaluate the interplay between adaptability culture and innovation. In so doing, we argue that innovation serves to moderate the relationship between adaptability culture and meeting/beating earnings expectations. We argue that this is plausible since it is likely that innovation—stemming from an adaptable culture—intensifies a firm's capacity to achieve favorable financial reporting outcomes. This is to say, innovative firms, characterized by their adaptability culture, may have more sophisticated tools and processes at their disposal, enabling them to meet or beat analyst estimates with greater efficiency. Therefore, we hypothesize that innovation may further enhance the propensity of adaptable firms to meet or beat analysts' estimates. As such, we adopt two measures for innovation[7]; the first measure represents innovative firms based on whether they operate in a High-Tech[8] industry, *HT*, or not, while the second measure, *INNOV*, is a dummy equal to one if the firm's median R&D expenses in the past three years is greater than the industry's median R&D spending in the past three years following Jeppson and Salerno (2017). Next, we re-examine the relationship between adaptability culture and meeting/beating analysts' estimates by including a culture-

[6] In untabulated results we explore the possibility that innovation mediates the relationship between adaptability culture and meeting/ beating expectations; we find no evidence of the mediating role of innovation.
[7] We also test for output innovation (number of patents) but do not find the relationship with our dependent variable to be significant.
[8] High-Tech industry is based on Kenneth French's five (5) Industry portfolio and includes firms in industries related to Computers, Software and Electronic equipment.

innovation interaction dummy based on our two measures of innovation using the following models:

$$\begin{aligned} MEET\_BEAT_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} \\ & + \beta_5 ADAPT_{i,t} \times HT_{i,t} + \beta_6 HT_{i,t} + \beta_7 AGE_{i,t} + \beta_8 SIZE_{i,t} + \beta_9 LEV_{i,t} \\ & + \beta_{10} MTB_{i,t} + \beta_{11} ZSCORE_{i,t} + \beta_{12} BIG4_{i,t} + \beta_{13} TENURE_{i,t} + \beta_{14} MODIFIED_{i,t} \\ & + \beta_{15} REV\_GROWTH_{i,t} + \beta_{16} NOA_{i,t-1} + \beta_{17} SHARES_{i,t} + \beta_{18} LIT_{i,t} \\ & + \beta_{19} CLAIM_{i,t} + \beta_{20} NUM\_ESTIMATE_{i,t} + \beta_{21} CV\_FORECAST_{i,t} \\ & + \beta_{22} FE_{i,t} + \beta_{23} LOSS_{i,t} + \varepsilon_{i,t}, \end{aligned} \tag{3}$$

and,

$$\begin{aligned} MEET\_BEAT_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} \\ & + \beta_5 ADAPT_{i,t} \times INNOV_{i,t} + \beta_6 INNOV_{i,t} + \beta_7 AGE_{i,t} + \beta_8 SIZE_{i,t} + \beta_9 LEV_{i,t} \\ & + \beta_{10} MTB_{i,t} + \beta_{11} ZSCORE_{i,t} + \beta_{12} BIG4_{i,t} + \beta_{13} TENURE_{i,t} + \beta_{14} MODIFIED_{i,t} \\ & + \beta_{15} REV\_GROWTH_{i,t} + \beta_{16} NOA_{i,t-1} + \beta_{17} SHARES_{i,t} + \beta_{18} LIT_{i,t} \\ & + \beta_{19} CLAIM_{i,t} + \beta_{20} NUM\_ESTIMATE_{i,t} + \beta_{21} CV\_FORECAST_{i,t} \\ & + \beta_{22} FE_{i,t} + \beta_{23} LOSS_{i,t} + \varepsilon_{i,t}, \end{aligned} \tag{4}$$

where the variable, *ADAPT x HT*, represents an interaction dummy between adaptability culture, *ADAPT*, and innovation as proxied by firms operating in the High-Tech industry, *HT*, while the variable *ADAPT x INNOV*, represents another interaction dummy between adaptability and innovation based on the firm's R&D spending compared to the industry. In Eq. (3) and (4), β_5 measures the incremental impact of innovation on the relationship between adaptability culture and meeting or beating analysts' forecasts; we expect this coefficient to be positive and significant. Additionally, we expect our main measure, β_1, to be consistent with our earlier results after we control for the marginal effect of innovation.

The results are presented in Table 6, where we find the relationship between adaptability culture and meeting/beating analysts' estimates to be positive and significant. Additionally, we find a positive marginal impact on innovation on the relationship between adaptability and the propensity to meet or beat analysts' estimates in which the coefficients for

ADAPT x HT, in Panel A, and *ADAPT x INNOV*, in Panel B, are both positive and statistically significant.

[Insert Table 6 Here]

4.3 Adaptability Culture and Earnings Surprise Games

Thus far, our results imply that firms with a higher adaptability culture are more likely to meet or beat analysts' expectations. This raises a valid question as to how those firms are able to do so. Earlier research (see for example, Burgstahler and Eames, 2006; Brown and Pinello, 2007; Filzen and Peterson, 2015) suggests that firms are more likely to meet or beat analysts' estimates through two strategies: downwards expectations management and upwards earnings management. Using the first strategy, a firm's management sends signals to analysts in an attempt to influence them to revise their earnings estimates downwards, thus making it easier for them to meet or beat the consensus forecasts. Alternatively, the firm's management can engage in upwards management of its accruals or real earnings.

4.3.1 Adaptability Culture and Downwards Expectations Management to Meet or Beat Analysts' Estimates

In this section, we examine whether adaptable firms engage in downwards expectations management in an attempt to meet or beat analysts' estimates. In particular, we study the relationship between adaptability culture and downwards expectations management for the subsample of firms which meet or beat analysts' consensus forecasts. Specifically, we test whether firms with higher adaptability culture that have met or beaten analysts' forecasts are more likely to engage in downwards expectations management using the regression model below.

$$\begin{aligned} EXP\_MGT_{i,t} \;=\; & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} + \beta_5 AGE_{i,t} \\ & + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 MTB_{i,t} + \beta_9 ZSCORE_{i,t} + \beta_{10} BIG4_{i,t} \\ & + \beta_{11} TENURE_{i,t} + \beta_{12} MODIFIED_{i,t} + \beta_{13} REV\_GROWTH_{i,t} + \beta_{14} NOA_{i,t-1} \\ & + \beta_{15} SHARES_{i,t} + \beta_{16} LIT_{i,t} + \beta_{17} CLAIM_{i,t} + \beta_{18} NUM\_ESTIMATE_{i,t} \end{aligned}$$

$$+ \beta_{19} CV\_FORECAST_{i,t} + \beta_{20} FE_{i,t} + \beta_{21} LOSS_{i,t} + \varepsilon_{i,t}, \quad (5)$$

where downwards expectations management, *EXP_MGT*, is proxied by two expectations management measures: *EXM* and *WLKDN*. We estimate Eq. (5) for the subsample of firms that meet or beat analysts' estimates.

As per the results of our analysis in Table 7, the coefficient of *EXM* is insignificant while *WLKDN* is negative, hence, suggesting that adaptability culture is not linked to expectations management in order to avoid non-negative earnings surprises.

[Insert Table 7 Here]

4.3.2 Adaptability Culture and Upwards Earnings Management to Meet or Beat Analysts' Estimates

Existing research shows that innovative firms are more likely to engage in earnings management in order to smooth earnings caused by volatile operations, raise the needed capital to fund large expenditures and increase their stock valuations (Jeppson and Salerno, 2017; Lobo *et al*., 2018; Guggenmos, 2020). As such, we anticipate that the more adaptable firms become, i.e., more innovative in terms of number of patents and R&D spending (Zebian *et al*., 2023), the more likely they are to engage in earnings management to meet or beat analysts' estimates. To test for the relationship between adaptability culture and earnings management for the subsample of firms that have met or beaten analysts' estimates, we use the following model:

$$\begin{aligned} UP\_EM_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} + \beta_5 AGE_{i,t} \\ & + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 MTB_{i,t} + \beta_9 ZSCORE_{i,t} + \beta_{10} BIG4_{i,t} \\ & + \beta_{11} TENURE_{i,t} + \beta_{12} MODIFIED_{i,t} + \beta_{13} REV\_GROWTH_{i,t} \\ & + \beta_{14} NOA_{i,t-1} + \beta_{15} LIT_{i,t} + \beta_{16} CLAIM_{i,t} + \varepsilon_{i,t}, \end{aligned} \quad (6)$$

where *UP_EM* represents the tendency to use upwards earnings management and is proxied by a measure for accruals earnings management and two measures for real earnings management. Specifically, we proxy *UP_EM* by dummies equal to 1 in case of upwards management of

discretionary working capital accruals, and abnormal production costs, *POS_DWCA*[9], and *POS_APROD*, respectively, and 0 otherwise, and a dummy equal to 1 in case of downwards management of discretionary expenses, *POS_ADEXP*, and 0 otherwise.

The results are presented in Table 8, in which, consistent with earlier research and our expectations, we find the relationship between adaptability culture and both measures of real earnings management, *POS_APROD* and *POS_ADEXP*, given a meet or beat, to be positive and statistically significant[10]. In contrast, we observe a negative relationship with our measure of accruals earnings management, *POS_DWCA*.

[Insert Table 8 Here]

4.4 Adaptability Culture and Earnings Management During Crisis Periods

Corporate culture seems to play an important role during a pandemic, whereby companies with a stronger corporate culture that is linked to innovation tend to be more resilient and profitable (Li *et al*., 2021). Our earlier results also show that adaptability culture is positively linked to meeting or beating analyst estimates. We now explore the role played by the COVID-19 pandemic on the relationship between the firms' adaptability culture and the use of upwards earnings management to meet or beat analysts' estimates. Generally, during times of crisis, we expect a significant drop in firms' earnings in addition to a deterioration in financial conditions. In such an environment, and despite lower analysts' forecasts, we argue that adaptable firms are more likely to intensify their earnings management efforts in an attempt to raise the capital needed to support their operations (Jeppson and Salerno, 2017) given a

[9] Please refer to the Appendix for full details on the calculation of our earnings management measures.
[10] Table A.5 in the Appendix extends the results of Table 8 with additional controls for innovation. We also re-examine the relationship between *ADAPT* and upwards earnings management with controls for corporate governance in Table A.6 and institutional ownership in Table A.7. Furthermore, we provide in Table A.8 estimates for the relationship between *ADAPT* and upwards earnings management to meet or just beat (<1 cent), small beat (<5 cents), large beat (> 5 cents) analyst estimates. Additionally, we examine whether the relationship holds for a subsample of firms with meet or beat steaks of 3, 4, and 5 years; these results are presented in Table A.12.

tighter credit market during crisis periods. To test this hypothesis, we estimate the following empirical model:

$$\begin{aligned} UP\_EM_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} \times COVID_t + \beta_2 MISSION_{i,t} \times COVID_t + \beta_3 CONSIST_{i,t} \times COVID_t \\ & + \beta_4 INVOLVE_{i,t} \times COVID_t + \beta_5 COVID_t + \beta_6 ADAPT_{i,t} + \beta_7 MISSION_{i,t} \\ & + \beta_8 CONSIST_{i,t} + \beta_9 INVOLVE_{i,t} + \beta_{10} AGE_{i,t} + \beta_{11} SIZE_{i,t} + \beta_{12} LEV_{i,t} \\ & + \beta_{13} MTB_{i,t} + \beta_{14} ZSCORE_{i,t} + \beta_{15} BIG4_{i,t} + \beta_{16} TENURE_{i,t} + \beta_{17} MODIFIED_{i,t} \\ & + \beta_{18} REV\_GROWTH_{i,t} + \beta_{19} NOA_{i,t-1} + \beta_{20} LIT_{i,t} + \beta_{21} CLAIM_{i,t} + \varepsilon_{i,t}, \end{aligned} \quad (7)$$

where earnings management, *UP_EM*, is proxied by our three measures, *POS_DWCA*, *POS_APROD* and *POS_ADEXP*. The variable *COVID*, represents the COVID-19 pandemic and is coded 1 for the period 2020 and 0 otherwise. In Eq. (7), β_1 represents our coefficient of interest as it measures the incremental impact of adaptability culture and the tendency to use earnings management in an attempt to avoid negative earnings surprises during the COVID-19 pandemic, *COVID*; we expect this coefficient to be positive and significant.

In Table 9, we explore the impacts of the COVID-19 pandemic on the relationship between adaptability culture and upwards earnings management[11]. The results of our main model in column (1) show that during the COVID-19 pandemic, firms are more likely to manage their discretionary accruals upwards compared to other earnings management techniques, where we notice the *COVID* coefficient of 0.3099 (*p*-value <0.01) to be positive and statistically significant. More importantly, the incremental impact of the COVID-19 pandemic on adaptability culture, *ADAPT* x *COVID*, is also positive and statistically significant implying that the more adaptable firms are, the more likely they are to switch their usual tactics, i.e., real earnings management during normal times, in favour of accruals earnings management during challenging times. A possible explanation could be the higher costs of engaging in upwards real earnings management during the COVID-19 pandemic period in which most

[11] We also test the main relationship between *ADAPT* and *MEET_BEAT* during the COVID-19 pandemic. Our results are presented in Table A.4 of the Appendix.

countries witnessed partial to complete lockdowns and firms faced heightened supply chain issues arguably making accruals earnings management a less costly alternative.[12]

[Insert Table 9 Here]

5 Endogeneity and Robustness Tests

5.1 Adaptability Culture and Meeting or Beating Analyst Estimates: Instrumental variable analysis

Further, it is possible that the level of adaptability corporate culture is influenced by past instances of meeting or beating analysts' estimates; therefore, our measure of adaptability cultural trait, *ADAPT*, could be jointly determined with our measures of meeting or beating analysts' estimates, *MEET_BEAT*, and as a consequence, our main results could be subject to potential simultaneity bias. We attempt to take this into consideration by estimating the following two-stage 2SLS IV models to allow for potential endogeneity:

$$\begin{aligned} MEET\_BEAT_{i,t} \;=\; & \alpha + \beta_1 \hat{A}DAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} + \beta_5 AGE_{i,t} \\ & + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 MTB_{i,t} + \beta_9 ZSCORE_{i,t} + \beta_{10} BIG4_{i,t} \\ & + \beta_{11} TENURE_{i,t} + \beta_{12} MODIFIED_{i,t} + \beta_{13} REV\_GROWTH_{i,t} + \beta_{14} NOA_{i,t-1} \\ & + \beta_{15} SHARES_{i,t} + \beta_{16} LIT_{i,t} + \beta_{17} CLAIM_{i,t} + \beta_{18} NUM\_ESTIMATE_{i,t} \\ & + \beta_{19} CV\_FORECAST_{i,t} + \beta_{20} FE_{i,t} + \beta_{21} LOSS_{i,t} + \varepsilon_{i,t}, \end{aligned} \tag{8.a}$$

and,

$$\begin{aligned} ADAPT_{i,t} \;=\; & \alpha + \beta_1 ADAPT\_IND_{i,t} + \beta_2 ADAPT\_STATE_{i,t} + \beta_3 MISSION_{i,t} + \beta_4 CONSIST_{i,t} + \beta_5 INVOLVE_{i,t} \\ & + \beta_6 AGE_{i,t} + \beta_7 SIZE_{i,t} + \beta_8 LEV_{i,t} + \beta_9 MTB_{i,t} + \beta_{10} ZSCORE_{i,t} + \beta_{11} BIG4_{i,t} + \beta_{12} TENURE_{i,t} \\ & + \beta_{13} MODIFIED_{i,t} + \beta_{14} REV\_GROWTH_{i,t} + \beta_{15} NOA_{i,t-1} + \beta_{16} SHARES_{i,t} + \beta_{17} LIT_{i,t} \\ & + \beta_{18} CLAIM_{i,t} + \beta_{19} NUM\_ESTIMATE_{i,t} + \beta_{20} CV\_FORECAST_{i,t} \\ & + \beta_{21} FE_{i,t} + \beta_{22} LOSS_{i,t} + \varepsilon_{i,t}, \end{aligned} \tag{8.b}$$

[12] We also provide the results of the relationship between adaptability firms and earnings management during the Global Financial Crisis (GFC) in Table A.9 in the Appendix.

where the variable *ADAPT_IND* represents the mean adaptability culture, *ADAPT*, measured for the firm's industry for the fiscal year, and *ADAPT_STATE* represents the mean adaptability culture, *ADAPT*, measured for the firm's state for the fiscal year, and adopt these variables as our instruments for adaptability culture. Our selection of *ADAPT_IND* and *ADAPT_STATE* as instrumental variables is predicated on the premise that while industry and state-level cultural norms influence firm-level adaptability, they are unlikely to directly affect short-term earnings estimations, thereby providing a suitable exogenous variation for *ADAPT*.

Our 2SLS IV results are presented in Table 10. Consistent with our previous findings, these results support the notion that the more adaptable firms are, the higher their propensity to meet or beat analysts' forecasts. To further validate our IV regression results, we conduct a number of diagnostic tests including the Hausman's (1978) test to assess the endogeneity of the first stage of our 2SLS IV estimates; our results suggest that we should reject the null hypotheses that our measures of adaptability culture and the propensity to meet or beat analysts' forecasts are exogenous. In addition, we test for any weakness in our instruments following Stock and Yogo's (2005) test and find our instruments to be appropriate. Furthermore, the Hansen J-statistics indicate that the instruments used in our analyses are uncorrelated with the disturbance process of the models, and this satisfies the exclusion principle.

