The Role of Board Secretaries in Management Earnings Forecasts

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Abstract

Being largely ignored by the corporate governance literature, board secretaries serve as senior executives in charge of information disclosures. This paper provides original evidence of the important role played by board secretaries in management forecasts of Chinese listed firms from 2002 to 2011. We find that the legal expertise, accounting expertise and foreign experience of board secretaries help to improve management earnings forecasts because of the secretaries' higher abilities in generating earnings expectations. The quality of forecasts is also found to be higher when board secretaries serve as board directors, CFOs or additional senior executives with more authority and responsibility. In addition, we reveal that the role of board secretaries in enhancing forecast quality is related to their political connection and equity incentives. Finally, we examine the motivations of board secretaries and find that they are rewarded with higher compensation and less likely to be replaced by delivering earnings forecasts of higher quality.

Keywords: board secretary; management earnings forecasts; duality; political connection; equity incentive; China.

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1. Introduction

The literature on corporate governance mainly focuses on CEOs and board members, while board secretaries serving as top managers in charge of information disclosures are largely ignored. As prescribed by the *Company Law of the People's Republic of China* (2005), a listed firm is required to appoint a secretary to the board of directors (hereinafter referred to as board secretary), who serves as a top manager responsible for corporate information disclosure. Therefore, we expect that board secretaries play a key role in voluntary disclosures of management earnings forecasts. Although the prior studies have documented the influence of CEOs, CFOs and General Councils on firms' forecasting decisions (Bamber et al., 2010; Brochet et al., 2011; Baik et al., 2011; Kwak et al., 2012; Cassell et al., 2013), little is known about whether and how board secretaries affect management forecasts. Thus, in this paper we provide original insights of the specific role played by board secretaries in voluntary forecast disclosures by examining the association between board secretary characteristics and management forecast properties.

Chinese board secretaries are originated from company secretaries in western countries, and thus these two positions are similar in their roles regarding improving information disclosures, ensuring legal compliance and preserving important documents. However, we believe that Chinese board secretaries play a more influential role in forecast disclosures than company secretaries because several original duties of company secretaries have been undertaken by other managements such as General Counsels and Chief Compliance Officers in western countries. Nevertheless, in China board secretaries are required by laws and regulations to perform multiple duties due to the immature corporate governance system where some senior positions like General Counsels and Chief Compliance Officers have not been well established. More importantly, board secretaries appointed

by boards of directors also directly report to the boards, whereas company secretaries are accountable to General Counsels or CEOs. Therefore, we expect that board secretaries, compared with company secretaries, are more likely to serve the interests of shareholders by enhancing management forecast quality.

In this paper, we investigate whether and how management earnings forecasts are affected by professional abilities, political connections, dual senior positions and equity incentives of board secretaries. For professional abilities, we examine the impacts of board secretaries' legal, accounting and international backgrounds on management forecast properties because these demographic characteristics are expected to be greatly associated with the secretaries' abilities to fulfill their forecast duties. Specifically, the board secretary with a legal background is typically more sensitive to litigation risk, the secretary with an accounting background normally has an in-depth knowledge of firms' financial situation, and the secretary with foreign work or study experience is inclined to employ foreign stringent information disclosure standards in forecasting practice. Furthermore, we predict that politically connected board secretaries, as proxied by their Communist Party membership, are more likely to issue low quality forecasts because they face fewer career concerns. This prediction is formulated based on the prior finding that managers with personal political ties have more established entrenchment in firms and thus have a lower likelihood of being replaced because of their managerial incompetence, which consequently reduces these managers' incentives to improve corporate performance (Cao et al, 2011; You and Du, 2012).

Despite the negative effects of managerial political connections on forecast incentives, we could deliberately provide more incentives for board secretaries by increasing their stock ownership. Consistent with the findings on CEO equity incentives by Nagar et al. (2003), we predict that board

secretaries with stock holdings are more willing to serve the interests of shareholders by disclosing improved management forecasts. Moreover, we document a distinctive characteristic of Chinese board secretaries regarding their dual role of board member, CFO or an additional non-accounting senior executive. For a secretary with a dual position in corporate board, the enhanced unity of management (i.e., board secretary) and board (i.e., board member) could contribute to improvements in management forecasts as suggested by the organization theory; for a secretary with a dual role of CFO, the increased inside financial information acquired could lead to more earnings news disclosed; and for a secretary with an additional non-accounting senior executive position, the enlarged managerial power and greater responsibilities assumed may also bring about more issuance of high quality forecasts. Overall, we predict that the dual role holdings improve the forecasting performance of board secretaries.

To test our predictions, we construct a sample of 6,833 firm-year observations for the period from 2002 to 2011, based on both annual and quarterly management earnings forecasts we collected from the RESSET database and information on board secretary characteristics we obtained from the CSMAR database. Then we use this sample to examine the impacts of professional backgrounds, political connections, dual senior positions and stock holdings of board secretaries on the properties of management earnings forecasts, namely forecast occurrence, frequency, precision and accuracy. Our regression results generally suggest that management earnings forecasts are positively associated with the legal expertise, accounting expertise, foreign experience, dual senior roles and stock holdings of board secretaries and negatively related to their membership in the Chinese Communist Party. We also perform additional analyses to examine their impacts on the stock market and firms' performance, finding that the stock market responds significantly and positively to the appointment

of board secretaries with more managerial power and that board secretary characteristics also affect firm performance. Finally, we investigate the influence of management earnings forecasts on corporate decisions on board secretaries' pay and replacement, finding that board secretaries tend to receive higher compensation and have a lower likelihood of being replaced when delivering management earnings forecasts of higher quality. Overall, we provide strong evidence suggesting that board secretaries play an important role in voluntary disclosures of management forecasts.