[Insert Table 10 Here]

5.2 Adaptability Culture and Meeting or Beating Analysts' Estimates: Heckman two-stage self-selection model

Next, we recognize that our estimations may be subject to some sort of selection bias that could potentially result from correlation between our independent variables, specifically, *ADAPT*, and the error term, ε, thereby leading to inconsistent estimates. Hence, to control for

selection bias, we conduct a two-stage estimation procedure following Heckman (1979). In the first stage, we use a probit model to estimate an above industry median score of adaptability culture, *HIGH_ADAPT*, where we apply the same control variables used in the prior analyses, and calculate the inverse Mill's ratio, *LAMBDA,* from the estimated parameters. In the first stage, we also incorporate the percentage of dedicated institutional ownership, *INST_DED*, as these investors are typically more focused on long-term value creation (Andreou et al. 2022). Their longer-term invest- ment horizon may give them greater influence over corporate culture compared to other types of institutional investors. In the second stage, we re-run our original model in Eq. (2), whilst including *LAMBDA* from this first stage as an additional explanatory variable and exclude *INST_DED* as dedicated institutional investors are less likely to affect meeting or beating analysts' estimates. Additionally, we conduct diagnostic checks for multicollinearity to ensure a robust application of the Heckman selection model (Lennox, Francis and Wang, 2012). To be clear, we estimate the following empirical models:

$$\begin{aligned} HIGH\_ADAPT_{i,t} = {} & \alpha + \beta_1 MISSION_{i,t} + \beta_2 CONSIST_{i,t} + \beta_3 INVOLVE_{i,t} + \beta_4 AGE_{i,t} + \beta_5 SIZE_{i,t} \\ & + \beta_6 LEV_{i,t} + \beta_7 MTB_{i,t} + \beta_8 ZSCORE_{i,t} + \beta_9 BIG4_{i,t} + \beta_{10} TENURE_{i,t} \\ & + \beta_{11} MODIFIED_{i,t} + \beta_{12} REV\_GROWTH_{i,t} + \beta_{13} NOA_{i,t-1} \\ & + \beta_{14} SHARES_{i,t} + \beta_{15} LIT_{i,t} + \beta_{16} CLAIM_{i,t} + \beta_{17} NUM\_ESTIMATE_{i,t} \\ & + \beta_{18} CV\_FORECAST_{i,t} + \beta_{19} FE_{i,t} + \beta_{20} LOSS_{i,t} + \beta_{21} INST\_DED_{i,t} + \varepsilon_{i,t}, \end{aligned} \tag{9.a}$$

and,

$$\begin{aligned} MEET\_BEAT_{i,t} = {} & \alpha + \beta_1 ADAPT_{i,t} + \beta_2 MISSION_{i,t} + \beta_3 CONSIST_{i,t} + \beta_4 INVOLVE_{i,t} + \beta_5 AGE_{i,t} \\ & + \beta_6 SIZE_{i,t} + \beta_7 LEV_{i,t} + \beta_8 MTB_{i,t} + \beta_9 ZSCORE_{i,t} + \beta_{10} BIG4_{i,t} \\ & + \beta_{11} TENURE_{i,t} + \beta_{12} MODIFIED_{i,t} + \beta_{13} REV\_GROWTH_{i,t} + \beta_{14} NOA_{i,t-1} \\ & + \beta_{15} SHARES_{i,t} + \beta_{16} LIT_{i,t} + \beta_{17} CLAIM_{i,t} + \beta_{18} NUM\_ESTIMATE_{i,t} \\ & + \beta_{19} CV\_FORECAST_{i,t} + \beta_{20} FE_{i,t} + \beta_{21} LOSS_{i,t} + \beta_{22} LAMBDA_{i,t} + \varepsilon_{i,t}. \end{aligned} \tag{9.b}$$

The estimates from our Heckman analysis are presented in Table 11 and are consistent with our prior results, in which *LAMBDA* is insignificant indicating no selection bias in our estimations.

[Insert Table 11 Here]

5.3 Adaptability Culture and Meeting or Beating Analysts' Estimates: Subsample analysis

We further explore the relationship between the adaptability cultural trait and the propensity to meet or beat analysts' estimates, by re-estimating Eq. (2) for subsamples of "Large Firms" and "Small Firms". This approach is grounded in the hypothesis that scale may amplify (especially for large firms) and attenuate (especially for small firms) the likelihood for earnings to align with market expectations (please see, for example, Lim, 2001; Huang *et al*., 2017). Thus, our subsample analysis differentiates between "Large Firms" and "Small Firms" in order to investigate if firm size modulates the influence of adaptability culture on meeting or beating analyst's earnings forecasts. Accordingly, we define a subsample group as Large (Small) if it is above (below) the yearly median of our *SIZE* variable. Thus, if adaptability culture serves the purpose that we describe and is not simply driven by the size of the firms in question, we expect to observe a relationship between adaptability culture and meeting or beating analysts' estimates across subsamples.

The results of this subsample analysis are presented in Table 12, where we find that adaptability culture increases the propensity of meeting or beating analyst estimates for both "Large Firms" and "Small Firms". [13]

[Insert Table 12 Here]

[13] Table A.3 provided regressions for adaptability culture on meeting or beating analysts' estimates by subsamples based on Fama and French five (5) industry classifications.

6 Conclusion

In this paper, we investigate the relationship between adaptability culture and firms' propensity to meet or beat analysts' estimates. In doing so, we utilize a textual-based corporate culture measure based on Denison's model and build on the earlier work of Zebian *et al*. (2023) where firms with externally oriented cultural traits have been found to have higher analyst coverage. Consequently, we argue that adaptable firms, subject to increased market scrutiny, are more incentivised to meet or beat analysts' estimates. Our results align with this expectation, revealing that adaptable firms are indeed more likely to meet analysts' estimates. Interestingly, we find evidence that adaptability culture is not associated with expectations management; rather, the more adaptable a firm becomes, the more likely it is to engage in real earnings management to achieve its targets. However, during times of crisis, such as the COVID-19 pandemic, these firms appear to shift their tactics towards a less costly approach, opting for accruals-based earnings management. This behaviour underscores their adaptability nature regarding earnings management strategies.

Our results are robust across different estimation methods and subsamples including controls for innovation, corporate governance, and institutional ownership. Notably, our results merely touch on the link between adaptability culture and meeting or beating analysts' earnings forecasts through earnings management and does not cover the real motives behind such actions, i.e., whether opportunistic or signalling. We keep this area open for future research.

Our study has significant implications for the fields of corporate finance and accounting, specifically in the areas relating to corporate culture and analysts' expectations. The findings shed light on the motivations behind earnings management and the accounting practices firms employ to meet or exceed analysts' estimates, offering valuable insights for academics, the broader business community, and regulatory bodies. Specifically, our research

demonstrates that firms characterized by an adaptability culture are more likely to meet or beat analysts' estimates due to the heightened market scrutiny they face. This propensity not only influences investor behaviour but also raises crucial considerations for the finance industry and regulators. For investors, understanding the dynamics of adaptability culture can inform their expectations and strategies, potentially leading to more discerning evaluations of firm performance. Meanwhile, regulatory bodies may need to consider how the pressure to satisfy market expectations affects corporate behaviour and the integrity of financial reporting. Ultimately, our findings underscore the need for stakeholders to recognize the dual-edged nature of adaptability in corporate culture—while it may enhance performance visibility, it can also lead to increased earnings management practices that warrant careful examination.

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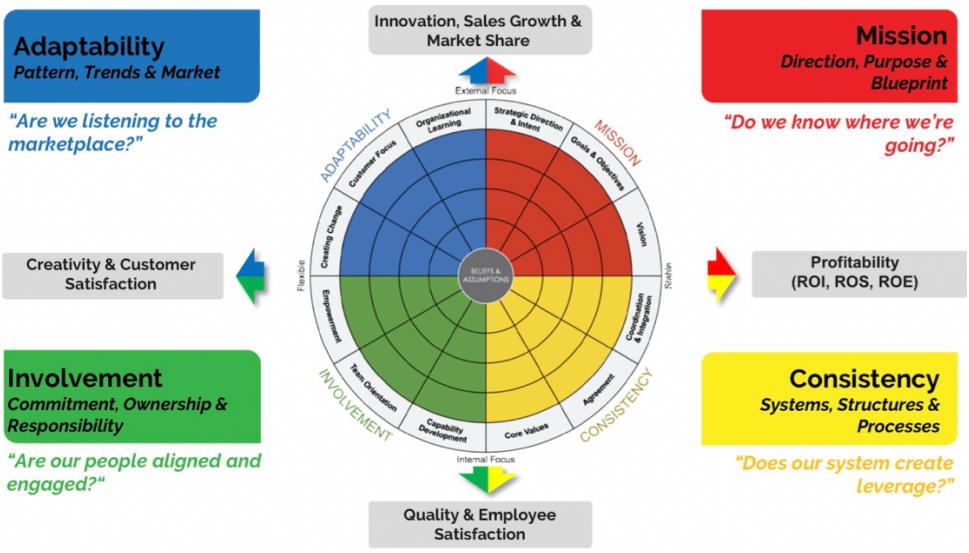
Figure 1: Corporate Culture Traits Associated with Denison Model



Adopted from Zebian *et al*. (2023)
Source: Denison Consulting Group (www.denisonconsulting.com)

Table 1: Variable Definitions

Symbol		Definitions
Corporate culture variables		
ADAPT	=	adaptability score for each fiscal year based on the textual analysis approach;
MISSION	=	mission score for each fiscal year based on the textual analysis approach;
CONSIST	=	consistency trait score for each fiscal year based on the textual analysis approach;
INVOLVE	=	involvement score for each fiscal year based on the textual analysis approach;
Meet/Beat variable		
MEET_BEAT	=	an indicator equal to 1 if actual earnings per share (EPS) is greater than or equal to the analysts' consensus forecast, and 0 otherwise;
Expectations Management variables		
EXM	=	an indicator equal to 1 if the actual EPS is lower than the initial analysts' consensus forecast and *MEET_BEAT* is equal to 1, and 0 otherwise;
WLKDN	=	analysts' walkdown calculated as the difference between the initial and final analysts' forecasts. A positive number indicates downwards revisions by analysts;
Earnings Management variables		
POS_DCWA	=	an indicator that is equal to 1 if the firm manages its working capital accruals upwards, and is 0 otherwise, which indicates more income increasing accruals earnings management (see the Appendix for further details);
POS_APROD	=	an indicator that is equal to 1 if the firm manages its production costs upwards and is 0 otherwise, which indicates more income increasing real earnings management (see the Appendix for further details);
POS_ADEXP	=	an indicator that is equal to 1 if the firm manages its discretionary expenses downwards and is 0 otherwise, which indicates more income increasing real earnings management (see the Appendix for further details);
Control variables		
AGE	=	firm's age calculated as years since incorporation;
SIZE	=	firm's size as measured by the natural logarithm of its market capitalization;
LEV	=	leverage as measured by total debt divided by total assets;
MTB	=	firm's market-to-book value at the end of each fiscal year;
ZSCORE	=	Altman's (1968) bankruptcy measure calculated as 1.2 × [(act - lct)/at] + 1.4 × [re/at] + 3.3 × [ebit/at] + 0.6 × [(csho*prcc_f)/lt] + 0.999 × [revt/at]);
BIG4	=	indicator that is equal to 1 if the firm is audited by one of the Big 4 accounting firms (i.e., KPMG, PWC, Deloitte, E&Y) and is 0 otherwise;
TENURE	=	number of years the firm has been audited by the same accounting firm;
	=	Altman's 1968 bankruptcy score measure at the beginning of the year (=
MODIFIED	=	equal to 1 if firm's auditor issues a modified audit opinion (i.e. auop = 2, 4 or 5), and 0 otherwise;
REV_GROWTH	=	firm's percentage growth in revenues;
NOA	=	Net operating assets (i.e., shareholders' equity minus cash and marketable securities, plus total debt) scaled by sales;
SHARES	=	the natural log of number of shares outstanding at the end of fiscal year;
LIT	=	equals to 1 if firm is in one of the following industries: pharmaceutical/ biotechnological (SIC 2833 - 2836, 8731 - 8734), computer (3570 - 3577, 7370 7374), electronics (3600 - 3674), or retail (5200 - 5961), and 0 otherwise;
CLAIM	=	firm's implicit claim, proxied by labour intensity, calculated as one minus the ratio of gross PPE to total assets at the end of fiscal year;
NUM_ESTIMATE	=	the number of analysts whose forecasts are included in the final consensus forecast used to calculate meet/beat estimates;
CV_FORECAST	=	the coefficient of variation (standard deviation scaled by the mean) of the consensus forecast used to calculate meet/beat estimates;
FE	=	the absolute value of forecasting error, i.e., the difference between actual earnings and the first analyst consensus forecast for the year, as a proxy for forecasting uncertainty;
LOSS	=	equal to 1 if actual earnings per share (EPS) for the current year is less than zero;
HT	=	a dummy variable equal to 1 if the firm is in a High-Tech Industry according to Kenneth French's classifications, and 0 otherwise; and
INNOV	=	A dummy variable equal to 1 if the firm's average R&D expenditure is higher than the industry median R&D spending during the last 3 years, and 0 otherwise.

Table 2: Bag of words based on the Denison Model

Cultural Trait	Bag of Words
Adaptability	*adapt*, adjust*, advanc*, anticipat*, buyer*, change*, circumstance*, client*, consumer*, customer*, demand*, development*, discover*, environment*, expertise*, external*, fast*, flexib*, forecast*, innovat*, instant*, introduc*, invent*, knowhow*, launch*, learn*, market*, meet*, need*, new*, opportunit*, predict*, prompt*, quick*, rapid*, react*, recogniz*, research*, resilien*, respond*, reward*, satisf*, situation*, surrounding*, swift*, training*, transform*, transition*, understand*, unveil*, versatil**
Mission	*aggressi*, aim*, ambitio*, aspir*, catalyst*, desire*, determin*, direction*, enthusias*, excit*, future*, goal*, incentive*, longterm*, mission*, motivat*, motive*, objective*, orientation*, outcome*, outlook*, passion*, plan*, position*, purpose*, pursuit*, strateg*, target*, view*, vision*, wish**
Consistency	*acknowledg*, agree*, align*, attitude*, belief*, character*, code*, cohesi*, concur*, conduct*, conform*, consisten*, consolidat*, coordinat*, expectation*, harmon*, identity*, integrat*, integrity, norm*, organiz*, principles*, reconcil*, rectif*, resolv*, stability*, stable*, standards*, status*, stead*, structur*, unif*, union*, unite*, values**
Involvement	*abilit*, accountab*, action*, assist*, associat*, authoriz*, capab*, capacit*, collaborat*, commit*, competen*, control*, cooperat*, dedicat*, devot*, driv*, employee*, empower*, engag*, entitle*, entrust*, group*, help*, initiative*, involv*, labor*, leader*, legitimiz*, liable*, member*, oblig*, ownership*, people*, proficien*, responsib*, skill*, team*, teamwork*, worker**

Adopted from Zebian *et al*. (2023)

Table 3: Descriptive Statistics for Main Variables

This table presents the number of observations, mean, standard deviation, the 25th and 75th percentile of all the main variables used in our study for the period 1994-2021. All continuous variables are winsorized at 1 and 99 percent levels.

	Obs	Mean	Std. Dev.	25th Pctl.	Median	75th Pctl.
ADAPT	33,582	0.0249	0.0068	0.0199	0.0245	0.0293
CONSIST	33,582	0.0150	0.0036	0.0125	0.0145	0.0170
INVOLVE	33,582	0.0176	0.0036	0.0153	0.0172	0.0195
MISSION	33,582	0.0124	0.0041	0.0098	0.0118	0.0143
MEET_BEAT	33,582	0.6822	0.4656	0	1	1
EXM	33,582	0.2784	0.4482	0	0	1
WLKDN	33,582	-0.0280	1.0540	-0.2780	-0.1270	0.1500
POS_DWCA	33,582	0.4061	0.4911	0	0	1
POS_APROD	33,582	0.4157	0.4929	0	0	1
POS_ADEXP	33,582	0.3827	0.4861	0	0	1
AGE	33,582	3.5241	0.5823	3.1781	3.4965	3.8286
SIZE	33,582	7.1241	1.7841	5.8747	6.9891	8.2748
LEV	33,582	0.1993	0.2012	0.0098	0.1620	0.3096
MTB	33,582	3.6913	7.0406	1.5336	2.5172	4.2900
ZSCORE	33,582	4.9131	6.4003	2.1449	3.5643	5.8724
BIG4	33,582	0.8454	0.3615	1	1	1
TENURE	33,582	9.5520	6.2877	5	8	13
MODIFIED	33,582	0.3141	0.4642	0	0	1
REV_GROWTH	33,582	0.1871	0.7407	-0.0054	0.0843	0.2135
NOA	33,582	0.7859	1.5979	0.3089	0.5417	0.9047
SHARES	33,582	4.0242	1.1830	3.2002	3.8735	4.7055
LIT	33,582	0.3943	0.4887	0	0	1
CLAIM	33,582	0.5255	0.3769	0.3214	0.6394	0.8152
NUM_ESTIMATE	33,582	9.2637	7.0878	4	7	13
CV_FORECAST	33,582	0.0107	0.2011	0	0.0118	0.0323
FE	33,582	0.0370	0.1420	0.0023	0.0075	0.0246
LOSS	33,582	0.1857	0.3889	0	0	0
HT	33,582	0.2795	0.4488	0	0	1
INNOV	33,582	0.4808	0.4996	0	0	1

Table 4: Pearson Correlations for the Main Variables

This table presents the pairwise correlation coefficients for all the variables that have been used in the regression models. The bold figures represent values that are significant at 10% or lower levels.

Variables	*ADAPT*	*CONSIST*	*INVOLVE*	*MISSION*	*MEET_BEAT*	*EXM*	*WLKDN*	*POS_DWCA*	*POS_APROD*	*POS_ADEXP*	*AGE*	*SIZE*	*LEV*
CONSIST	**-0.293**												
INVOLVE	**0.025**	**0.151**											
MISSION	**0.074**	**-0.208**	**0.209**										
MEET_BEAT	**0.112**	**-0.069**	**0.086**	**0.133**									
EXM	**0.050**	**-0.016**	**0.037**	**0.059**	**0.531**								
WLKDN	**-0.041**	**0.043**	**-0.016**	**-0.027**	**-0.103**	**0.255**							
POS_DWCA	-0.001	0.002	0.003	**-0.014**	**-0.007**	-0.004	-0.005						
POS_APROD	**0.094**	**-0.047**	**-0.040**	**0.036**	**0.076**	**0.009**	**-0.059**	**-0.023**					
POS_ADEXP	**0.145**	-0.007	-0.002	**0.007**	**0.044**	**0.013**	**-0.011**	0.001	**0.415**				
AGE	**-0.187**	**0.020**	**-0.079**	**0.139**	-0.005	**0.014**	**0.009**	**-0.009**	**-0.014**	**-0.081**			
SIZE	**0.036**	**-0.148**	**0.186**	**0.267**	**0.383**	**0.139**	**-0.097**	**-0.037**	**0.076**	**0.013**	**0.046**		
LEV	**-0.233**	**0.071**	**0.018**	**-0.040**	**0.015**	**0.023**	**0.072**	-0.005	**-0.056**	**-0.065**	**-0.077**	**0.160**	
MTB	**0.097**	**-0.034**	**0.027**	**0.026**	**0.069**	**-0.013**	**-0.049**	**-0.008**	**0.081**	**0.088**	**-0.054**	**0.192**	**-0.047**
ZSCORE	**0.113**	**-0.068**	**-0.030**	**0.006**	**0.104**	**0.010**	**-0.077**	**0.011**	**0.122**	**0.009**	**0.036**	**0.199**	**-0.302**
BIG4	**0.009**	**0.007**	**0.097**	**0.120**	**0.195**	**0.098**	**-0.009**	**-0.017**	**0.009**	**0.047**	**0.028**	**0.384**	**0.105**
TENURE	**0.127**	**-0.136**	**0.110**	**0.175**	**0.152**	**0.069**	**-0.037**	**-0.020**	-0.003	**-0.045**	**0.113**	**0.380**	**0.083**
MODIFIED	**-0.019**	**0.007**	**0.054**	**0.063**	**0.011**	**0.012**	**0.025**	**-0.011**	-0.007	0.005	-0.004	**0.070**	**0.060**
REV_GROWTH	**0.023**	0.005	**0.010**	**-0.046**	**0.010**	**-0.047**	**-0.125**	**0.016**	**-0.013**	**0.094**	**-0.113**	**0.029**	0.006
NOA	**-0.079**	**-0.019**	**-0.059**	**-0.069**	**-0.051**	**-0.020**	**0.016**	**-0.025**	**-0.046**	**-0.076**	**-0.082**	0.005	**0.139**
SHARES	**0.060**	**-0.120**	**0.185**	**0.232**	**0.273**	**0.123**	**-0.039**	**-0.032**	**0.046**	**0.060**	**-0.055**	**0.816**	**0.184**
LIT	**0.339**	**-0.014**	**0.037**	**0.016**	**0.047**	**0.011**	**-0.042**	0.006	**0.071**	**0.099**	**-0.165**	**-0.016**	**-0.179**
CLAIM	**0.275**	**0.059**	**0.029**	**-0.047**	**0.066**	-0.001	**-0.055**	0.003	**0.043**	**0.107**	**-0.126**	**0.026**	**-0.229**
NUM_ESTIMATE	**-0.011**	**-0.123**	**0.093**	**0.166**	**0.180**	**0.036**	**-0.050**	**-0.050**	**0.097**	**0.010**	**0.048**	**0.749**	**0.075**
CV_FORECAST	**-0.038**	**-0.010**	**-0.020**	**0.009**	**0.016**	0.004	**-0.053**	-0.008	**0.031**	**-0.023**	**0.059**	**0.031**	-0.004
FE	**-0.018**	**0.072**	**-0.017**	**-0.055**	**-0.164**	**-0.041**	**0.169**	**-0.017**	**-0.066**	-0.002	**-0.075**	**-0.313**	**0.060**
LOSS	**0.142**	**0.025**	**0.044**	**-0.051**	0.006	**0.085**	**0.196**	0.002	**-0.058**	**0.119**	**-0.201**	**-0.117**	**0.041**
HT	**0.391**	**-0.064**	**-0.018**	**0.018**	**0.043**	**0.022**	-0.005	**-0.036**	**0.054**	**0.065**	**-0.069**	**-0.019**	**-0.154**
INNOV	**0.285**	**-0.066**	**-0.016**	**0.100**	**0.053**	**0.024**	**-0.028**	-0.005	**0.090**	**0.067**	**0.110**	**0.088**	**-0.160**

(continued on the next page)

Table 4 continued

Variables	*MTB*	*ZSCORE*	*BIG4*	*TENURE*	*MODIFIED*	*REV_GROWTH*	*NOA*	*SHARES*	*LIT*	*CLAIM*	*NUM_ESTIMATE*	*CV_FORECAST*	*FE*	*LOSS*	*HT*
ZSCORE	**0.201**														
BIG4	**0.031**	**0.037**													
TENURE	**0.032**	**-0.023**	**0.191**												
MODIFIED	**-0.010**	**-0.136**	**0.090**	**0.022**											
REV_GROWTH	**0.068**	**0.059**	**-0.014**	**-0.048**	**-0.010**										
NOA	**-0.028**	**-0.025**	**-0.028**	**-0.018**	**0.014**	**0.205**									
SHARES	**0.125**	**-0.014**	**0.314**	**0.327**	**0.130**	**0.024**	**0.067**								
LIT	**0.090**	**0.058**	**0.027**	**-0.028**	0.000	**0.072**	**-0.073**	**0.067**							
CLAIM	**0.084**	**0.175**	**0.007**	**-0.036**	**-0.030**	**0.103**	**-0.101**	**0.012**	**0.208**						
NUM_ESTIMATE	**0.141**	**0.080**	**0.239**	**0.264**	**0.047**	0.005	**0.015**	**0.702**	**0.087**	**-0.035**					
CV_FORECAST	**-0.015**	**0.009**	-0.006	0.001	-0.002	**-0.031**	-0.008	**-0.012**	**-0.041**	**-0.017**	**0.013**				
FE	**-0.071**	**-0.195**	**-0.079**	**-0.070**	**0.070**	**-0.015**	**0.039**	**-0.102**	**0.017**	**-0.044**	**-0.163**	**-0.096**			
LOSS	**0.031**	**-0.081**	0.002	**-0.053**	**0.016**	**0.065**	**0.063**	**0.016**	**0.132**	**0.042**	**-0.216**	**-0.325**	**0.338**		
HT	**0.047**	**0.030**	-0.001	**-0.052**	0.001	**-0.019**	**-0.016**	**0.040**	**0.438**	**0.208**	**0.034**	0.000	**0.009**	**0.044**	
INNOV	**0.068**	**0.068**	**0.028**	**0.089**	**0.008**	**0.010**	**-0.061**	**0.099**	**0.157**	**0.182**	**0.056**	-0.005	**-0.059**	**0.022**	**0.225**

Table 5: Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analysts' Estimates

This table presents regression estimates used to investigate the impact of adaptability culture (*ADAPT*) on meeting or beating analysts' estimates. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1175***	.1116***	.071***	.0673***
	(5.71)	(5.54)	(5.81)	(5.59)
$MISSION_t$	.0339**	.0396***	.0211**	.0251***
	(2.16)	(2.60)	(2.27)	(2.76)
$CONSIST_t$	-0.0114	-0.0082	-0.0063	-0.0047
	(0.64)	(0.47)	(0.59)	(0.45)
$INVOLVE_t$	0.0105	0.0106	0.0059	0.006
	(0.62)	(0.66)	(0.58)	(0.61)
AGE_t	-.0472**	-.0463**	-.0282**	-.0287***
	(2.44)	(2.52)	(2.45)	(2.61)
$SIZE_t$	.1026**	.103**	.0686**	.069***
	(2.24)	(2.34)	(2.52)	(2.63)
LEV_t	-.0358*	-.0399**	-.0216**	-.024**
	(1.95)	(2.20)	(1.97)	(2.19)
MTB_t	0.0148	0.0175	0.009	0.0107
	(1.19)	(1.45)	(1.21)	(1.47)
$ZSCORE_t$	-0.0097	-0.0182	-0.0061	-0.0109
	(0.48)	(0.93)	(0.50)	(0.92)
$BIG4_t$	.1082**	.1101***	.0649**	.0672***
	(2.50)	(2.64)	(2.49)	(2.65)
$TENURE_t$	0.0103	0.0063	0.006	0.0037
	(0.58)	(0.37)	(0.56)	(0.37)
$MODIFIED_t$	-.0892***	-.0968***	-.054***	-.0579***
	(2.59)	(2.89)	(2.64)	(2.89)
REV_GROWTH_t	-0.003	-0.0059	-0.0015	-0.0031
	(0.24)	(0.48)	(0.20)	(0.43)
NOA_{t-1}	-.0285**	-.0271**	-.0173**	-.0165**
	(2.11)	(2.06)	(2.12)	(2.07)
$SHARES_t$	.0895**	.0627*	.0487**	0.0332
	(2.48)	(1.83)	(2.28)	(1.63)
LIT_t	.3811***	.3348***	.2255***	.1988***
	(5.41)	(4.98)	(5.36)	(4.94)
$CLAIM_t$	0.0299	.0431**	0.0196	.0273**
	(1.36)	(2.09)	(1.50)	(2.20)
$NUM\_ESTIMATE_t$	.1033***	.1121***	.0593***	.064***
	(4.19)	(4.63)	(4.11)	(4.50)
$CV\_FORECAST_t$	-.1135***	-.1138***	-.0692***	-.0696***
	(7.74)	(7.96)	(7.91)	(8.14)
FE_t	-.2161***	-.2078***	-.1177***	-.1121***
	(5.14)	(4.97)	(5.78)	(5.71)
$LOSS_t$	-.9814***	-.9531***	-.5981***	-.5864***
	(21.29)	(21.46)	(21.60)	(21.82)
N	33,582	33,582	33,582	33,582
R^2	0.0617	0.0617	0.0618	0.0618
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table 6: Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analysts' Estimates: The Role of Innovation

This table presents regression estimates used to investigate the impact of adaptability culture on meeting or beating analysts' forecasts including a culture interaction with innovation, proxied by High-Tech industry (*HT*) dummy, in Panel A and by *INNOV* dummy, in Panel B. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

Panel A. The impact of *ADAPT* culture on meeting or beating analysts' estimates including an interaction dummy with innovation proxied by High-Tech industry (*HT*) dummy.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.0831***	.0798***	.0502***	.0481***
	(3.42)	(3.39)	(3.45)	(3.38)
$MISSION_t$	.0329**	.0389**	.0205**	.0246***
	(2.10)	(2.54)	(2.19)	(2.69)
$CONSIST_t$	-0.0126	-0.0092	-0.007	-0.0053
	(0.71)	(0.53)	(0.66)	(0.51)
$INVOLVE_t$	0.0131	0.014	0.0074	0.008
	(0.77)	(0.87)	(0.73)	(0.82)
$ADAPT \times HT_t$	.0881**	.0821**	.0519**	.0478**
	(2.29)	(2.16)	(2.29)	(2.12)
HT_t	0.1728	0.162	0.1001	0.0923
	(1.56)	(1.55)	(1.50)	(1.46)
AGE_t	-.0485**	-.0479***	-.029**	-.0296***
	(2.51)	(2.60)	(2.52)	(2.68)
$SIZE_t$	.107**	.1075**	.071***	.0715***
	(2.32)	(2.43)	(2.60)	(2.71)
LEV_t	-.0363**	-.0403**	-.0219**	-.0243**
	(1.98)	(2.22)	(2.00)	(2.22)
MTB_t	0.0139	0.0165	0.0085	0.0101
	(1.12)	(1.36)	(1.14)	(1.38)
$ZSCORE_t$	-0.0102	-0.0186	-0.0064	-0.0111
	(0.50)	(0.95)	(0.52)	(0.93)
$BIG4_t$	.1067**	.1073***	.064**	.0656***
	(2.47)	(2.58)	(2.46)	(2.60)
$TENURE_t$	0.0123	0.0085	0.0071	0.005
	(0.69)	(0.50)	(0.67)	(0.49)
$MODIFIED_t$	-.0903***	-.0979***	-.0547***	-.0585***
	(2.62)	(2.92)	(2.67)	(2.92)
REV_GROWTH_t	-0.003	-0.0059	-0.0015	-0.0031
	(0.24)	(0.48)	(0.20)	(0.43)
NOA_{t-1}	-.0282**	-.027**	-.0171**	-.0164**
	(2.09)	(2.05)	(2.10)	(2.06)
$SHARES_t$	.0862**	.0596*	.047**	0.0316
	(2.38)	(1.73)	(2.19)	(1.55)
LIT_t	.263***	.2282***	.156***	.1365***
	(3.09)	(2.86)	(3.06)	(2.83)
$CLAIM_t$	0.0288	.0424**	0.019	.0269**
	(1.32)	(2.06)	(1.45)	(2.17)
$NUM\_ESTIMATE_t$	.1023***	.1107***	.0587***	.0632***
	(4.14)	(4.57)	(4.06)	(4.44)
$CV\_FORECAST_t$	-.1137***	-.1142***	-.0693***	-.0698***
	(7.76)	(7.98)	(7.92)	(8.16)
FE_t	-.2156***	-.2073***	-.1176***	-.112***
	(5.14)	(4.96)	(5.77)	(5.70)
$LOSS_t$	-.9821***	-.9549***	-.5984***	-.587***
	(21.26)	(21.45)	(21.57)	(21.81)
N	33582	33582	33582	33582
R^2	0.062	0.062	0.062	0.062
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table 6 continued

Panel B. The impact of *ADAPT* culture on meeting or beating analysts' estimates including an interaction dummy with innovation proxied by *INNOV* dummy.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.0716***	.0646**	.0438***	.0394***
	(2.80)	(2.56)	(2.87)	(2.60)
$MISSION_t$	.0341**	.0399***	.0212**	.0251***
	(2.17)	(2.61)	(2.27)	(2.75)
$CONSIST_t$	-0.0129	-0.0098	-0.0072	-0.0057
	(0.73)	(0.57)	(0.68)	(0.55)
$INVOLVE_t$	0.0119	0.0124	0.0067	0.0071
	(0.70)	(0.77)	(0.67)	(0.73)
$ADAPT \times INNOV_t$	.0923***	.094***	.054***	.0553***
	(3.00)	(3.11)	(2.95)	(3.06)
$INNOV_t$	-0.0321	-0.0167	-0.0194	-0.0101
	(0.86)	(0.45)	(0.87)	(0.45)
AGE_t	-.0465**	-.0454**	-.0278**	-.0282**
	(2.39)	(2.46)	(2.40)	(2.54)
$SIZE_t$	.1075**	.1084**	.0713***	.0721***
	(2.34)	(2.46)	(2.62)	(2.74)
LEV_t	-.0365**	-.0405**	-.0221**	-.0244**
	(2.00)	(2.24)	(2.02)	(2.24)
MTB_t	0.0151	0.0178	0.0092	0.0109
	(1.22)	(1.47)	(1.23)	(1.49)
$ZSCORE_t$	-0.0104	-0.0192	-0.0066	-0.0115
	(0.51)	(0.98)	(0.54)	(0.97)
$BIG4_t$	.1078**	.1095***	.0646**	.0668***
	(2.50)	(2.63)	(2.48)	(2.64)
$TENURE_t$	0.0085	0.004	0.0049	0.0023
	(0.48)	(0.23)	(0.46)	(0.23)
$MODIFIED_t$	-.0902***	-.0975***	-.0545***	-.0582***
	(2.62)	(2.91)	(2.66)	(2.91)
REV_GROWTH_t	-0.003	-0.0057	-0.0015	-0.003
	(0.24)	(0.47)	(0.20)	(0.42)
NOA_{t-1}	-.0293**	-.0279**	-.0178**	-.017**
	(2.16)	(2.11)	(2.17)	(2.12)
$SHARES_t$	.0886**	.061*	.0483**	0.0323
	(2.46)	(1.78)	(2.26)	(1.59)
LIT_t	.381***	.3311***	.2254***	.1963***
	(5.38)	(4.90)	(5.33)	(4.85)
$CLAIM_t$	0.0301	.0436**	0.0198	.0276**
	(1.38)	(2.12)	(1.51)	(2.23)
$NUM\_ESTIMATE_t$	.1037***	.1125***	.0596***	.0643***
	(4.21)	(4.64)	(4.12)	(4.52)
$CV\_FORECAST_t$	-.1134***	-.1141***	-.0691***	-.0698***
	(7.74)	(7.98)	(7.90)	(8.16)
FE_t	-.2157***	-.2071***	-.1175***	-.1117***
	(5.13)	(4.94)	(5.76)	(5.68)
$LOSS_t$	-.9811***	-.9545***	-.5979***	-.5872***
	(21.28)	(21.49)	(21.60)	(21.86)
N	33582	33582	33582	33582
R^2	0.062	0.062	0.062	0.062
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