Our study contributes to the extant literature in several ways. First, to our best knowledge it is the first study that investigates the role of board secretaries in management earnings forecasts, which opens up a new avenue for research on information disclosure. Second, our study adds to the existing corporate governance literature by documenting the association between board secretaries' characteristics and corporate decision outcomes. In this paper, management earnings forecasts are found to be related to professional abilities, political connections, dual senior titles and equity incentives of board secretaries. Finally, our study may be of particular interest to policy makers who aim to establish a transparent information disclosure system by initiating the role of board secretaries in enhancing management forecasts.

The rest of the paper is organized as follows. Section 2 introduces the institutional background, reviews the related literature and develops the hypotheses; Section 3 describes the sample and the regression model used in our analyses; Section 4 presents the regression results; Section 5 performs robustness tests and additional analyses; and Section 6 summarizes and concludes the paper.

2. Literature and hypotheses

2.1.Institutional background

In China, board secretaries play a key role in corporate information disclosures. The *Company Law of the People's Republic of China* (2005) has prescribed that a listed company is required to appoint a secretary to the board of directors, who serves as a top manager in charge of information disclosure affairs. The *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (2008) and the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* (2008) has further confirmed board secretaries' information disclosure duties by stating that "a listed company must establish an information disclosure department and put the board secretary to manage this department"; "the board secretary is responsible for disclosing material information to the public, coordinating information disclosure matters, establishing standardized information disclosure systems and urging other managers to observe relevant disclosure regulations"; and "the board secretary is responsible for disclosing corporate information in a timely manner, ensuring confidentiality with regard to information disclosures and reporting to the stock exchange whenever any non-published material information is leaked."

However, board secretaries have far more obligations than the information disclosure duty. For example, board secretaries have a responsibility to ensure corporate decisions in compliance with laws and regulations by providing professional legal advice to managements. Besides, they educate other managers about latest rules and regulations with regard to information disclosures. They also act as a liaison between firms and different regulatory agencies, such as the China Securities Regulatory Commission (CRSC), the Shanghai and Shenzhen stock exchanges and local securities authorities. Furthermore, they answer the consulting calls of investors, communicate information with media reporters and assist securities analysts in their investigations. Overall, board secretaries perform multiple roles in management and operations to improve information disclosures and

corporate governance.

Chinese board secretaries are originated from company secretaries in western countries. Both of them serve as senior executives in charge of issues such as provision of legal assistance, safekeeping of business documents and contacts with investors. However, Chinese board secretaries differ greatly from company secretaries in certain aspects. Since the *Model Business Corporation Act of 1984* granted American companies the discretion to specify titles and duties for their management, the original power of company secretaries has been divided. For instance, CEOs and CFOs are usually responsible for release of corporate information to the public, General Counsels often act as a liaison between firms and regulators, and Chief Compliance Officers also have a responsibility to ensure legal compliance. Most importantly, Chinese board secretaries report directly to boards of directors, whereas company secretaries report to General Counsels or CEOs. As a result, we predict that Chinese board secretaries are more influential in information disclosure than company secretaries in other countries because Chinese board secretaries have more legal and regulatory duties and thus expose themselves to more litigation risks arising from irresponsible forecast disclosure. Further, Chinese board secretaries, reporting directly to corporate boards, are more likely to issue high quality forecasts for the interests of shareholders.

Management earnings forecasts issued by Chinese listed firms are different from those disclosed by U.S. firms in two aspects. First, Chinese firms decide whether to issue earnings forecasts based on the difference between their current predictions about future earnings and the actual earnings in the corresponding period of the previous year, while American firms make forecast decisions based on the deviation of the market expectations regarding their future earnings from their own predictions. This difference is attributable to the relatively insignificant role played by financial analysts in the

Chinese stock market. Second, Chinese listed firms most often issue management forecasts of future net profits, whereas American public firms are more likely to generate management forecasts of future earnings per share (EPS).

2.2.Related literature

Several prior studies have examined the influence of individual managers on management earnings forecasts. Baik et al. (2011) document the positive relationship between CEO ability and the likelihood, frequency and accuracy of management earnings forecasts. They also find that the stock market responds more strongly to earnings forecasts issued by high-ability CEOs, which suggests that management earnings forecasts communicate information regarding the CEOs' forecasting ability to the market. More recent evidence in Cassell et al. (2013) shows that retiring CEOs are more likely to issue earnings forecasts in the final year of their tenure, and that their final-year forecasts are more likely to convey good news. This result is stronger when CEOs receive high equity incentives and when CEOs cut final-year spending in R&D and Capital Expenditures, implying that retiring CEOs tend to manage final-year earnings forecasts for their self-serving benefits. In addition, Kwak et al. (2012) find that General Counsels (i.e., Chief Legal Officers) play an important role in forecast disclosures. Firms with a General Counsel in management are more likely to issue earnings forecasts and their forecasts tend to be less optimistic and more accurate. They further show that the influence of General Counsels on forecast disclosures is more significant when the General Counsel takes the dual role of company secretary or receives higher compensation.