**p<0.1; ** p<0.05; *** p<0.01*

Table 7: Regressions for *ADAPT* Corporate Culture on Downwards Expectations Management to Meet or Beat Analyst Estimates

This table presents regression estimates used to investigate the relationship between adaptability culture and downwards expectations management to meet or beat analysts' estimates. *EXM* refers to the incident of expectations management, while *WLKDN* measures its magnitude in terms of analysts' downwards revisions. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	EXM_t	$WLKDN_t$		
	(1)	(2)	(3)	(4)
$ADAPT_t$	-0.0088	-0.008	-0.011	-.021***
	(0.40)	(0.37)	(1.28)	(2.77)
$MISSION_t$	-0.023	-0.0208	-0.0078	-0.0001
	(1.36)	(1.27)	(1.32)	(0.02)
$CONSIST_t$	.0492**	.0464**	.0134*	0.009
	(2.54)	(2.46)	(1.79)	(1.28)
$INVOLVE_t$	-0.0116	-0.014	-0.0051	-0.0061
	(0.64)	(0.78)	(0.78)	(0.94)
AGE_t	.1153***	.1069***	.0509***	.0339***
	(5.89)	(5.68)	(3.98)	(3.75)
$SIZE_t$	-.8698***	-.8256***	-.2911***	-.1931***
	(15.90)	(15.79)	(7.70)	(5.61)
LEV_t	.0442**	.0355*	.0554***	.0321***
	(2.04)	(1.69)	(5.09)	(3.38)
MTB_t	-.0578***	-.0578***	-0.0085	-0.0145
	(3.74)	(3.82)	(0.92)	(1.64)
$ZSCORE_t$	0.0154	0.017	.0328***	.0181**
	(0.63)	(0.71)	(3.32)	(2.08)
$BIG4_t$	.1245**	.1122**	.0671***	.0442***
	(2.46)	(2.29)	(3.66)	(2.64)
$TENURE_t$	.0389**	.0374**	-0.0048	-0.007
	(2.01)	(1.99)	(0.41)	(0.69)
$MODIFIED_t$	0.0072	0.0055	0.0238	0.0235
	(0.18)	(0.14)	(1.40)	(1.38)
REV_GROWTH_t	-.4304***	-.4265***	-.1254***	-.1259***
	(6.06)	(6.13)	(7.42)	(7.60)
NOA_{t-1}	.1086***	.1033***	.0433***	.0353**
	(2.78)	(2.73)	(2.85)	(2.48)
$SHARES_t$	.369***	.3543***	.1667***	.0939***
	(9.26)	(9.23)	(5.60)	(3.54)
LIT_t	-.1456**	-.1388**	-.0438*	-0.0235
	(2.08)	(2.04)	(1.65)	(1.11)
$CLAIM_t$	-0.0265	-0.0374	.0306**	0.0096
	(1.08)	(1.57)	(2.33)	(0.88)
$NUM\_ESTIMATE_t$	.1922***	.1727***	.0736***	.0543***
	(7.56)	(7.08)	(5.89)	(4.78)
$CV\_FORECAST_t$	.127***	.1228***	.047***	.0395***
	(5.45)	(5.36)	(3.01)	(2.61)
FE_t	-0.0315	-0.0262	0.0392	0.025
	(0.60)	(0.51)	(0.65)	(0.44)
$LOSS_t$	.9485***	.9103***	.5495***	.4825***
	(14.74)	(14.42)	(13.97)	(13.83)
N	22,910	22,910	22,910	22,910
R^2	0.0827	0.0827	0.1233	0.1233
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	GLS-RE	OLS

**p<0.1; ** p<0.05; *** p<0.01*

Table 8: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat Analyst Estimates

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analysts' estimates. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	POS_DWCA	*POS_APROD*	*POS_ADEXP*
	(1)	(2)	(3)
$ADAPT_t$	-0.0326	.1705***	.2372***
	(1.50)	(3.57)	(4.70)
$MISSION_t$	-.0353**	0.0261	0.0216
	(2.04)	(0.82)	(0.61)
$CONSIST_t$	-0.002	0.003	0.0055
	(0.10)	(0.08)	(0.13)
$INVOLVE_t$	.0396**	-0.042	0.0654
	(1.98)	(1.08)	(1.61)
AGE_t	.0435**	-0.057	-.2468***
	(2.21)	(0.88)	(3.26)
$SIZE_t$	-.2065***	.3448***	-.2717***
	(8.17)	(4.71)	(3.20)
LEV_t	.0616***	-.1159**	-.1355**
	(3.03)	(2.49)	(2.49)
MTB_t	-0.0178	0.0274	.114***
	(1.21)	(1.07)	(3.48)
$ZSCORE_t$	.0954***	.3396***	-0.0107
	(4.70)	(4.82)	(0.20)
$BIG4_t$	0.0355	-0.0754	.3427**
	(0.74)	(0.64)	(2.40)
$TENURE_t$	-.0316*	-.0802*	-.1503***
	(1.66)	(1.67)	(2.79)
$MODIFIED_t$	-0.0034	-.1333**	-0.0786
	(0.09)	(2.14)	(1.12)
REV_GROWTH_t	0.0009	-0.04	.5612***
	(0.05)	(1.07)	(6.85)
NOA_{t-1}	-.0795***	-.2155***	-.6027***
	(3.80)	(3.60)	(6.62)
LIT_t	-0.0959	1.5556***	2.1835***
	(1.42)	(6.20)	(7.67)
$CLAIM_t$	.0458*	-.2406***	-.187**
	(1.89)	(3.57)	(2.19)
N	21,984	20,577	22,061
R^2	0.0149	0.0692	0.0981
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table 9: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat Analysts' Estimates During the COVID-19 Pandemic

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analysts' estimates during the COVID-19 pandemic (*COVID*) period: 2020. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	POS_DWCA	*POS_APROD*	*POS_ADEXP*
	(1)	(2)	(3)
$ADAPT_t$ x *COVID*	.3188***	-0.1723	0.2087
	(4.03)	(1.27)	(1.44)
$MISSION_t$ x *COVID*	-0.124	-0.0575	-0.1313
	(1.26)	(0.35)	(0.73)
$CONSIST_t$ x *COVID*	0.0665	0.1549	-0.1095
	(0.63)	(0.85)	(0.54)
$INVOLVE_t$ x *COVID*	-.1927*	0.0763	0.0873
	(1.78)	(0.44)	(0.43)
COVID	.3099**	-0.1374	-.6427**
	(2.37)	(0.53)	(2.33)
$ADAPT_t$	-.0431**	.1753***	.2324***
	(1.97)	(3.66)	(4.57)
$MISSION_t$	-.0331*	0.0266	0.024
	(1.90)	(0.83)	(0.67)
$CONSIST_t$	-0.0051	0.0004	0.0089
	(0.26)	(0.01)	(0.21)
$INVOLVE_t$	.0421**	-0.0411	0.0611
	(2.08)	(1.06)	(1.50)
AGE_t	.0435**	-0.0571	-.243***
	(2.21)	(0.88)	(3.21)
$SIZE_t$	-.2105***	.3475***	-.2781***
	(8.32)	(4.75)	(3.28)
LEV_t	.062***	-.116**	-.1349**
	(3.05)	(2.50)	(2.48)
MTB_t	-0.0191	0.0284	.1145***
	(1.32)	(1.11)	(3.48)
$ZSCORE_t$	.0951***	.3402***	-0.0106
	(4.67)	(4.82)	(0.20)
$BIG4_t$	0.0377	-0.077	.3459**
	(0.79)	(0.65)	(2.42)
$TENURE_t$	-0.0296	-.0808*	-.1484***
	(1.55)	(1.69)	(2.75)
$MODIFIED_t$	-0.0051	-.1338**	-0.078
	(0.14)	(2.14)	(1.10)
REV_GROWTH_t	0.0001	-0.0383	.5593***
	(0.01)	(1.02)	(6.83)
NOA_{t-1}	-.0793***	-.2156***	-.6027***
	(3.78)	(3.60)	(6.62)
LIT_t	-0.1004	1.5607***	2.1746***
	(1.49)	(6.22)	(7.64)
$CLAIM_t$	.0452*	-.2401***	-.1876**
	(1.86)	(3.56)	(2.20)
N	21,984	20,577	22,061
R^2	0.0155	0.0693	0.0985
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table 10: Instrumental Variable Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analysts' Estimates

This table presents second stage instrumental variable (IV) regressions used to investigate the impact of adaptability culture (*ADAPT*) on meeting or beating analysts' estimates. The regressions include year effects, and the standard errors are clustered by firm.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.2383**	.2739***	.1391**	.161***
	(2.30)	(2.71)	(2.25)	(2.67)
$MISSION_t$	.0413**	.0493***	.0252**	.0304***
	(2.47)	(3.02)	(2.53)	(3.12)
$CONSIST_t$	0.0171	0.0301	0.0099	0.0175
	(0.58)	(1.05)	(0.56)	(1.02)
$INVOLVE_t$	0.0106	0.0122	0.0058	0.0069
	(0.62)	(0.75)	(0.57)	(0.71)
AGE_t	-.0445**	-.0424**	-.0266**	-.0263**
	(2.28)	(2.29)	(2.29)	(2.36)
$SIZE_t$	.1271**	.1327***	.0825***	.0863***
	(2.55)	(2.77)	(2.79)	(3.02)
LEV_t	-0.0234	-0.0246	-0.0145	-0.0151
	(1.16)	(1.25)	(1.20)	(1.27)
MTB_t	0.011	0.013	0.0069	0.0082
	(0.87)	(1.05)	(0.90)	(1.09)
$ZSCORE_t$	-0.0197	-0.0306	-0.0117	-0.018
	(0.91)	(1.46)	(0.90)	(1.42)
$BIG4_t$	.0962**	.0939**	.0583**	.0581**
	(2.16)	(2.18)	(2.17)	(2.22)
$TENURE_t$	0.0113	0.007	0.0065	0.0041
	(0.64)	(0.41)	(0.61)	(0.41)
$MODIFIED_t$	-.0902***	-.0979***	-.0546***	-.0586***
	(2.62)	(2.92)	(2.66)	(2.92)
REV_GROWTH_t	-0.0016	-0.0042	-0.0007	-0.0021
	(0.13)	(0.34)	(0.09)	(0.29)
NOA_{t-1}	-.0243*	-.0226*	-.0149*	-.0139*
	(1.77)	(1.68)	(1.79)	(1.71)
$SHARES_t$	.0939***	.0698**	.0511**	.0371*
	(2.58)	(2.01)	(2.37)	(1.80)
LIT_t	.3362***	.2722***	.2001***	.1626***
	(4.14)	(3.50)	(4.13)	(3.50)
$CLAIM_t$	0.0219	0.0329	0.0151	.0215*
	(0.96)	(1.54)	(1.11)	(1.67)
$NUM\_ESTIMATE_t$	.0961***	.1032***	.0552***	.0588***
	(3.79)	(4.13)	(3.70)	(4.00)
$CV\_FORECAST_t$	-.1147***	-.1151***	-.0698***	-.0704***
	(7.80)	(8.03)	(7.95)	(8.20)
FE_t	-.2113***	-.2018***	-.1148***	-.1082***
	(4.96)	(4.75)	(5.55)	(5.42)
$LOSS_t$	-1.0015***	-.9774***	-.6096***	-.6005***
	(20.55)	(20.73)	(20.86)	(21.09)
N	33,582	33,582	33,582	33,582
R^2	0.0609	0.0609	0.061	0.061
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

**p<0.1; ** p<0.05; *** p<0.01*

Table 11: Heckman Self Selection Two Stage Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analysts' Estimates

This table presents second stage estimates from Heckman's self-selection model used to investigate the impact of adaptability culture (*ADAPT*) on meeting or beating analysts' estimates. The inverse Mills ratio (*LAMBDA*) is from the first stage Heckman Model. The regressions include year effects, and the standard errors are clustered by firm.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1177***	.1118***	.0711***	.0674***
	(5.71)	(5.54)	(5.81)	(5.60)
$MISSION_t$	-0.007	0.0002	-0.0054	0.0015
	(0.31)	(0.01)	(0.29)	(0.08)
$CONSIST_t$	-.1439*	-0.128	-.0868*	-0.0763
	(1.70)	(1.55)	(1.72)	(1.55)
$INVOLVE_t$	-0.0072	-0.0052	-0.0049	-0.0035
	(0.35)	(0.27)	(0.41)	(0.30)
AGE_t	-.0588***	-.057***	-.0353***	-.0351***
	(2.88)	(2.92)	(2.90)	(3.00)
$SIZE_t$	0.0615	0.0655	0.0435	0.0466
	(1.19)	(1.31)	(1.42)	(1.56)
LEV_t	-.0646**	-.0661***	-.0391**	-.0396***
	(2.53)	(2.62)	(2.56)	(2.63)
MTB_t	0.0196	.0218*	0.0119	.0133*
	(1.52)	(1.74)	(1.54)	(1.75)
$ZSCORE_t$	0.0036	-0.0061	0.0019	-0.0037
	(0.17)	(0.29)	(0.15)	(0.29)
$BIG4_t$	.136***	.1355***	.0819***	.0825***
	(2.92)	(3.00)	(2.92)	(3.01)
$TENURE_t$	0.0099	0.0059	0.0057	0.0035
	(0.56)	(0.35)	(0.54)	(0.34)
$MODIFIED_t$	-.0825**	-.0906***	-.0499**	-.0542***
	(2.37)	(2.69)	(2.41)	(2.69)
REV_GROWTH_t	-0.004	-0.0067	-0.0021	-0.0036
	(0.31)	(0.55)	(0.28)	(0.50)
NOA_{t-1}	-.0353**	-.0332**	-.0214**	-.0201**
	(2.50)	(2.41)	(2.52)	(2.42)
$SHARES_t$	0.0597	0.0355	0.0306	0.0169
	(1.44)	(0.89)	(1.25)	(0.72)
LIT_t	.6423***	.574***	.3842***	.341***
	(3.56)	(3.26)	(3.58)	(3.26)
$CLAIM_t$	.0477*	.0593**	.0305**	.037***
	(1.95)	(2.56)	(2.09)	(2.66)
$NUM\_ESTIMATE_t$	.115***	.1227***	.0664***	.0704***
	(4.46)	(4.83)	(4.39)	(4.71)
$CV\_FORECAST_t$	-.1126***	-.113***	-.0686***	-.0692***
	(7.68)	(7.90)	(7.85)	(8.09)
FE_t	-.2225***	-.2136***	-.1217***	-.1157***
	(5.30)	(5.11)	(5.96)	(5.87)
$LOSS_t$	-.9686***	-.9418***	-.5903***	-.5796***
	(20.66)	(20.86)	(20.96)	(21.21)
$LAMBDA_t$	0.4126	0.3737	0.256	0.2235
	(1.59)	(1.48)	(1.63)	(1.48)
N	33,582	33,582	33,582	33,582
R^2	0.0618	0.0618	0.0618	0.0618
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table 12: Subsample Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analyst Estimates by Firm Size

This table presents regression estimates used to investigate the relationship between adaptability culture and meeting or beating analyst estimates for subsamples of large firms, i.e., above median size, and small firms, i.e., below median size. Columns (1) – (3) present results for large firms while columns (4) – (6) provide results for small firms. All regressions include year fixed effects, and the standard errors are clustered at the firm-level.