Extant literature also documents the link between management styles and voluntary disclosure of earnings forecasts. Bamber et al. (2010) find that top managers, such as CEOs, CFOs and General Counsels, exhibit significant individual-specific styles in earnings forecast disclosures. Managers'

styles regarding earnings forecast disclosures are associated with their career path, age cohort, military experience, education and legal background. Similarly, Brochet et al. (2011) investigate the properties of management forecasts following CEO or CFO turnovers, finding that firms hiring new CEOs who have forecasting experience during previous appointments are more likely to issue earnings forecasts. Among firms that have historically issued earnings forecasts, they document that a temporary break in forecast issuance follows CFO turnovers, and that subsequent forecasts disclosed by newly appointed CFO tend to be less precise due to the CFO's inexperience in the firm or industry. These results suggest that managers have unique forecast disclosure styles.

Further, the literature indicates that managers are likely to strategically manage earnings forecasts for their self-serving benefits. Cheng and Lo (2006) report that managers who plan to buy their firms' stocks issue more bad news forecasts to decrease the purchase price, while managers who plan to sell their firms' stocks do not change their forecasting strategy due to the higher litigation risk associated with insider sales. Further, insider trading by CEOs is found to have greater influence on forecast disclosures compared with other insiders' trading. Likewise, Cheng et al. (2013) find a positive (negative) relationship between forecast news and forecast precision before managers sell (buy) their firms' stocks, suggesting that managers issue good news forecasts with high (low) precision before insider sales (purchases). They also reveal that managers are less inclined to strategically manage forecast precision when large institutional investors exist or when their forecasting behavior poses great litigation risk, and that managers are more likely to manage forecast precision when investors appear not to be able to accurately estimate the precision of forecasts.

Additionally, previous research supports the notion that management earnings forecast outcomes also have implications for individual managers. The study by Trueman (1986) reports that

investors use management forecast quality to evaluate managers' ability to adjust production plans according to foreseeable changes in business environment. Indeed, the study by Lee et al. (2012) finds that inaccurate management earnings forecasts is likely to result in the replacement of CEOs in firms with poor earnings performance. This implies that boards of directors in these firms use management earnings forecast accuracy to evaluate the CEOs' ability in uncertain business environments when making decisions on CEO replacement. They note particularly that the relation between management earnings forecast accuracy and CEO turnover is more pronounced among firms with less entrenched CEOs i.e. those with smaller stock holdings or shorter tenure.

2.3.Hypotheses development

2.3.1. Professional backgrounds

Research in corporate governance has long focused on the effects of top managers' demographic characteristics on corporate financial performance (Nelson, 2005; Kaplan et al., 2012). Bamber et al. (2010) further show that management earnings forecasts reflect managers' personal disclosure styles which are associated with their personal characteristics, such as age cohort, educational level and functional experience. As board secretaries in China sit in management team, we argue that the demographic characteristics of board secretaries affect their competence in improving management forecasts. Here, we will explore three board secretary characteristics that we expect to significantly influence firms' forecasting policies, which include the secretaries' legal background, accounting background and international experience.

Typically, board secretaries with a legal background are more sensitive to litigation risks accompanying low transparency in voluntary information disclosures and therefore tend to establish a high-quality forecasting policy in comparison to their counterparts without legal experience.

Furthermore, since board secretaries have a duty to advise other managements on issues related to legislative and regulatory compliance, such board secretaries are more likely to equip their colleagues with sufficient legal knowledge and by this means improve firms' overall risk management and information disclosure quality. However, the production of earnings forecasts is not only related to board secretaries' legal expertise but could also be affected by their accounting knowledge. Board secretaries with an accounting background are more likely to obtain in-depth information on firms' financial performance and thus produce more accurate predictions about future earnings. Together, we expect that the legal and accounting expertise of board secretaries facilitates the adoption of a transparent disclosure policy and also enhance firms' financial performance.

In recent years, the international experience of top managers has received increasing attention from the academia as a result of the current wave of globalization. A substantial body of literature has demonstrated that international work experience provides managers themselves with valuable resources and also adds to their employers' human capital, which consequently contributes to corporate performance improvements especially for multinational corporations (Daily et al., 2000; Carpenter et al., 2001; Slater and Dixon, 2009). In emerging markets, Giannetti et al. (2013) find evidence that board directors with international work or study experience transfer advanced governance and management knowledge they acquired abroad to Chinese firms, which leads to improved corporate governance and earnings performance of these local firms. Therefore, we expect that Chinese board secretaries with foreign work or study experience are more likely to apply foreign stringent information disclosure standards to their work and thus enhance the quality of management earnings forecasts.

H1a: The legal expertise of a board secretary increases the occurrence, frequency, precision

and accuracy of management earnings forecasts.

H1b: The accounting expertise of a board secretary increases the occurrence, frequency, precision and accuracy of management earnings forecasts.

H1c: The foreign experience of a board secretary increases the occurrence, frequency, precision and accuracy of management earnings forecasts.