	Large Firms				Small Firms			
	$MEET\_BEAT_t$							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
$ADAPT_t$	.112***	.1048***	.067***	.0625***	.1183***	.113***	.0721***	.069***
	(4.29)	(4.10)	(4.38)	(4.18)	(3.59)	(3.59)	(3.60)	(3.58)
$MISSION_t$	.0356**	.043**	.0219**	.027***	0.0139	0.0075	0.0092	0.0053
	(1.98)	(2.47)	(2.06)	(2.61)	(0.43)	(0.24)	(0.47)	(0.28)
$CONSIST_t$	0.0182	0.0199	0.0108	0.0112	-.0671**	-.0654**	-.0404**	-.0399**
	(0.83)	(0.93)	(0.83)	(0.89)	(2.23)	(2.26)	(2.21)	(2.24)
$INVOLVE_t$	-0.014	-0.0147	-0.0085	-0.0088	.0719**	.071**	.0433**	.0434**
	(0.68)	(0.75)	(0.70)	(0.76)	(2.37)	(2.43)	(2.35)	(2.43)
AGE_t	-.0628***	-.0585***	-.0365***	-.035***	0.015	0.0118	0.0094	0.0071
	(2.70)	(2.65)	(2.65)	(2.67)	(0.45)	(0.37)	(0.47)	(0.37)
$SIZE_t$	.1372**	.1359**	.0905**	.0896**	-0.1096	-0.0911	-0.0634	-0.0513
	(2.04)	(2.11)	(2.27)	(2.33)	(1.18)	(1.02)	(1.13)	(0.94)
LEV_t	0.007	-0.003	0.0029	-0.0028	-.0771***	-.0806***	-.0471***	-.0498***
	(0.28)	(0.12)	(0.20)	(0.19)	(2.86)	(3.10)	(2.88)	(3.14)
MTB_t	0.0093	0.013	0.0055	0.0077	0.0073	0.0078	0.0047	0.0048
	(0.61)	(0.89)	(0.61)	(0.88)	(0.30)	(0.33)	(0.32)	(0.33)
$ZSCORE_t$	0.0195	0.0067	0.0109	0.004	-0.022	-0.0281	-0.0139	-0.0179
	(0.71)	(0.25)	(0.68)	(0.26)	(0.64)	(0.84)	(0.66)	(0.87)
$BIG4_t$	0.0624	0.0529	0.0364	0.0323	.1437**	.1435**	.0875**	.0874**
	(0.97)	(0.83)	(0.95)	(0.84)	(2.48)	(2.55)	(2.48)	(2.54)
$TENURE_t$	.0464**	0.0315	.0264**	0.0181	-0.0443	-0.0433	-0.0275	-0.0269
	(2.11)	(1.49)	(2.03)	(1.43)	(1.51)	(1.53)	(1.54)	(1.55)
$MODIFIED_t$	-.0808*	-.093**	-.0484**	-.0546**	-.1138*	-.1176*	-.0703*	-.0726**
	(1.95)	(2.31)	(1.98)	(2.29)	(1.83)	(1.95)	(1.86)	(1.97)
REV_GROWTH_t	0.0216	0.0126	0.0136	0.0084	-.0279*	-.0292*	-.0172*	-.018*
	(1.10)	(0.68)	(1.16)	(0.75)	(1.72)	(1.85)	(1.77)	(1.91)
NOA_{t-1}	-0.0359	-0.0329	-0.0225	-0.0203	-0.0228	-0.0209	-0.0137	-0.0126
	(1.48)	(1.40)	(1.52)	(1.40)	(1.43)	(1.38)	(1.41)	(1.36)
$SHARES_t$	-0.0171	-0.0311	-0.0155	-0.0228	.3385***	.315***	.2059***	.1928***
	(0.37)	(0.71)	(0.56)	(0.87)	(5.56)	(5.41)	(5.59)	(5.44)
LIT_t	.2853***	.2557***	.1649***	.148***	.4758***	.4334***	.2889***	.2635***
	(3.05)	(2.88)	(3.00)	(2.85)	(4.54)	(4.30)	(4.55)	(4.30)
$CLAIM_t$	.053*	.0633**	.0331**	.0387**	-0.0174	-0.0162	-0.0096	-0.0087
	(1.89)	(2.37)	(2.00)	(2.44)	(0.52)	(0.51)	(0.47)	(0.45)
$NUM\_ESTIMATE_t$	.1192***	.1269***	.0691***	.0734***	.1316*	.1427**	.0799*	.0874**
	(4.34)	(4.70)	(4.33)	(4.66)	(1.87)	(2.08)	(1.88)	(2.11)
$CV\_FORECAST_t$	-.115***	-.1161***	-.0683***	-.0689***	-.1044***	-.1009***	-.0645***	-.063***
	(4.83)	(4.93)	(4.90)	(5.01)	(5.60)	(5.64)	(5.72)	(5.78)
FE_t	-.8767***	-.8561***	-.4678***	-.4556***	-.1808***	-.1729***	-.1038***	-.0992***
	(6.46)	(6.58)	(5.60)	(5.65)	(4.98)	(4.85)	(5.47)	(5.42)
$LOSS_t$	-.9077***	-.8997***	-.5526***	-.5533***	-1.017***	-.9683***	-.6265***	-.601***
	(13.77)	(14.25)	(13.72)	(14.17)	(15.77)	(15.54)	(16.10)	(15.87)
N	23,942	23,942	23,942	23,942	9,630	9,630	9,630	9,630
R^2	0.042	0.042	0.0422	0.0422	0.0481	0.0481	0.0481	0.0481
YEAR FE	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

**p<0.1; ** p<0.05; *** p<0.01*

Appendix

Calculation of Earnings Management Measures

In this section, we provide details for the calculation of our real and accruals-based earnings management measures. To measure earnings management via accruals we follow Hribar and Collins's (2002) approach and capture working capital accruals where we decompose working capital accruals, *WCA*, into abnormal (i.e., discretionary) working capital accruals, *DWCA*, and normal (i.e., non-discretionary) working capital accruals *NWCA*. We then utilize the modified Jones model following Dechow, Sloan and Sweeney (1995) to estimate our measure of abnormal working capital accruals and we adjust to account for the influence of firm performance and growth (Kothari, Leone and Wasley, 2005; Collins, Pungaliya and Vijh, 2017). First, we compute WCA_t as:

$$WCA_t = (RECCH_t + INVCH_t + APALCH_t + TXACH_t + AOLOCH_t)/TA_{t-1}. \quad \text{(A1.a)}$$

where the variables, *RECCT, INVCH*, *APALCH*, *TXACH*, and *AOLOCH* represent the change in the firms' accounts receivable, inventory, accounts payable and accrued liabilities income taxes accrued, and assets and liabilities, respectively. The variable, *TA*, represents the firm's total assets and we estimate abnormal working capital accruals as the residuals from the following empirical model:

$$\begin{aligned} WCA_t = \ & \alpha + \beta_1 \left(\frac{1}{TA_{t-1}}\right) + \beta_2 \frac{(\Delta REV_t - \Delta AR_t)}{TA_{t-1}} + \beta_3 \frac{(PPE_t)}{TA_{t-1}}, \\ & + \beta_4 (ROA_t) + \beta_5 (SG_t) + \varepsilon_t. \end{aligned} \quad \text{(A1.b)}$$

where the variables, ΔREV and ΔAR, represent the changes in revenue and accounts receivables, respectively; *PPE* denotes the firms' property, plant, and equipment, *ROA* firms' net income scaled by total assets, and *SG* represents the current growth in sales. Finally, we construct two measures of real earnings management namely, abnormal discretionary expenditures, *ADEXP*, and abnormal production costs, *APROD*, from the residuals of the below models following Roychowdhury (2006):

$$PROD_t = \alpha + \beta_1 \left(\frac{1}{TA_{t-1}}\right) + \beta_2 \frac{(REV_t)}{TA_{t-1}} + \beta_3 \frac{(\Delta REV_t)}{TA_{t-1}} + \beta_4 \frac{(\Delta REV_{t-1})}{TA_{t-1}} + \varepsilon_t, \quad \text{(A2)}$$

and,

$$DEXP_t = \alpha + \beta_1 \left(\frac{1}{TA_{t-1}}\right) + \beta_2 \frac{(REV_t - 1)}{TA_{t-1}} + \varepsilon_t. \quad \text{(A3)}$$

where the variable, *PROD*, is expressed as the sum of costs of goods sold and the change in inventory scaled by total assets in the prior year, while *DEXP*, is the sum of SG&A, R&D, and advertising scaled by total assets.

Table A.1: Regressions for *ADAPT* Corporate Culture on Year-Ahead Meeting or Beating Analyst Estimates

This table presents regression estimates used to investigate the impact of adaptability culture (*ADAPT*) on year-ahead meeting or beating analyst estimates. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	$MEET\_BEAT_{t+1}$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.0671***	.0704***	.041***	.043***
	(3.11)	(3.37)	(3.17)	(3.41)
$MISSION_t$	.0389**	.045***	.0239**	.0279***
	(2.34)	(2.80)	(2.41)	(2.88)
$CONSIST_t$	0.0191	0.0144	0.0118	0.0091
	(1.04)	(0.82)	(1.07)	(0.85)
$INVOLVE_t$	0.0081	0.0078	0.0047	0.0044
	(0.46)	(0.46)	(0.44)	(0.43)
AGE_t	-0.035	-.0359*	-.0213*	-.0225*
	(1.63)	(1.77)	(1.66)	(1.83)
$SIZE_t$	.3061***	.2944***	.1864***	.1804***
	(6.06)	(6.11)	(6.17)	(6.22)
LEV_t	-.035*	-.0435**	-.0212*	-.0261**
	(1.75)	(2.18)	(1.76)	(2.16)
MTB_t	0.0026	0.0043	0.0013	0.0024
	(0.18)	(0.31)	(0.14)	(0.28)
$ZSCORE_t$	-0.0256	-0.0253	-0.016	-0.0154
	(1.15)	(1.17)	(1.19)	(1.19)
$BIG4_t$	.0833*	.0876*	.0517*	.0546**
	(1.77)	(1.94)	(1.82)	(1.98)
$TENURE_t$	0.0182	0.0167	0.0106	0.0102
	(0.90)	(0.88)	(0.88)	(0.88)
$MODIFIED_t$	-0.0311	-0.0429	-0.0184	-0.0249
	(0.86)	(1.23)	(0.85)	(1.18)
REV_GROWTH_t	-0.006	-0.0102	-0.0039	-0.0066
	(0.40)	(0.69)	(0.43)	(0.75)
NOA_{t-1}	-.0366*	-0.0328	-.0223*	-0.0199
	(1.71)	(1.59)	(1.71)	(1.57)
$SHARES_t$	0.0474	0.0145	0.0257	0.006
	(1.21)	(0.39)	(1.10)	(0.27)
LIT_t	.3632***	.3167***	.2166***	.1896***
	(4.91)	(4.54)	(4.86)	(4.48)
$CLAIM_t$	0.0053	0.0214	0.0043	0.0139
	(0.22)	(0.95)	(0.30)	(1.02)
$NUM\_ESTIMATE_t$	.0707***	.0858***	.0401**	.0489***
	(2.66)	(3.30)	(2.57)	(3.18)
$CV\_FORECAST_t$	-.0391**	-.0459***	-.0234**	-.0274***
	(2.42)	(2.93)	(2.44)	(2.94)
FE_t	-.0604**	-.0641**	-.0372**	-.0389**
	(2.15)	(2.27)	(2.26)	(2.37)
$LOSS_t$	-.3791***	-.4299***	-.2288***	-.2622***
	(7.67)	(9.03)	(7.66)	(9.05)
N	33,582	33,582	33,582	33,582
R^2	0.0617	0.0617	0.0618	0.0618
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

**p<0.1; ** p<0.05; *** p<0.01*

Table A.2: Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analyst Estimates

This table presents regression estimates used to investigate the impact of adaptability culture (*ADAPT*) on meeting or beating analyst estimates using Linear Probability Models (LPM) and Conditional Logit Model (C-Logit). All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	$MEET\_BEAT_t$		
	(1)	(2)	(3)
$ADAPT_t$	.0226***	.0161***	.091***
	(5.70)	(2.82)	(3.15)
$MISSION_t$	.0084***	0.0034	0.0189
	(2.80)	(0.91)	(1.00)
$CONSIST_t$	-0.0018	-0.0051	-0.0217
	(0.51)	(1.09)	(0.96)
$INVOLVE_t$	0.0026	-0.0002	-0.0001
	(0.80)	(0.04)	(0.00)
AGE_t	-.0092**	0.0814	0.3971
	(2.48)	(0.73)	(0.72)
$SIZE_t$	.0267***	-0.002	-0.0537
	(3.04)	(0.13)	(0.70)
LEV_t	-.0089**	-0.0058	-0.0216
	(2.33)	(0.99)	(0.77)
MTB_t	0.0032	0.0018	0.0115
	(1.37)	(0.67)	(0.79)
$ZSCORE_t$	-0.0044	0.0068	0.0444
	(1.12)	(1.17)	(1.46)
$BIG4_t$	.025***	0.0068	0.0388
	(2.79)	(0.43)	(0.52)
$TENURE_t$	0.0008	0.0051	0.0268
	(0.24)	(0.87)	(0.94)
$MODIFIED_t$	-.0201***	-0.0113	-0.0594
	(3.02)	(1.50)	(1.57)
REV_GROWTH_t	-0.0014	0.006	0.0242
	(0.51)	(1.57)	(1.38)
NOA_{t-1}	-.0063**	-0.0049	-0.0253
	(2.15)	(1.03)	(1.23)
$SHARES_t$	0.0093	.0392***	.236***
	(1.38)	(2.61)	(3.12)
LIT_t	.0636***		
	(4.74)		
$CLAIM_t$	.0096**	-0.0084	-0.0417
	(2.22)	(0.83)	(0.88)
$NUM\_ESTIMATE_t$	.0186***	0.0075	0.0475
	(4.15)	(1.17)	(1.40)
$CV\_FORECAST_t$	-.0237***	-.021***	-.1006***
	(8.37)	(6.30)	(6.50)
FE_t	-.036***	-.0431***	-.323***
	(7.85)	(6.51)	(4.67)
$LOSS_t$	-.2121***	-.1939***	-.8921***
	(22.34)	(15.10)	(14.67)
N	33,582	33,582	29,595
R^2	0.0767	0.2439	0.0257
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	NO	NO
FIRM FE	NO	YES	YES
METHOD	LPM	LPM-FE	C-LOGIT

**p<0.1; ** p<0.05; *** p<0.01*

Table A.3: Subsample Regressions for *ADAPT* Corporate Culture on Meeting or Beating Analyst Estimates by Industry

This table presents regression estimates used to investigate the relationship between adaptability culture and meeting or beating analyst estimates for subsamples based on Fama and French five (5) industry classifications. Panel A presents results for the Consumer industry. Panel B provides estimates for the Manufacturing firms. Panel C report regression estimates for the High-Tech industry. Estimates for the Healthcare industry are provided in Panel D, while Panel E provided estimates for all other industries. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

Panel A. Consumer Industry: Consumer Durables, Nondurables, Wholesale, Retail, and Some Services (Laundries, Repair Shops)

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.134***	.1235***	.0822***	.0755***
	(2.84)	(2.73)	(2.94)	(2.81)
$MISSION_t$	0.0386	.0515*	0.0241	.0323*
	(1.23)	(1.67)	(1.30)	(1.77)
$CONSIST_t$	-0.0008	0.0108	0.0009	0.0076
	(0.02)	(0.30)	(0.04)	(0.36)
$INVOLVE_t$	0.0187	0.0125	0.0103	0.0065
	(0.53)	(0.37)	(0.49)	(0.32)
AGE_t	-0.0231	-0.0206	-0.0143	-0.0136
	(0.60)	(0.56)	(0.63)	(0.62)
$SIZE_t$	0.1741	0.1668	.1259**	.119**
	(1.62)	(1.64)	(1.98)	(1.97)
LEV_t	-.1231***	-.1185***	-.0726***	-.0706***
	(3.14)	(3.21)	(3.13)	(3.20)
MTB_t	-0.0235	-0.0198	-0.0145	-0.0123
	(0.89)	(0.76)	(0.93)	(0.79)
$ZSCORE_t$	-0.0963	-0.109	-0.0557	-0.0636
	(1.29)	(1.62)	(1.26)	(1.58)
$BIG4_t$	0.1576	0.1205	0.0945	0.0739
	(1.63)	(1.28)	(1.63)	(1.29)
$TENURE_t$	0.0457	0.0401	0.0273	0.0247
	(1.24)	(1.15)	(1.25)	(1.18)
$MODIFIED_t$	0.0057	0.0026	-0.0001	0.0007
	(0.07)	(0.03)	(0.00)	(0.02)
REV_GROWTH_t	.4411***	.3759***	.2692***	.2308***
	(3.80)	(3.37)	(3.97)	(3.53)
NOA_{t-1}	-.4052***	-.3715***	-.2435***	-.2252***
	(3.25)	(3.02)	(3.25)	(3.03)
$SHARES_t$	0.0514	0.0223	0.0186	0.0035
	(0.64)	(0.30)	(0.39)	(0.08)
LIT_t	.1456*	.1307*	.0901**	.0796*
	(1.93)	(1.81)	(2.01)	(1.85)
$CLAIM_t$	0.0677	.0777*	0.0411	.0471*
	(1.59)	(1.94)	(1.62)	(1.96)
$NUM\_ESTIMATE_t$	.092*	.1077**	.0537*	.0624**
	(1.80)	(2.19)	(1.79)	(2.16)
$CV\_FORECAST_t$	-.2043***	-.2121***	-.1199***	-.1255***
	(4.64)	(4.94)	(4.97)	(5.40)
FE_t	-.6884***	-.6746***	-.3152***	-.3002***
	(3.15)	(3.11)	(2.87)	(2.80)
$LOSS_t$	-1.1407***	-1.1423***	-.7295***	-.7401***
	(7.67)	(7.95)	(8.19)	(8.61)
N	7,522	7,522	7,522	7,522
R^2	0.0729	0.0729	0.0723	0.0723
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table A.3 continued

Panel B. Manufacturing Industry: Manufacturing, Energy, and Utilities

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1253***	.1344***	.0763***	.083***
	(2.79)	(3.06)	(2.83)	(3.12)
$MISSION_t$	0.0294	0.0246	0.0181	0.0158
	(0.95)	(0.81)	(0.97)	(0.86)
$CONSIST_t$	.0728*	.075**	.0435*	.0454**
	(1.87)	(2.02)	(1.86)	(2.02)
$INVOLVE_t$	-0.0164	-0.0204	-0.0099	-0.0131
	(0.43)	(0.56)	(0.43)	(0.59)
AGE_t	-0.0212	-0.0232	-0.0136	-0.0149
	(0.62)	(0.72)	(0.66)	(0.77)
$SIZE_t$	.2139**	.2478***	.1395**	.1604***
	(2.13)	(2.62)	(2.32)	(2.80)
LEV_t	0.0248	0.0245	0.0129	0.0132
	(0.52)	(0.52)	(0.45)	(0.47)
MTB_t	0.0354	0.0437	0.0206	0.0264
	(0.94)	(1.23)	(0.96)	(1.29)
$ZSCORE_t$	0.0108	-0.0291	0.0025	-0.0191
	(0.12)	(0.34)	(0.05)	(0.37)
$BIG4_t$	0.0181	0.0119	0.0108	0.0075
	(0.22)	(0.15)	(0.21)	(0.16)
$TENURE_t$	-0.0006	-0.0084	0.0004	-0.0044
	(0.02)	(0.24)	(0.02)	(0.21)
$MODIFIED_t$	-0.0823	-0.1083	-0.0511	-0.0668
	(1.16)	(1.57)	(1.19)	(1.59)
REV_GROWTH_t	-0.0184	-0.0184	-0.0108	-0.0106
	(0.30)	(0.32)	(0.30)	(0.30)
NOA_{t-1}	-.0878*	-.0901*	-0.0495	-.0514*
	(1.67)	(1.76)	(1.58)	(1.67)
$SHARES_t$	-0.0397	-0.0673	-0.0289	-0.0467
	(0.50)	(0.88)	(0.60)	(1.01)
LIT_t	0.0285	-0.004	0.0195	0.0006
	(0.16)	(0.03)	(0.18)	(0.01)
$CLAIM_t$	.0702*	.071**	.0442**	.0447**
	(1.93)	(2.06)	(2.01)	(2.14)
$NUM\_ESTIMATE_t$	.0931*	.084*	.0539*	.0494*
	(1.87)	(1.73)	(1.80)	(1.68)
$CV\_FORECAST_t$	-.1006***	-.1026***	-.0613***	-.0627***
	(3.57)	(3.69)	(3.60)	(3.74)
FE_t	-.3273**	-.3259***	-.161***	-.1536**
	(2.55)	(2.59)	(2.58)	(2.51)
$LOSS_t$	-.9376***	-.9033***	-.5865***	-.5738***
	(7.97)	(7.86)	(8.25)	(8.18)
N	7,364	7,364	7,364	7,364
R^2	0.0498	0.0498	0.0495	0.0495
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table A.3 continued

Panel C. High-Tech: Business Equipment, Telephone, and Television Transmission

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.143***	.1346***	.0858***	.0804***
	(3.90)	(3.72)	(4.03)	(3.80)
$MISSION_t$	.116***	.1319***	.0694***	.0791***
	(3.28)	(3.82)	(3.42)	(3.97)
$CONSIST_t$	-0.0448	-0.0426	-0.0255	-0.0251
	(1.23)	(1.24)	(1.20)	(1.24)
$INVOLVE_t$	0.0504	0.0464	0.0291	0.0274
	(1.43)	(1.37)	(1.41)	(1.37)
AGE_t	-0.0565	-0.0577	-0.0328	-0.0347
	(1.21)	(1.34)	(1.21)	(1.37)
$SIZE_t$	0.1164	0.1201	0.0776	0.0798
	(1.22)	(1.30)	(1.40)	(1.48)
LEV_t	-0.0001	-0.0155	0.0004	-0.0091
	(0.00)	(0.38)	(0.02)	(0.38)
MTB_t	0.0289	0.0292	0.0179	0.0177
	(1.18)	(1.23)	(1.23)	(1.24)
$ZSCORE_t$	0.0193	0.005	0.0103	0.0029
	(0.54)	(0.14)	(0.50)	(0.14)
$BIG4_t$	.1464*	.1396*	.0852*	.0824*
	(1.72)	(1.77)	(1.70)	(1.74)
$TENURE_t$	-0.0191	-0.0171	-0.0104	-0.009
	(0.48)	(0.45)	(0.45)	(0.40)
$MODIFIED_t$	-0.1118	-0.1058	-0.0636	-0.0585
	(1.58)	(1.56)	(1.54)	(1.48)
REV_GROWTH_t	0.0445	0.0415	0.0309	0.0298
	(0.83)	(0.81)	(1.03)	(1.03)
NOA_{t-1}	-.0987**	-.0941**	-.0613**	-.0577**
	(2.09)	(2.08)	(2.18)	(2.11)
$SHARES_t$	0.0753	0.0427	0.0383	0.0197
	(1.02)	(0.62)	(0.90)	(0.49)
LIT_t	.3011***	.2273***	.1764***	.1336***
	(3.65)	(2.88)	(3.64)	(2.85)
$CLAIM_t$	.1222***	.1305***	.074***	.0795***
	(2.77)	(3.11)	(2.85)	(3.21)
$NUM\_ESTIMATE_t$	.0977**	.1044**	.0539**	.0562**
	(2.03)	(2.18)	(1.99)	(2.09)
$CV\_FORECAST_t$	-.101***	-.095***	-.0591***	-.0563***
	(3.16)	(3.07)	(3.16)	(3.12)
FE_t	-.283***	-.2691***	-.153***	-.1447***
	(3.19)	(3.11)	(3.52)	(3.53)
$LOSS_t$	-.7791***	-.771***	-.4651***	-.4659***
	(8.91)	(9.21)	(9.03)	(9.39)
N	9,386	9,386	9,386	9,386
R^2	0.0704	0.0704	0.0704	0.0704
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table A.3 continued

Panel D. Healthcare Industry: Healthcare, Medical Equipment, and Drugs

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	0.0627	0.0651	0.0392	0.0404
	(1.20)	(1.29)	(1.26)	(1.33)
$MISSION_t$	.0967**	.0983**	.0576**	.0596**
	(2.16)	(2.26)	(2.16)	(2.27)
$CONSIST_t$	-0.0008	0.0019	0.0009	0.0021
	(0.02)	(0.05)	(0.04)	(0.08)
$INVOLVE_t$	-0.0602	-0.0468	-0.0372	-0.0291
	(1.49)	(1.19)	(1.54)	(1.23)
AGE_t	-0.0818	-0.0863	-0.0515	-0.0541
	(1.41)	(1.53)	(1.47)	(1.58)
$SIZE_t$	-.2448**	-.2074**	-.1464**	-.124**
	(2.29)	(2.01)	(2.27)	(1.98)
LEV_t	-0.0067	-0.0125	-0.0044	-0.0078
	(0.19)	(0.36)	(0.20)	(0.37)
MTB_t	0.02	0.0193	0.0127	0.012
	(0.84)	(0.83)	(0.87)	(0.84)
$ZSCORE_t$	0.0478	0.0388	0.0291	0.024
	(1.39)	(1.18)	(1.40)	(1.20)
$BIG4_t$	.2951**	.2999***	.1799**	.1854***
	(2.52)	(2.62)	(2.54)	(2.66)
$TENURE_t$	0.0382	0.0407	0.0222	0.024
	(0.86)	(0.97)	(0.84)	(0.96)
$MODIFIED_t$	-.1444*	-.1487*	-.0875*	-.09*
	(1.75)	(1.86)	(1.77)	(1.86)
REV_GROWTH_t	-.0243*	-.0254*	-.0149*	-.0156**
	(1.80)	(1.96)	(1.82)	(1.99)
NOA_{t-1}	-0.0118	-0.0107	-0.0072	-0.0067
	(0.75)	(0.71)	(0.76)	(0.72)
$SHARES_t$	.3004***	.2659***	.1814***	.1612***
	(3.44)	(3.18)	(3.45)	(3.19)
LIT_t	-0.1468	-0.1414	-.091*	-.0897*
	(1.62)	(1.61)	(1.67)	(1.70)
$CLAIM_t$	0.0051	0.0017	0.0047	0.0031
	(0.06)	(0.02)	(0.10)	(0.07)
$NUM\_ESTIMATE_t$	0.0446	0.0532	0.0263	0.0318
	(0.66)	(0.80)	(0.65)	(0.80)
$CV\_FORECAST_t$	-.0633**	-.063**	-.0408**	-.0413**
	(2.11)	(2.15)	(2.23)	(2.30)
FE_t	-0.0399	-0.0314	-0.0241	-0.0194
	(0.97)	(0.80)	(0.94)	(0.78)
$LOSS_t$	-1.0427***	-1.011***	-.6348***	-.6195***
	(11.19)	(11.12)	(11.32)	(11.27)
N	5,161	5,161	5,161	5,161
R^2	0.057	0.057	0.0572	0.0572
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table A.3 continued

Panel E. Other Industries: Mines, Construction, Building Maintenance, Transportation, Hotels, Business Services, Entertainment, and Finance

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1921***	.1765***	.1166***	.1067***
	(3.26)	(3.12)	(3.28)	(3.10)
$MISSION_t$	-.0751**	-0.0563	-.0457**	-0.0342
	(1.96)	(1.52)	(1.99)	(1.53)
$CONSIST_t$	-0.057	-0.0522	-0.0346	-0.0325
	(1.17)	(1.10)	(1.17)	(1.12)
$INVOLVE_t$	.0819**	.0826**	.0484*	.0491**
	(1.98)	(2.14)	(1.94)	(2.09)
AGE_t	0.009	-0.0041	0.0077	-0.0004
	(0.17)	(0.08)	(0.24)	(0.01)
$SIZE_t$	0.1209	0.0772	0.0745	0.049
	(0.90)	(0.61)	(0.93)	(0.64)
LEV_t	-.0881*	-.0932**	-.0542*	-.0576**
	(1.83)	(1.97)	(1.88)	(2.02)
MTB_t	-0.0038	-0.0004	-0.0018	0.0002
	(0.09)	(0.01)	(0.08)	(0.01)
$ZSCORE_t$	0.0362	0.0154	0.019	0.0055
	(0.35)	(0.15)	(0.31)	(0.09)
$BIG4_t$	0.1809	.2263*	0.1104	.1376*
	(1.56)	(1.93)	(1.58)	(1.94)
$TENURE_t$	0.0281	0.0156	0.0162	0.0089
	(0.59)	(0.33)	(0.57)	(0.31)
$MODIFIED_t$	-0.1154	-0.112	-0.0668	-0.0674
	(1.23)	(1.23)	(1.18)	(1.22)
REV_GROWTH_t	.2663***	.2397***	.1597***	.1446***
	(3.16)	(2.98)	(3.26)	(3.10)
NOA_{t-1}	-.0988**	-.0871*	-.0593**	-.0537*
	(2.03)	(1.74)	(2.04)	(1.80)
$SHARES_t$	0.0447	0.0438	0.0243	0.0247
	(0.44)	(0.45)	(0.40)	(0.43)
LIT_t				
$CLAIM_t$	-0.0495	-0.0244	-0.029	-0.0149
	(1.06)	(0.56)	(1.03)	(0.57)
$NUM\_ESTIMATE_t$	.1868**	.2127***	.113**	.1272***
	(2.52)	(2.91)	(2.57)	(2.91)
$CV\_FORECAST_t$	-.1277***	-.1344***	-.0789***	-.0836***
	(3.21)	(3.44)	(3.34)	(3.59)
FE_t	-0.1514	-0.1446	-0.0715	-0.0698
	(1.30)	(1.32)	(1.48)	(1.55)
$LOSS_t$	-1.1285***	-1.1163***	-.7***	-.6981***
	(8.19)	(8.38)	(8.56)	(8.79)
N	4,149	4,149	4,149	4,149
R^2	0.0686	0.0686	0.0684	0.0684
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.4: Regressions for *ADAPT* Corporate Culture on Meeting/Beating Analyst Estimates During the COVID-19 Pandemic with Additional Controls for Innovation

This table presents regression estimates used to investigate the relationship between adaptability culture and meeting or beating analyst estimates during the COVID-19 pandemic (*COVID*) period: 2020. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

Panel A. The impact of *ADAPT* culture on meeting/beating analyst estimates during the COVID-19 pandemic including a control for innovation as proxied by *HT* (High-Tech) dummy.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
ADAPT x COVID	-0.0426	-0.0441	-0.025	-0.027
	(0.56)	(0.59)	(0.55)	(0.61)
MISSION x COVID	.3681***	.3408***	.2174***	.2023***
	(3.77)	(3.60)	(3.82)	(3.67)
CONSIST x COVID	0.0178	0.0177	0.0097	0.0095
	(0.18)	(0.18)	(0.16)	(0.17)
INVOLVE x COVID	-.4057***	-.3829***	-.2354***	-.2211***
	(4.17)	(4.07)	(4.08)	(3.96)
COVID	.3308*	.3317*	.194*	.1943*
	(1.83)	(1.92)	(1.79)	(1.86)
$ADAPT_t$	.1168***	.1106***	.0706***	.0668***
	(5.63)	(5.43)	(5.73)	(5.49)
$MISSION_t$	.0275*	.0335**	.0173*	.0214**
	(1.75)	(2.19)	(1.85)	(2.34)
$CONSIST_t$	-0.0162	-0.0125	-0.0091	-0.0072
	(0.90)	(0.72)	(0.85)	(0.69)
$INVOLVE_t$	0.023	0.0233	0.0133	0.0135
	(1.34)	(1.43)	(1.30)	(1.38)
HT_t	.2227**	.2072**	.1291**	.1183*
	(2.05)	(2.03)	(1.98)	(1.92)
AGE_t	-.0523***	-.0505***	-.0314***	-.0313***
	(2.71)	(2.74)	(2.72)	(2.83)
$SIZE_t$	.1135**	.1122**	.075***	.0744***
	(2.47)	(2.54)	(2.75)	(2.82)
LEV_t	-.0351*	-.0394**	-.0212*	-.0237**
	(1.92)	(2.17)	(1.93)	(2.17)
MTB_t	0.0143	0.0171	0.0085	0.0103
	(1.14)	(1.41)	(1.14)	(1.40)
$ZSCORE_t$	-0.0111	-0.0194	-0.0069	-0.0115
	(0.54)	(0.99)	(0.56)	(0.97)
$BIG4_t$	.1072**	.1089***	.064**	.0662***
	(2.48)	(2.62)	(2.46)	(2.62)
$TENURE_t$	0.0077	0.0043	0.0044	0.0025
	(0.43)	(0.25)	(0.41)	(0.25)
$MODIFIED_t$	-.0906***	-.0982***	-.0547***	-.0585***
	(2.63)	(2.93)	(2.67)	(2.92)
REV_GROWTH_t	-0.0014	-0.0041	-0.0005	-0.0021
	(0.11)	(0.33)	(0.07)	(0.28)
NOA_{t-1}	-.0302**	-.0289**	-.0183**	-.0175**
	(2.23)	(2.19)	(2.24)	(2.19)
$SHARES_t$	.0846**	.058*	.0459**	0.0305
	(2.34)	(1.69)	(2.14)	(1.50)
LIT_t	.2789***	.2431***	.1658***	.1454***
	(3.28)	(3.05)	(3.26)	(3.03)
$CLAIM_t$	0.0293	.0425**	0.0193	.027**
	(1.33)	(2.05)	(1.47)	(2.17)
$NUM\_ESTIMATE_t$	.1001***	.1091***	.0574***	.0623***
	(4.06)	(4.50)	(3.97)	(4.38)
$CV\_FORECAST_t$	-.1145***	-.1149***	-.0701***	-.0705***
	(7.91)	(8.11)	(8.11)	(8.32)
FE_t	-.215***	-.2071***	-.117***	-.1117***
	-5.1173	-4.9534	-5.7457	-5.6947
$LOSS_t$	-.9816***	-.9538***	-.5981***	-.5865***
	-21.2626	-21.4294	-21.5787	-21.7955
N	33,582	33,582	33,582	33,582
R^2	0.0625	0.0625	0.0626	0.0626
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

(continued on the next page)

Table A.4 continued

Panel B. The impact of *ADAPT* culture on meeting or beating analyst estimates during the COVID-19 pandemic including a control for innovation as proxied by *INNOV* dummy.