2.3.2. Political connections

Political connections of top managers have been demonstrated to influence firms' valuation and profitability. Board secretaries, who act as top managers in Chinese firms, are also supposed to adjust their forecasting behavior according to their personal connections with government or the ruling party. The effects of board secretaries' political connections on management earnings forecasts are twofold. On the one hand, in China, top managers' political connections, as proxied by Communist Party membership, help their firms to solicit a large number of low cost bank loans and reduces the firms' overall litigation risks (Li et al., 2008). Therefore, we predict that board secretaries with a Communist Party membership tend to perceive the stock market as a secondary source of capital to bank loans and also have less exposure to litigations potentially arising from their incompetence in forecast disclosures. On the other hand, in China politically connected managers have a lower likelihood of being fired because of poor firm performance than their non-connected counterparts because the personal ties with government aggravate managerial entrenchment in firms (Cao et al, 2011; You and Du, 2012). Thus we expect that board secretaries with a Communist Party membership have fewer incentives to improve management earnings forecasts given the low probability of being replaced. Overall, we posit that the Communist Party membership of board

secretaries tends to decrease the occurrence, frequency, precision and accuracy of management earnings forecasts.

H2: The Communist Party membership of a board secretary decreases the occurrence, frequency, precision and accuracy of management earnings forecasts.

2.3.3. Dual senior roles

Recent research on corporate information disclosures has identified the important role played by CEOs, CFOs and General Councils in management earnings forecasts (Bamber et al., 2010; Brochet et al., 2011; Baik et al., 2011; Kwak et al., 2012; Cassell et al., 2013). Among these positions, General Councils are not popular in Chinese firms and have a much lower position in the status hierarchy due to the immature legal system there. Since top managers' abilities to influence corporate decision making are contingent on the power they have to be influential (Finkelstein, 1992), CEOs and CFOs who typically have greater power in management are believed to be more influential in generating earnings forecasts in China. In addition to these two types of executives, board secretaries, established specially for information disclosure purpose in China, could exert great influence on management earnings forecasts too. However, it is possible that management forecasts disclosed by board secretaries reflect more opinions of CEOs because of the secretaries' subordinate positions. But, if board secretaries had stronger managerial power along with more access to inside information, they would be more likely to employ these resources to fulfill their duties in forecast disclosures.

Finkelstein (1992) uses structural power, ownership power, expert power and prestige power to measure the overall managerial power of CEOs, among which one measure of structural power is the number of official titles a CEO holds. We apply this measurement to our study, arguing that board

secretaries holding other senior executive titles have stronger managerial power and are able to employ more resources to improve management earnings forecasts. In line with this argument, we examine three additional senior positions held by board secretaries in Chinese firms as board members, CFOs and other non-accounting senior executives (e.g. a vice-president), because we find in China granting board secretaries these additional senior titles is a common practice of governance structure.

Specifically, we predict that personal interests of board secretaries are more likely to be aligned with those of shareholders if the secretaries also sit on boards. Consequently, the secretaries with a board duality are more willing to enhance forecast quality for the sake of shareholders. The organization theory also suggests that the consolidation of management role and board role promotes unity of command and leads to organizational effectiveness (Pfeffer and Salancik, 1978; Donaldson and Davis, 1991; Boyd, 1990, 1995). Consistent with this view, the joint holding of management and board role by a board secretary creates a powerful management dedicating to improve information disclosures for Chinese firms. In addition, duality reflects a significant difference between Chinese board secretaries and company secretaries in western countries. Board secretaries in China are more likely to hold an additional role of CFO, while company secretaries in western countries tend to serve as General Counsels. Board secretaries with an additional CFO role normally have more accounting knowledge and thus we expect they are inclined to put their professional judgment into earnings forecast formulation. More importantly, these board secretaries have more access to earnings information privately owned by firms because of their particular responsibilities for accounting matters. Thus they are more likely to publish such nonpublic information to investors and the information disclosed tends to be more precise and more reliable. Besides the CFO role, board

secretaries may hold other non-accounting senior executive positions, such as presidents and vice-presidents, which involve individuals' extensive participation in management and operations. Therefore, we expect that board secretaries with additional non-accounting senior executive titles have more managerial power to enhance management earnings forecasts.

H3a: The duality of board secretary and board member increases the occurrence, frequency, precision and accuracy of management earnings forecasts.

H3b: The duality of board secretary and CFO increases the occurrence, frequency, precision and accuracy of management earnings forecasts.

H3c: The duality of board secretary and an additional non-accounting senior executive increases the occurrence, frequency, precision and accuracy of management earnings forecasts.

2.3.4. Equity incentives

Although corporate voluntary disclosures provide investors with valuable inside information to be used for evaluating firm performance and managerial ability, managers are inherently reluctant to publicly disclose inside information because of potential litigation risks, proprietary costs and corrupted reputations. However, managerial equity incentives can alleviate this disclosure agency problem and facilitate managers' incentive alignment with investors. Nagar et al. (2003) find evidence that CEOs' stock-based compensation and stock holdings greatly increase the frequency of management earnings forecasts. Consistent with the positive effects of CEO stock-based incentives, we argue that board secretaries' equity incentives in the form of stock ownership align their interests with investors' and consequently increase their willingness to generate management earnings forecasts. Besides, we expect that the forecasts disclosed by board secretaries with equity incentives tend to be more precise and more accurate.

H4: The equity incentives of a board secretary increase the occurrence, frequency, precision and accuracy of management earnings forecasts.