	$MEET\_BEAT_t$			
	(1)	(2)	(3)	(4)
ADAPT x COVID	-0.0412	-0.0425	-0.0243	-0.0261
	(0.54)	(0.57)	(0.54)	(0.59)
MISSION x COVID	.3673***	.3395***	.2171***	.2017***
	(3.77)	(3.58)	(3.82)	(3.66)
CONSIST x COVID	0.015	0.0143	0.0081	0.0076
	(0.15)	(0.15)	(0.14)	(0.13)
INVOLVE x COVID	-.4061***	-.3829***	-.2358***	-.2213***
	(4.17)	(4.07)	(4.09)	(3.97)
COVID	.3291*	.3314*	.1932*	.1946*
	(1.82)	(1.91)	(1.78)	(1.86)
$ADAPT_t$	.1196***	.1133***	.0722***	.0683***
	(5.76)	(5.57)	(5.86)	(5.62)
$MISSION_t$	.0274*	.0333**	.0172*	.0212**
	(1.74)	(2.18)	(1.84)	(2.32)
$CONSIST_t$	-0.016	-0.0124	-0.009	-0.0072
	(0.89)	(0.72)	(0.84)	(0.69)
$INVOLVE_t$	0.021	0.0209	0.0121	0.0122
	(1.23)	(1.28)	(1.19)	(1.24)
$INNOV_t$	-0.0073	0.0032	-0.004	0.0027
	(0.20)	(0.09)	(0.18)	(0.13)
AGE_t	-.0515***	-.0498***	-.0309***	-.031***
	(2.65)	(2.69)	(2.67)	(2.79)
$SIZE_t$	.1116**	.1096**	.0739***	.073***
	(2.43)	(2.48)	(2.71)	(2.77)
LEV_t	-.0354*	-.0395**	-.0213*	-.0237**
	(1.93)	(2.17)	(1.94)	(2.17)
MTB_t	0.0147	0.0175	0.0088	0.0105
	(1.18)	(1.44)	(1.17)	(1.44)
$ZSCORE_t$	-0.0107	-0.019	-0.0066	-0.0112
	(0.52)	(0.97)	(0.54)	(0.95)
$BIG4_t$	.1084**	.1112***	.0647**	.0675***
	(2.50)	(2.66)	(2.48)	(2.66)
$TENURE_t$	0.0069	0.003	0.0039	0.0018
	(0.39)	(0.18)	(0.37)	(0.17)
$MODIFIED_t$	-.0903***	-.0978***	-.0545***	-.0583***
	(2.62)	(2.91)	(2.66)	(2.91)
REV_GROWTH_t	-0.0012	-0.0039	-0.0005	-0.0019
	(0.10)	(0.32)	(0.06)	(0.27)
NOA_{t-1}	-.03**	-.0286**	-.0182**	-.0174**
	(2.22)	(2.16)	(2.23)	(2.17)
$SHARES_t$	.0872**	.0602*	.0474**	0.0317
	(2.42)	(1.76)	(2.22)	(1.56)
LIT_t	.3858***	.3367***	.2284***	.1999***
	(5.44)	(4.98)	(5.40)	(4.94)
$CLAIM_t$	0.0311	.044**	0.0204	.0279**
	(1.41)	(2.12)	(1.55)	(2.23)
$NUM\_ESTIMATE_t$	.1014***	.1108***	.0581***	.0632***
	(4.11)	(4.58)	(4.02)	(4.44)
$CV\_FORECAST_t$	-.1142***	-.1146***	-.0699***	-.0703***
	(7.89)	(8.09)	(8.09)	(8.31)
FE_t	-.2149***	-.2069***	-.1169***	-.1115***
	(5.11)	(4.95)	(5.74)	(5.69)
$LOSS_t$	-.9781***	-.95***	-.5962***	-.5844***
	(21.21)	(21.37)	(21.53)	(21.74)
N	33,582	33,582	33,582	33,582
R^2	0.0624	0.0624	0.0624	0.0624
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT	PROBIT-RE	PROBIT

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.5: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat Analyst Estimates with Additional Controls for Innovation

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates including additional controls for innovation, proxied by High-Tech industry (*HT*) dummy, in Panel A and by *INNOV* dummy, in Panel B. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

Panel A. The relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates controls for innovation proxied by High-Tech industry (*HT*) dummy.

	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)
$ADAPT_t$	-0.0324	.1671***	.2322***
	(1.49)	(3.49)	(4.60)
$MISSION_t$	-.0353**	0.0258	0.0207
	(2.03)	(0.81)	(0.58)
$CONSIST_t$	-0.002	0.0034	0.0061
	(0.10)	(0.09)	(0.14)
$INVOLVE_t$	.0394**	-0.0398	.0691*
	(1.97)	(1.02)	(1.70)
HT_t	-0.0166	1.1094***	2.4287***
	(0.16)	(2.92)	(5.43)
AGE_t	.0435**	-0.0541	-.2377***
	(2.21)	(0.84)	(3.15)
$SIZE_t$	-.2065***	.3454***	-.269***
	(8.17)	(4.72)	(3.17)
LEV_t	.0616***	-.1151**	-.1348**
	(3.03)	(2.48)	(2.48)
MTB_t	-0.0177	0.0271	.1129***
	(1.21)	(1.06)	(3.45)
$ZSCORE_t$	.0954***	.3398***	-0.0113
	(4.70)	(4.82)	(0.21)
$BIG4_t$	0.0357	-0.079	.3392**
	(0.75)	(0.67)	(2.38)
$TENURE_t$	-.0317*	-.0789*	-.148***
	(1.67)	(1.65)	(2.75)
$MODIFIED_t$	-0.0034	-.1349**	-0.0816
	(0.09)	(2.16)	(1.16)
REV_GROWTH_t	0.001	-0.0399	.561***
	(0.05)	(1.07)	(6.84)
NOA_{t-1}	-.0794***	-.2166***	-.6059***
	(3.79)	(3.62)	(6.62)
LIT_t	-0.0873	.9858***	.8975**
	(1.02)	(3.24)	(2.47)
$CLAIM_t$	.0459*	-.244***	-.1921**
	(1.89)	(3.62)	(2.25)
N	21,984	20,577	22,061
R^2	0.0149	0.0698	0.0994
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

(continued on the next page)

Table A.5 continued

Panel B. The relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates including controls for innovation proxied by *INNOV* dummy.

	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)
$ADAPT_t$	-0.0317	.1665***	.2345***
	(1.45)	(3.48)	(4.66)
$MISSION_t$	-.035**	0.0263	0.0217
	(2.02)	(0.82)	(0.61)
$CONSIST_t$	-0.002	0.0024	0.0043
	(0.10)	(0.06)	(0.10)
$INVOLVE_t$	.0391*	-0.0415	0.0663
	(1.95)	(1.07)	(1.63)
$INNOV_t$	-0.021	.2244***	.4206***
	(0.55)	(2.92)	(5.05)
AGE_t	.0445**	-0.0697	-.2742***
	(2.25)	(1.08)	(3.63)
$SIZE_t$	-.2054***	.3378***	-.2836***
	(8.13)	(4.62)	(3.36)
LEV_t	.0613***	-.1144**	-.1347**
	(3.01)	(2.46)	(2.48)
MTB_t	-0.0177	0.0274	.1137***
	(1.21)	(1.06)	(3.50)
$ZSCORE_t$	.0952***	.341***	-0.0104
	(4.69)	(4.83)	(0.20)
$BIG4_t$	0.0353	-0.0763	.3466**
	(0.74)	(0.65)	(2.43)
$TENURE_t$	-.0313*	-.0801*	-.152***
	(1.65)	(1.68)	(2.83)
$MODIFIED_t$	-0.0036	-.1317**	-0.0776
	(0.10)	(2.11)	(1.10)
REV_GROWTH_t	0.0008	-0.041	.5609***
	(0.04)	(1.10)	(6.90)
NOA_{t-1}	-.0798***	-.213***	-.601***
	(3.81)	(3.56)	(6.65)
LIT_t	-0.0916	1.505***	2.0938***
	(1.35)	(6.02)	(7.41)
$CLAIM_t$	.0461*	-.2405***	-.182**
	(1.90)	(3.57)	(2.14)
N	21,984	20,577	22,061
R^2	0.0149	0.0723	0.104
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.6: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat with Additional Controls for Corporate Governance

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates with controls for corporate governance including board attrition and succession, gender ratio, nationality mix, number of qualifications, number of directors, as well as standard deviation of age, qualifications, time on board. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)
$ADAPT_t$	-0.0015	.2504***	.3989***
	(0.04)	(3.65)	(5.13)
$MISSION_t$	-0.0267	0.0059	.0994*
	(1.04)	(0.13)	(1.72)
$CONSIST_t$	-0.0189	0.0197	0.07
	(0.62)	(0.34)	(1.06)
$INVOLVE_t$	0.0362	-.1003*	-0.0251
	(1.15)	(1.72)	(0.39)
AGE_t	0.0412	-0.1088	-.2396**
	(1.42)	(1.29)	(2.37)
$SIZE_t$	-.1847***	.4792***	-.3146***
	(4.38)	(4.61)	(2.59)
LEV_t	.0632**	-0.0956	-.1959***
	(2.08)	(1.43)	(2.58)
MTB_t	-0.0285	0.0211	.0982**
	(1.32)	(0.71)	(2.34)
$ZSCORE_t$	.1167***	.5147***	0.0105
	(3.23)	(5.24)	(0.11)
$BIG4_t$	.1428*	-0.1497	0.2111
	(1.88)	(0.79)	(0.97)
$TENURE_t$	-0.018	-0.0611	-.1552**
	(0.67)	(0.99)	(2.10)
$MODIFIED_t$	0.0174	-0.1432	-.1823*
	(0.33)	(1.51)	(1.72)
REV_GROWTH_t	-0.033	-.1566**	.6311***
	(1.16)	(2.39)	(4.53)
NOA_{t-1}	-.1157***	-.3161***	-.681***
	(2.97)	(3.02)	(4.75)
LIT_t	-0.1124	1.4602***	2.2862***
	(1.17)	(4.73)	(6.43)
$CLAIM_t$	0.0422	-.1775**	-.1853*
	(1.18)	(2.03)	(1.67)
$B\_ATTRITION_t$	0.0682	-0.3661	-0.6865
	(0.17)	(0.54)	(0.95)
$B\_SUCCESSION_t$	-0.2113	.8749*	1.4604***
	(0.95)	(1.75)	(2.61)
$B\_GENDER\_RATIO_t$	-0.1196	-0.3523	-0.2633
	(0.49)	(0.67)	(0.47)
$B\_NATIONALITY\_MIX_t$	-0.1472	0.0697	-0.532
	(1.03)	(0.20)	(1.45)
$B\_NUM\_QUAL_t$	0.0314	-0.094	-0.0609
	(0.79)	(1.07)	(0.58)
$B\_NUM\_DIRECTORS_t$	-0.0142	-.0758**	0.0233
	(0.97)	(2.38)	(0.61)
$B\_STDEV\_AGE_t$	.024*	-0.0266	-.0609*
	(1.72)	(0.86)	(1.78)
$B\_STDEV\_QUAL_t$	-0.0011	-0.1293	0.0281
	(0.02)	(0.86)	(0.18)
$B\_STDEV\_TIME_t$	-0.0071	0.0114	-0.0314
	(0.79)	(0.59)	(1.42)
N	9,572	9,013	9,584
R^2	0.0188	0.0819	0.1136
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$

Table A.7: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat with Additional Controls for Institutional Ownership

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates with controls for institutional ownership including dedicated investors, *INST_DED*, quasi-indexers, *INST_QUASI*, and transient investors, *INST_TRA*. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)
$ADAPT_t$	-.0468**	.158***	.204***
	(2.04)	(3.08)	(3.68)
$MISSION_t$	-0.0256	0.011	0.0283
	(1.42)	(0.32)	(0.75)
$CONSIST_t$	-0.0071	-0.0069	0.0201
	(0.34)	(0.17)	(0.43)
$INVOLVE_t$	.045**	-0.0456	0.0395
	(2.15)	(1.10)	(0.90)
AGE_t	.0622***	-0.0756	-.3365***
	(2.64)	(0.94)	(3.50)
$SIZE_t$	-.2445***	.3485***	-.3494***
	(8.22)	(3.80)	(3.26)
LEV_t	.0498**	-.1132**	-.1336**
	(2.14)	(2.03)	(2.03)
MTB_t	-0.0073	.0715*	.1491***
	(0.38)	(1.89)	(3.17)
$ZSCORE_t$	.0783***	.3516***	-0.0501
	(3.52)	(4.26)	(0.80)
$BIG4_t$	0.0242	0.0531	.4799***
	(0.46)	(0.40)	(2.85)
$TENURE_t$	-0.0266	-0.0522	-.1173*
	(1.16)	(0.86)	(1.68)
$MODIFIED_t$	-0.0311	-.163**	-0.0849
	(0.74)	(2.33)	(1.05)
REV_GROWTH_t	0.0053	0.0051	.8107***
	(0.19)	(0.08)	(7.02)
NOA_{t-1}	-.0566*	-.3213***	-.9329***
	(1.94)	(3.62)	(7.35)
LIT_t	-.1293*	1.5108***	2.07***
	(1.76)	(5.39)	(6.45)
$CLAIM_t$	0.0272	-.2403***	-.2312**
	(1.02)	(3.17)	(2.36)
$INST\_DED_t$	0.1758	-0.2752	-1.1057*
	(0.76)	(0.54)	(1.91)
$INST\_QUASI_t$	-0.0998	-0.1501	-.577**
	(0.94)	(0.63)	(2.05)
$INST\_TRA_t$	.3766**	.8101**	1.1001***
	(2.39)	(2.33)	(2.92)
N	18,559	17,459	18,628
R^2	0.0146	0.0736	0.103
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

*$p<0.1$; ** $p<0.05$; *** $p<0.01$*

Table A.8: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management for Other Meet or Beat Subsamples

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or just beat (<1 cent), small beat (<5 cents), large beat (> 5 cents) analyst estimates. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	Meet Just Beat			*Small Beat*			*Large Beat*		
	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$ADAPT_t$	-0.0428	.2866***	.3777***	-0.0039	.2033***	.4396***	-0.0424	.1648**	.4503***
	(1.08)	(3.22)	(3.84)	(0.11)	(2.82)	(5.40)	(1.21)	(2.29)	(5.47)
$MISSION_t$	-0.0362	0.0126	0.0953	-.0483*	.1007**	.117*	-0.0205	0.0461	-0.0355
	(1.10)	(0.20)	(1.42)	(1.68)	(1.97)	(1.91)	(0.71)	(0.86)	(0.55)
$CONSIST_t$	-0.022	0.0585	-.1613*	0.0027	-0.0498	.1372**	0.029	-.1046*	0.0464
	(0.58)	(0.83)	(1.96)	(0.08)	(0.79)	(1.98)	(0.92)	(1.77)	(0.69)
$INVOLVE_t$	0.0276	-0.0858	-0.0099	0.0387	-0.0932	-0.0373	0.0423	-0.0938	0.0618
	(0.76)	(1.18)	(0.13)	(1.17)	(1.50)	(0.52)	(1.37)	(1.47)	(0.94)
AGE_t	-0.0074	-0.1159	-.4628***	0.0204	-0.1169	-0.1321	.0831***	-0.0692	-.1726*
	(0.19)	(1.03)	(3.48)	(0.61)	(1.38)	(1.27)	(3.04)	(0.94)	(1.95)
$SIZE_t$	-.2615***	.6262***	-0.214	-.211***	.3006***	-.4253***	-.1962***	.2433***	-.2907***
	(5.46)	(5.13)	(1.59)	(4.91)	(3.08)	(3.55)	(5.21)	(2.80)	(2.81)
LEV_t	0.0495	-.2597***	-.2035*	.1161***	-0.0975	-.2687***	0.03	0.029	-.1236*
	(1.22)	(2.91)	(1.74)	(3.23)	(1.25)	(3.03)	(1.03)	(0.49)	(1.79)
MTB_t	-0.0134	.125*	0.1483	-.0414*	.1017**	.1373***	-0.0044	0.0084	.161***
	(0.38)	(1.68)	(1.42)	(1.66)	(1.99)	(2.71)	(0.25)	(0.28)	(3.87)
$ZSCORE_t$	.123***	.2624**	-0.0484	.0742**	.4486***	-0.1212	.0872**	.5642***	0.0578
	(3.25)	(2.33)	(0.51)	(2.10)	(4.06)	(1.42)	(2.51)	(6.14)	(0.70)
$BIG4_t$	0.0567	-0.1453	0.3995	0.0179	-0.1601	.3484*	0.0356	-0.1666	.5813***
	(0.64)	(0.69)	(1.62)	(0.22)	(0.96)	(1.67)	(0.48)	(0.99)	(3.00)
$TENURE_t$	-0.0098	-.1682*	-.2109*	-0.0315	-.1348*	-0.1089	-.0521*	0.0244	-.1131*
	(0.25)	(1.85)	(1.90)	(0.98)	(1.91)	(1.37)	(1.93)	(0.42)	(1.65)
$MODIFIED_t$	-0.037	-0.0618	0.0484	-0.0104	-0.1507	-0.0347	0.0316	-0.0718	-0.0714
	(0.50)	(0.46)	(0.32)	(0.16)	(1.33)	(0.29)	(0.56)	(0.74)	(0.65)
REV_GROWTH_t	.0867*	-0.0369	.9615***	0.054	-.137*	1.3552***	-0.0325	-0.0561	.3474***
	(1.76)	(0.33)	(4.23)	(1.24)	(1.69)	(6.22)	(1.45)	(1.26)	(4.71)
NOA_{t-1}	-.0716*	-.3572**	-.9416***	-.1473***	-.3866***	-1.1121***	-.0519*	-.1263**	-.4784***
	(1.92)	(2.13)	(4.26)	(3.36)	(3.10)	(3.09)	(1.77)	(1.98)	(6.16)
LIT_t	-.2973**	1.4536***	1.5014***	0.0194	1.0732***	1.6844***	-0.0331	1.7326***	2.1371***
	(2.52)	(3.85)	(3.40)	(0.18)	(3.55)	(4.76)	(0.32)	(5.56)	(6.12)
$CLAIM_t$	0.0337	-.3938***	-0.1699	0.0204	-0.0982	-0.0565	.0675*	-0.0627	.1848*
	(0.71)	(3.36)	(1.28)	(0.51)	(1.01)	(0.47)	(1.92)	(0.79)	(1.78)
N	5,810	5,458	5,792	7,623	7,132	7,645	8,549	7,955	8,577
R^2	0.0246	0.0897	0.1018	0.0204	0.0761	0.1094	0.0162	0.0653	0.1102
YEAR FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE

**p<0.1; ** p<0.05; *** p<0.01*

Table A.9: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Meet or Beat Analyst Estimates During the GFC

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to meet or beat analyst estimates during the Global Financial Crisis (*GFC*) period: 2007 - 2009. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	POS_DWCA	*POS_APROD*	*POS_ADEXP*
	(1)	(2)	(3)
ADAPT x GFC	-0.0795	-0.0037	0.0781
	(1.64)	(0.05)	(0.91)
MISSION x GFC	.0776*	0.0069	-0.0298
	(1.83)	(0.10)	(0.39)
CONSIST x GFC	-0.0838	0.0265	0.0728
	(1.63)	(0.29)	(0.75)
INVOLVE x GFC	-0.0767	-0.0821	-0.0843
	(1.50)	(0.93)	(0.97)
GFC	-0.0876	-0.1097	0.1108
	(0.82)	(0.56)	(0.55)
$ADAPT_t$	-0.0224	.1709***	.2283***
	(0.99)	(3.47)	(4.40)
$MISSION_t$	-.0485***	0.0257	0.0285
	(2.58)	(0.74)	(0.76)
$CONSIST_t$	0.009	-0.0005	-0.0038
	(0.43)	(0.01)	(0.08)
$INVOLVE_t$	.0493**	-0.0314	.0763*
	(2.30)	(0.77)	(1.80)
AGE_t	.044**	-0.0569	-.2476***
	(2.23)	(0.88)	(3.27)
$SIZE_t$	-.2078***	.3442***	-.2709***
	(8.21)	(4.70)	(3.19)
LEV_t	.0621***	-.1152**	-.134**
	(3.05)	(2.48)	(2.46)
MTB_t	-0.018	0.0277	.1145***
	(1.23)	(1.08)	(3.49)
$ZSCORE_t$	.0947***	.3395***	-0.0089
	(4.66)	(4.81)	(0.17)
$BIG4_t$	0.0345	-0.0749	.3447**
	(0.72)	(0.63)	(2.41)
$TENURE_t$	-0.0307	-.0798*	-.1494***
	(1.61)	(1.67)	(2.77)
$MODIFIED_t$	-0.0063	-.1344**	-0.0791
	(0.17)	(2.15)	(1.12)
REV_GROWTH_t	0.0006	-0.0399	.5607***
	(0.03)	(1.07)	(6.85)
NOA_{t-1}	-.08***	-.2155***	-.6017***
	(3.81)	(3.60)	(6.62)
LIT_t	-0.0966	1.5547***	2.1814***
	(1.43)	(6.20)	(7.66)
$CLAIM_t$	.0453*	-.2404***	-.185**
	(1.86)	(3.56)	(2.17)
N	21,984	20,577	22,061
R^2	0.0153	0.0695	0.0985
YEAR FE	YES	YES	YES
INDUSTRY FE	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE

**p<0.1; ** p<0.05; *** p<0.01*

Table A.10: Regressions for *ADAPT* Corporate Culture on Meet or Beat Streaks

This table presents regression estimates used to investigate the impact of adaptability culture (*ADAPT*) on consistently meeting or beating analysts' earnings expectations at streaks (*MBS*) of 2, 3, 4, and 5 consecutive years. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	MBS_2Y_t	MBS_3Y_t	MBS_4Y_t	MBS_5Y_t
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1434***	.1251***	.0999***	.0795*
	(6.04)	(4.45)	(2.79)	(1.77)
$MISSION_t$	.0454***	.0467**	0.0383	0.0421
	(2.68)	(2.26)	(1.49)	(1.39)
$CONSIST_t$	0.0107	-0.0003	-0.0065	0.0142
	(0.54)	(0.01)	(0.22)	(0.38)
$INVOLVE_t$	-0.0023	0.0076	-0.0321	-0.0385
	(0.12)	(0.34)	(1.09)	(1.06)
AGE_t	-.0529**	.0869***	.1789***	.2594***
	(2.15)	(2.97)	(4.66)	(5.37)
$SIZE_t$	.3141***	.4574***	.6592***	.9022***
	(5.50)	(6.33)	(6.90)	(7.23)
LEV_t	-.0639***	-.0562*	-0.0607	-.1038**
	(2.74)	(1.88)	(1.55)	(2.05)
MTB_t	0.0151	-0.0083	-.0375**	-.0529***
	(1.13)	(0.55)	(2.10)	(2.59)
$ZSCORE_t$	0.0331	0.0039	-0.0141	-0.0538
	(1.36)	(0.13)	(0.37)	(1.10)
$BIG4_t$	.1025*	0.0713	0.0593	0.0058
	(1.84)	(0.98)	(0.58)	(0.04)
$TENURE_t$	-0.0124	0.0432	.0732**	.0989**
	(0.56)	(1.60)	(2.04)	(2.14)
$MODIFIED_t$	-0.031	0.0116	0.0664	.1011*
	(0.85)	(0.28)	(1.30)	(1.67)
REV_GROWTH_t	-.0358**	-.1194***	-.236***	-.2899***
	(2.17)	(4.37)	(6.02)	(5.16)
NOA_{t-1}	-.0443**	-.0771*	-.1404***	-.1502**
	(2.09)	(1.93)	(2.80)	(2.10)
$SHARES_t$	0.0262	0.0077	-0.0409	-0.0926
	(0.58)	(0.14)	(0.54)	(0.92)
LIT_t	.4487***	.4189***	.4596***	.525***
	(5.09)	(4.00)	(3.32)	(2.93)
$CLAIM_t$	0.0444	0.001	0.0051	0.0205
	(1.51)	(0.03)	(0.10)	(0.30)
$NUM\_ESTIMATE_t$	.1246***	.1488***	.1844***	.2063***
	(4.32)	(4.35)	(4.30)	(3.92)
$CV\_FORECAST_t$	-.1295***	-.1236***	-.1523***	-.1691***
	(8.34)	(6.58)	(6.61)	(5.85)
FE_t	-.2321***	-.2643***	-0.0803	-0.1353
	(3.81)	(2.88)	(0.98)	(1.15)
$LOSS_t$	-1.0725***	-1.1008***	-1.2309***	-1.2516***
	(18.86)	(15.90)	(13.40)	(10.26)
N	33,582	33,349	32,724	31,584
R^2	0.0776	0.0949	0.1115	0.1243
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE

**p<0.1; ** p<0.05; *** p<0.01*

Table A.11: Regressions for *ADAPT* Corporate Culture on Meet or Beat Streaks with Additional Controls for EPS Streaks

This table presents regression estimates used to investigate the impact of adaptability culture (*ADAPT*) on consistently meeting or beating analysts' earnings expectations at streaks (*MBS*) of 2, 3, 4, and 5 consecutive years with additional controls for earnings per share (EPS) streaks (*EPS_STRK*). All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	MBS_2Y_t	MBS_3Y_t	MBS_4Y_t	MBS_5Y_t
	(1)	(2)	(3)	(4)
$ADAPT_t$	.1419***	.1297***	.1046***	.0817*
	(5.63)	(4.45)	(2.87)	(1.80)
$MISSION_t$	.0438**	.0431**	0.0361	0.0433
	(2.47)	(2.05)	(1.42)	(1.43)
$CONSIST_t$	0.0233	0.0165	0.0071	0.0256
	(1.12)	(0.68)	(0.23)	(0.67)
$INVOLVE_t$	-0.0046	0.0115	-0.0287	-0.0372
	(0.22)	(0.49)	(0.94)	(1.00)
$EPS\_STRK\_2Y_t$	.6539***	.8981***	-0.0403	-0.075
	(17.58)	(22.50)	(0.89)	(1.45)
$EPS\_STRK\_3Y_t$	.1027**	.354***	1.1122***	.2129***
	(2.14)	(7.46)	(19.15)	(3.58)
$EPS\_STRK\_4Y_t$	-0.0244	-0.0261	.288***	1.0338***
	(0.41)	(0.46)	(4.75)	(13.19)
$EPS\_STRK\_5Y_t$	-0.1153	-.1288*	-0.1203	0.1112
	(1.54)	(1.76)	(1.55)	(1.26)
AGE_t	-.0615**	.084***	.1616***	.2351***
	(2.37)	(2.80)	(4.17)	(4.86)
$SIZE_t$	.1866***	.2037***	.3288***	.5719***
	(3.08)	(2.82)	(3.47)	(4.64)
LEV_t	-.0675***	-.0604**	-.0654*	-.1144**
	(2.76)	(1.98)	(1.66)	(2.25)
MTB_t	0.0137	-0.0139	-.0415**	-.0565***
	(0.99)	(0.92)	(2.30)	(2.71)
$ZSCORE_t$	0.0221	-0.0174	-0.0398	-0.0804
	(0.84)	(0.57)	(1.03)	(1.59)
$BIG4_t$	.101*	0.1161	0.1158	0.0641
	(1.70)	(1.55)	(1.12)	(0.48)
$TENURE_t$	0.0015	.0573**	.0892**	.1136**
	(0.06)	(2.03)	(2.42)	(2.41)
$MODIFIED_t$	-0.0119	0.0388	.0918*	.1145*
	(0.31)	(0.89)	(1.74)	(1.86)
REV_GROWTH_t	-0.0225	-.1528***	-.2784***	-.3298***
	(1.33)	(4.33)	(6.00)	(5.12)
NOA_{t-1}	-.0407**	-0.0411	-.0821*	-0.088
	(2.01)	(1.21)	(1.76)	(1.34)
$SHARES_t$	.0943**	.1148**	0.0919	0.0304
	(1.97)	(2.00)	(1.21)	(0.30)
LIT_t	.4856***	.4327***	.477***	.5515***
	(5.11)	(4.00)	(3.41)	(3.08)
$CLAIM_t$	.0744**	0.0225	0.0162	0.0266
	(2.40)	(0.59)	(0.32)	(0.40)
$NUM\_ESTIMATE_t$	.1124***	.1521***	.1822***	.1983***
	(3.63)	(4.21)	(4.08)	(3.68)
$CV\_FORECAST_t$	-.1227***	-.1023***	-.1313***	-.1481***
	(7.66)	(5.18)	(5.46)	(4.94)
FE_t	-.2247***	-.2025***	-0.0709	-0.1251
	(3.99)	(2.95)	(1.00)	(1.20)
$LOSS_t$	-.9801***	-.9191***	-1.1104***	-1.1848***
	(16.50)	(12.86)	(11.89)	(9.66)
N	32,027	31,801	31,203	30,115
R^2	0.0887	0.1218	0.1384	0.146
YEAR FE	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE

**p<0.1; ** p<0.05; *** p<0.01*

Table A.12: Regressions for *ADAPT* Corporate Culture on Upwards Earnings Management to Consistently Meet or Beat Analyst Estimates

This table presents regression estimates used to investigate the relationship between adaptability culture and upwards earnings management to consistently meet or beat analyst estimates. *MBS_3Y*, *MBS_4Y,* and *MBS_5Y* represent subsamples of meet and beat streaks (*MBS*) over 3, 4 and 5 years, respectively. All regressions include year fixed effects, and the standard errors are clustered at the firm level.

	MBS_3Y_t			MBS_4Y_t			MBS_5Y_t		
	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t	POS_DWCA_t	POS_APROD_t	POS_ADEXP_t
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
$ADAPT_t$	-0.0115	.1854***	.2403***	-0.0256	.189**	.1849*	-0.0178	.2287*	.2142*
	(0.37)	(2.67)	(3.07)	(0.67)	(2.11)	(1.83)	(0.40)	(1.91)	(1.74)
$MISSION_t$	-0.0198	0.0103	0.0375	-0.005	-0.0049	0.0145	0.0203	-0.0482	0.0426
	(0.78)	(0.22)	(0.68)	(0.16)	(0.08)	(0.21)	(0.58)	(0.65)	(0.53)
$CONSIST_t$	0.0147	-0.002	0.0039	0.014	-0.0777	-0.0925	0.0132	-0.1077	-.202*
	(0.50)	(0.03)	(0.06)	(0.38)	(1.05)	(1.06)	(0.30)	(1.17)	(1.94)
$INVOLVE_t$	.057**	-0.0815	0.0499	0.0387	-0.0475	0.0473	0.0578	0.0067	0.0619
	(2.01)	(1.36)	(0.78)	(1.12)	(0.61)	(0.55)	(1.43)	(0.07)	(0.62)
AGE_t	.0641**	-0.131	-0.1674	0.0103	-0.1316	-.3057*	0.0669	-0.2194	-0.2642
	(2.10)	(1.42)	(1.36)	(0.27)	(1.07)	(1.78)	(1.51)	(1.33)	(1.24)
$SIZE_t$	-.2433***	.4367***	-.4704***	-.2633***	.3815***	-.6273***	-.2468***	.5797***	-.7105***
	(6.19)	(3.82)	(3.45)	(5.42)	(2.62)	(3.42)	(4.21)	(3.01)	(2.85)
LEV_t	0.0522	-0.018	-0.0209	0.0189	0.1303	0.0182	-0.0061	0.1003	0.0402
	(1.50)	(0.22)	(0.22)	(0.43)	(1.22)	(0.14)	(0.11)	(0.69)	(0.25)
MTB_t	-0.0357	.0841**	.0918*	-0.0218	.1318**	0.0734	0.0022	0.0243	0.0197
	(1.41)	(2.53)	(1.80)	(0.67)	(2.24)	(1.09)	(0.05)	(0.43)	(0.26)
$ZSCORE_t$	.1318***	.6017***	-0.0395	.113***	.831***	0.0382	.1036**	1.0928***	0.1899
	(4.42)	(4.59)	(0.46)	(2.95)	(5.00)	(0.32)	(2.08)	(5.41)	(1.07)
$BIG4_t$	0.0169	-0.007	.7417***	0.076	0.0834	.9134***	0.1176	0.3185	0.6888
	(0.21)	(0.03)	(2.97)	(0.73)	(0.30)	(2.65)	(0.87)	(0.83)	(1.53)
$TENURE_t$	-.0683**	0.021	-.1775*	-.067*	0.0517	-0.143	-0.0561	0.0918	-0.1214
	(2.37)	(0.28)	(1.93)	(1.88)	(0.52)	(1.13)	(1.38)	(0.72)	(0.73)
$MODIFIED_t$	0.0072	-.2662***	-0.0785	-0.0265	-.3168**	-0.1469	0.0516	-.4617***	-0.2782
	(0.13)	(2.58)	(0.66)	(0.39)	(2.48)	(0.99)	(0.66)	(2.88)	(1.54)
REV_GROWTH_t	0.0082	-0.0238	1.9378***	0.0829	0.1254	2.393***	0.0844	0.3091	2.6377***
	(0.15)	(0.26)	(8.99)	(0.96)	(0.75)	(9.04)	(0.75)	(1.35)	(7.99)
NOA_{t-1}	-.2038***	-.709***	-2.7652***	-.2451***	-1.1653***	-3.5759***	-0.1698	-1.7728***	-4.3261***
	(3.34)	(3.56)	(8.61)	(2.73)	(3.46)	(7.73)	(1.48)	(4.09)	(5.86)
LIT_t	-.2422**	1.9469***	2.8942***	-0.2075	2.0963***	3.2855***	-0.2232	2.4519***	2.9682***
	(2.29)	(5.19)	(6.47)	(1.64)	(4.35)	(5.81)	(1.56)	(3.66)	(4.41)
$CLAIM_t$	0.0223	-.26**	-0.199	0.0278	-0.2247	-0.2165	-0.0227	-0.2791	-0.1688
	(0.60)	(2.30)	(1.37)	(0.59)	(1.52)	(1.18)	(0.41)	(1.40)	(0.70)
N	10,061	9,972	10,059	6,914	6,847	6,915	4,935	4,883	4,899
R^2	0.0226	0.0978	0.117	0.0257	0.1161	0.1203	0.0255	0.1311	0.12
YEAR FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
INDUSTRY FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
METHOD	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE	LOGIT-RE

**p<0.1; ** p<0.05; *** p<0.01*