3. Data and research design

3.1.Sample selection

Our sample includes all listed firms on the Shanghai Stock Exchange and the Shenzhen Stock Exchange for the period from January 1, 2002 to December 31, 2011. We collect their management earnings forecasts from the RESSET database, a leading financial research database widely used in current financial studies on the Chinese market. Our sample period begins in 2002 because management earnings forecast data begin available in the database in this year. We start constructing our sample by matching each firm-year with both quarterly and annual management earnings forecasts, and then we merge in data on board secretary characteristics obtained from the CSMAR (China Securities Market and Accounting Research) database. After that, we include data on control variables for corporate governance and firm characteristics which we gather from the RESSET, CSMAR and CCER (China Centre for Economic Research) databases. Detailed information about the data sources is summarized in Appendix 1. These steps yield a sample of 6,833 firm-year observations which we use for the regressions of forecast occurrence and forecast frequency. In the full sample, 5,362 firm years have at least one forecast issuance, which can be used for forecast precision regressions. Available forecast accuracy data further constrain our sample size to 4,818 firm years.

3.2.Empirical model

To test our hypotheses about the effects of board secretary characteristics on management

earnings forecasts, we estimate the following empirical model:

$$ForecastProperty_t = \beta_0 + \beta_1 Law_{t-1} + \beta_2 Accounting_{t-1} + \beta_3 ForeignExp_{t-1} + \beta_4 PartyMeb_{t-1} + \beta_5 Board\_Duality_{t-1} + \beta_6 CFO\_Duality_{t-1} + \beta_7 Mag\_Duality_{t-1} + \beta_8 StkIncentive_{t-1} + \beta_9 Female_{t-1} + \beta_{10} Age_{t-1} + \beta_{11} Tenure_{t-1} + \beta_{12} BIndep_{t-1} + \beta_{13} BMeet_{t-1} + \beta_{14} Duality_{t-1} + \beta_{15} InstHold_{t-1} + \beta_{16} CR_{t-1} + \beta_{17} PB_{t-1} + \beta_{18} Size_{t-1} + \beta_{19} Horizon_t + \sum \beta_k Industry_{k,t-1} + \varepsilon \quad (1)$$

where *ForecastProperty* is one of the five management forecast properties: *Occurrence*, *Frequency*, *Precision*, *Accuracy* and *Optimism*. *Occurrence* is a dummy variable set equal to one if the firm issued at least one management forecast in a given year and zero otherwise. *Frequency* is the total number of forecasts disclosed by the firm in a given year. *Precision* is coded as three if the firm issued a point forecast, two if a range forecast, one if an open-interval forecast, and zero if a qualitative forecast. *Accuracy* is calculated as the absolute difference between the management forecast of net profits and the actual net profits, scaled by the market value of tradable shares on one day prior to the forecast release, and then multiplied by -1. A less negative value of *Accuracy* indicates a higher management forecast accuracy. *Optimism* is coded as 1 if the forecast is greater than actual net profits, 0 if equal to actual net profits, and -1 if less than actual net profits. A positive value of *Optimism* suggests the forecast is optimistically biased, and a negative value suggests a pessimistic bias. In particular, we use point, range and open-interval forecasts to construct the variables *Accuracy* and *Optimism*: for range forecasts, we use the mid-point value of the forecast; and for open-interval forecasts, we take the value provided in open-interval as the point estimate (Hang, 2012; Cassell et al., 2013). When the firm issued multiple forecasts in a given year, we take

the average value of their precision, accuracy and optimism to construct these three variables.

In this paper, we investigate whether and how management earnings forecasts are affected by the following characteristics of board secretaries: professional backgrounds, political connections, dual roles and equity incentives. We believe forecast properties influenced by the below three background variables. *Law* is a dummy variable, equal to one if the board secretary holds a law license and zero otherwise. *Accounting* is a dummy variable, equal to one if the board secretary holds a professional certificate in accounting and zero otherwise. *ForeignExp* is coded as one if the board secretary has work or study experience in foreign countries, 0.5 if in Hong Kong, Macau or Taiwan, and zero otherwise. *PartyMeb* is a binary indicator suggesting the board secretary's political connections, which equals one if the secretary is a member of the Chinese Communist Party and zero otherwise. Here, we examine three forms of board secretary duality. *Board_Duality* is a dummy variable, equal to one if the board secretary is a member of the firm's board of directors and zero otherwise. *CFO_Duality* is a dummy variable, equal to one if the board secretary serves as the firm's CFO and zero otherwise. *Mag_Duality* is a dummy variable, equal to one if the board secretary holds an additional non-accounting senior executive position in the firm and zero otherwise. Finally, we examine the effects of the stock-based incentives of board secretaries on management forecasts. The stock-based incentives of board secretaries are calculated as the change in the value of the secretaries' stockholdings for a 1% increase in the firms' stock prices (Bergstresser and Philippon, 2006; Burns and Kedia, 2006). *StkIncentive* is then defined as the natural log of one plus the stock-based incentives.

In addition to the above variables of interest, we control for other board secretary demographic characteristics. *Female* is a dummy variable, equal to one if the board secretary is female and zero

otherwise. *Age* is the age of the board secretary. *Tenure* is the natural log of number of days that the board secretary has held this position. Especially, if there is a board secretary replacement in a firm-year, we use the information of the secretary holding this position at the year-end to construct the variables for board secretary characteristics.

We also control for corporate governance characteristics because the prior research finds evidence suggesting a positive association between corporate governance and management earnings forecasts (Karamanou and Vafeas, 2005; Ajinkya et al., 2005). Governance characteristics are proxied by four variables: *BIndep* is the proportion of independent directors in corporate board; *BMeet* is the number of board meetings held in a firm-year; *Duality* is a binary variable which equals one if the CEO also works as the chairman of the board and zero otherwise; and *InstHold* is the proportion of shares held by institutional investors.

Furthermore, firm-specific characteristics are controlled for in our model. We include the varibale *CR* which is measured as the proportion of stocks held by the firm's ten largest blockholders because Ajinkya et al. (2005) find a negative association between ownership concentration and management forecasts. The price-to-book ratio (*PB*) is included to control for firms' growth opportunities because Bamber and Cheon (1998) find that growth opportunities serving as an indicator of proprietary costs are related to firms' forecasting choices. The variable *Size*, calculated as the natural log of the firm's total assets, is included in our model because firm size has been found to affect forecast disclosures (Kasznik and Lev, 1995; Baginski and Hassell, 1997). Moreover, the literature on voluntary information disclosure suggests that firms in different industries are exposed to different litigation costs, proprietary costs and information asymmetry, and thus manage their forecasting policies strategically (Kasznik and Lev, 1995; Bamber and Cheon, 1998). Therefore, we

include *Industry* dummies, defined as the first two digits of the firm's Global Industry Classification Standard (GICS) code, to control for industry fixed effects.

We estimate equation (1) using a probit model if the dependent variable is *Occurrence*, a poisson model if the dependent variable is *Frequency*, and an ordinary least squares (OLS) model if the dependent variable is *Precision*, *Accuracy* or *Optimism*. For the regressions of *Precision*, *Accuracy* and *Optimism*, we add an additional control variable *Horizon* which is defined as the natural log of number of days between the forecast release and the actual earnings announcement. *Horizon* is included because the literature has found a negative relationship between forecast horizon and forecast precision and accuracy (Pownall et al., 1993; Baginski and Hassell, 1997; Xu, 2009). If multiple forecasts are issued in a firm-year, we take the average horizon to generate this variable. It is noticeable in the right side of equation (1) that we use the lagged value of the independent variables except *Horizon* to mitigate the problem of endogeneity. Besides, we winsorize all continuous variables at the 1% and 99% levels. The definition of variables constructed in our regressions is summarized in Appendix 1.

4. Results

4.1.Descriptive statistics and correlations

Table 1 presents descriptive statistics for the variables used in our empirical analyses. The mean of *Occurrence* is 0.777, suggesting that 77.7% of firm-year observations have at least one forecast issuance. The mean forecasting frequency is 2.501, which indicates the prevalence of multiple forecast disclosures by Chinese firms. The 25th percentile of forecasting precision is 1.75, suggesting a high propensity of Chinese firms to issue quantitative forecasts. The median forecasting accuracy is

-4.878, while the mean accuracy surprisingly reaches -13.430. These results reveal that there is a high discrepancy in management forecast accuracy and that the forecasts issued by certain firms or in certain years could be extremely unreliable. The mean *Optimism* (-0.025) is a negative value, consistent with the idea that management forecasts, on average, are pessimistically biased in China. Furthermore, we find a relatively high proportion of board secretaries who hold a certificate in accounting or serve as a Party member in our sample despite the low likelihood of holding a law license or having either foreign experience. In addition, we find that more than a half of board secretaries have an additional senior role in Chinese listed firms and among them most hold a dual non-accounting management position. Moreover, the 75th percentile of *StkIncentive* is 0.000, which shows that over 75% of board secretaries do not have any stock holdings in their firms.

[Insert Table 1 about here]

Table 2 presents Pearson correlations between the variables used in our analyses. *Law*, *Accounting* and *ForeignExp* are all shown to have significant and positive correlations with the occurrence and frequency of management forecasts. In contrast, *PartyMeb* is significantly and negatively correlated with forecast occurrence, frequency, precision and optimism, suggesting that the political connections of board secretaries adversely affect forecast disclosures. Further, we find significantly positive correlations between board secretary duality and management forecasts, which provides support for the prediction that dual titles provide board secretaries with more power and resource to enhance forecast quality. The significantly positive correlations between *StkIncentive* and forecast properties indicate that the stock-based incentives of board secretaries can motivate the secretaries to safeguard shareholders' interests by making better disclosures of earnings forecasts.

[Insert Table 2 about here]

4.2.Empirical results

4.2.1. Results for the role of board secretaries in management forecast occurrence

Table 3 presents the test results for the effects of board secretaries' professional backgrounds, political connections, dual roles and equity incentives on management forecast occurrence. Model 1, 2, 3 and 4 regress forecast occurrence on each category of the main test variables, respectively, and then in model 5 we include all main variables to the occurrence model, controlling other factors that have been found to be related to forecast occurrence. In model 1 and 5 the coefficients on *Law* and *Accounting* are significantly positive, whereas the coefficient on *ForeignExp* is significant and positive only in model 1.These results generally support the prediction that board secretaries with more expertise and higher abilities are more likely to issue management forecasts. The coefficient on *PartyMeb* is significantly negative in model 1 and 5 at the 1% level, which provides strong evidence on the adverse effect of political connections on forecast issuance. In model 3 we show that the coefficients on *Board_Duality*, *CFO_Duality* and *Mag_Duality* are all positively significant, consistent with our argument that board secretaries with a dual senior position in the firms generally have more power and more inside information to issue earnings forecasts. This result is further confirmed by the regression outcomes in model 5. Additionally, we find the coefficient on *Stkincentive* significantly positive in model 4 and 5 at the 1% level, which strongly supports the hypothesis that board secretaries with stockholdings in their firms are more likely to voluntarily disclose earnings information for the sake of outside investors.

[Insert Table 3 about here]

4.2.2. Results for the role of board secretaries in management forecast frequency

Table 4 reports the test results for the effects of board secretaries' professional backgrounds, political connections, dual roles and equity incentives on management forecast frequency. It shows that *Law*, *Accounting* and *ForeignExp* are significantly and positively associated with forecast frequency in model 1 and 5 at the 1% level, consistent with our prediction about the positive role of expertise and abilities. The significantly negative coefficient on *PartyMeb* suggests that political connections decrease board secretaries' willingness to make frequent forecast disclosures. Further we find that *Board_Duality*, *CFO_Duality* and *Mag_Duality* are significantly positively related to forecast frequency at the 1% level, indicating that board secretary duality leads to more frequent forecast issuance. We also report a significant and positive coefficient on *StkIncentive* in model 4 and 5, which supports our hypothesis about the positive incentive role of board secretaries' stockholdings.

[Insert Table 4 about here]

4.2.3. Results for the role of board secretaries in management forecast precision

Table 5 provides the test results for the effects of board secretaries' professional backgrounds, political connections, dual roles and equity incentives on management forecast precision. The positive coefficient on *ForeignExp* is significant in model 1 but insignificant in model 5, which provides moderate support for the positive impacts of board secretaries' professional abilities. Similarly, the coefficient on *PartyMeb* is significant and negative in model 2 but insignificant in model 5. Notwithstanding, we provide consistent results for the significant and positive effects of *Board_Duality*, *CFO_Duality* and *Mag_Duality* on forecast precision across model 3 and 5. This result suggests that board secretaries with duality employ their expanded power and superior

resources to generate more precise earnings forecasts. In addition, we show that *StkIncentive* significantly improves the precision of management forecasts, reconfirming the positive role of equity incentives.

[Insert Table 5 about here]

4.2.4. Results for the role of board secretaries in management forecast accuracy

As for the accuracy of management forecasts, we examine its association with board secretary characteristics from two aspects: the value (*Accuracy*) and the sign (*Optimism*). In table 6, we present the results for the associations between board secretary characteristics and forecast *Accuracy*. We show that the coefficient on *Accounting* is significant and positive in model 1 and that the coefficient on *ForeignExp* is significantly positive across model 1 and 5 at the 5% level. Although we report a negative association between *PartyMeb* and *Accuracy*, the coefficient is not significant in either model 2 or 5. For the role of duality in forecast accuracy, we find that the coefficients on *CFO_Duality* and *Mag_Duality* are significantly positive at the 1% level in both models 3 and 5, which supports our prediction that the duality of board secretary and an additional senior role in the firm contributes to the secretary's concentrated power and information advantage by which they can produce more accurate estimates about future earnings. Furthermore, we report a significantly negative relation between *StkIncentive* and *Accuracy*, consistent with our prior findings about equity incentives.

[Insert Table 6 about here]

We also examine whether and how board secretary characteristics affect the way in which management earnings forecasts are directionally biased and report our results in table 7. Both the

coefficients on *Board_Duality* and *Mag_Duality* are significant and positive. This reveals that board secretaries who also serve as board members or additional non-accounting senior executives generally issue more optimistically biased earnings forecasts, which literally means that their forecasts tend to exceed actual earnings. It could be attributable to the overconfidence of board secretaries with higher hierarchical status as evidenced by their dual positions in the firms because overconfident secretaries could overestimate the firms' profitability in current business environment and consequently issue more optimistic estimates about future earnings. In addition, we document a significantly positive coefficient on *StkIncentive* at the 1% level, suggesting that board secretaries with stockholdings tend to issue optimistically biased forecasts. This result could be resulted from the self-serving purpose of board secretaries. Cheng et al. (2013) document a high propensity of top managers to issue good news forecasts prior to insider sales to boost trading incomes. Consistent with this idea, we argue that board secretaries with stockholdings are more likely to issue optimistically biased earnings forecasts that exceed prevalent analyst forecasts for self-serving benefits.

[Insert Table 7 about here]

5. Additional analyses

5.1.Market reaction to announcements of board secretary appointments

The above analyses provide sufficient support for our argument that board secretaries with expertise, dual roles and equity incentives are more likely to improve the quality of management forecasts, whereas board secretaries with political connections tend to deteriorate forecast quality. Therefore, we expect that investors can foresee the forecast disclosure quality related to newly

appointed board secretaries with certain characteristics and thus respond significantly to their appointment news. To examine how the stock market reacts to board secretary appointment announcement, we conduct an additional cross-sectional analysis by estimating the following OLS regression model:

$$CAR(-1,+1) = \beta_0 + \beta_1 \Delta Law_{t,t-1} + \beta_2 \Delta Accounting_{t,t-1} + \beta_3 \Delta ForeignExp_{t,t-1} + \beta_4 \Delta PartyMeb_{t,t-1} + \beta_5 \Delta Board\_Duality_{t,t-1} + \beta_6 \Delta CFO\_Duality_{t,t-1} + \beta_7 \Delta Mag\_Duality_{t,t-1} + \beta_8 \Delta StkIncentive_{t,t-1} + \beta_9 \Delta Female_{t,t-1} + \beta_{10} \Delta Age_{t,t-1} + \beta_{11} BIndep_t + \beta_{12} BMeet_t + \beta_{13} Duality_t + \beta_{14} InstHold_t + \beta_{15} CR_t + \beta_{16} PB_t + \beta_{17} Size_t + \sum \beta_k Industry_{k,t} + \varepsilon \quad (2)$$

where *CAR(-1,1)* is the cumulative market-adjusted (value-weighted) abnormal returns for a three-day trading window around the appointment date. The change specifications measure how the newly appointed board secretary differs from his or her predecessor for each of the characteristics we previously examined. For example, ΔLaw is equal to 1 if a new board secretary with law license replaced the former secretary without law license, -1 if a new board secretary without law license replaced the former secretary with law license, and 0 if there is no change in law license holding. The other change variables are defined similarly.

Table 8 presents the regression results for market reaction to board secretary appointment. We find that only the positive coefficient on $\Delta Mag\_Duality$ in model 7 and 9 is significant at the 5% level, indicating that the stock market responds significantly and positively to the appointment news of board secretaries with additional senior executive roles. This result further suggests that investors may perceive the management earnings forecasts subsequently issued by newly appointed board secretaries with more managerial power to be more credible.

[Insert Table 8 about here]

5.2.Board secretary and firm performance

Besides enhancing forecast disclosures, board secretaries have duties to ensure corporate decisions in compliance with laws and regulations. Therefore, we predict that board secretaries also play an important role in enhancing corporate governance, which consequently affects firms' performance. To test this prediction, we perform additional analyses examining the impacts of board secretary characteristics on firm performance by estimating the following OLS model:

$$\begin{aligned} Performance_t = {} & \beta_0 + \beta_1 Law_{t-1} + \beta_2 Accounting_{t-1} + \beta_3 ForeignExp_{t-1} + \beta_4 PartyMeb_{t-1} + \\ & \beta_5 Board\_Duality_{t-1} + \beta_6 CFO\_Duality_{t-1} + \beta_7 Mag\_Duality_{t-1} + \\ & \beta_8 StkIncentive_{t-1} + \beta_9 Female_{t-1} + \beta_{10} Age_{t-1} + \beta_{11} Tenure_{t-1} + \\ & \beta_{12} BIndep_{t-1} + \beta_{13} BMeet_{t-1} + \beta_{14} Duality_{t-1} + \beta_{15} InstHold_{t-1} + \beta_{16} CR_{t-1} + \\ & \beta_{17} PB_{t-1} + \beta_{18} Size_{t-1} + \sum \beta_k Industry_{k,t-1} + \varepsilon \end{aligned} \quad (3)$$

where firm performance is proxied by two accounting-based and one stock-based measures: the accounting performance measures include return on assets (*ROA*) and return on sales (*ROS*), and the firms' stock performance is measured by the sum of monthly market-adjusted (value-weighted) abnormal returns over one year (*CAR*). *ROA* and *ROS* are winsorized at the 3% and 97% levels. The independent variables in equation (3) are lagged one year and similarly defined as previous tests.

We present our test results in table 9 and find that the coefficient on *PartyMeb* is significantly negative across different performance measures, suggesting that firms with politically connected board secretaries have relatively poor accounting and stock performance. In addition, the coefficients on *CFO_Duality* and *Mag_Duality* are significant and positive when the dependent variable is *ROA*

or *ROS*. This result implies that the accounting and management duality of board secretaries leads to firms' performance improvements in assets and sales. Finally, we show that *StkIncentive* is significantly positively associated with *ROA* and *ROS*, which indicates that board secretaries with equity incentives become more responsible for their roles in enhancing corporate governance and firms' accounting performance.

[Insert Table 9 about here]

5.3.Management earnings forecasts and board secretary pay

The literature has revealed that management earnings forecasts are used by investors to evaluate managers' abilities to adapt future production plan in response to foreseeable changes in business environment (Trueman, 1986; Baik et al., 2011; Yang, 2012). Lee et al. (2012) further shows that management earnings forecast error increases the likelihood of poorly performing CEOs being replaced. These studies generally suggest that management earnings forecasts provide an important signal of managerial ability. Thus in this paper we argue that firms use management earnings forecasts to evaluate board secretaries' performance because they have duties to reduce information asymmetry between corporate insiders and outside investors by ensuring full and accurate forecast disclosures. Since investors may favorably evaluate the firms with frequent forecast issuance and high forecast precision and accuracy, these firms that benefit from improved forecast disclosures are likely to reward their board secretaries with higher compensation. Therefore, we predict that board secretaries' pay is positively related to the occurrence, frequency, precision and accuracy of management forecasts. To verify our prediction, we estimate the following OLS model:

$$Pay_t = \beta_0 + \beta_1 Occurrence_t + \beta_2 Frequency_t + \beta_3 Precision_t + \beta_4 Accuracy_t + \beta_5 Optimism_t + \beta_6 Female_t + \beta_7 Age_t + \beta_8 Law_t + \beta_9 Accounting_t + \beta_{10} ForeignExp_t + \beta_{11} PartyMeb_t + \beta_{12} Board\_Duality_t + \beta_{13} CFO\_Duality_t + \beta_{14} Mag\_Duality_t + \beta_{15} StkIncentive_t + \beta_{16} Tenure_t + \beta_{17} BIndep_t + \beta_{18} BMeet_t + \beta_{19} Duality_t + \beta_{20} InstHold_t + \beta_{21} CR_t + \beta_{22} PB_t + \beta_{23} Size_t + \beta_{24} ROA_t + \sum \beta_k Industry_{k,t} + \varepsilon \quad (4)$$

where *Pay* is the natural log of the sum of board secretaries' salary and bonus in a firm-year, winsorized at the 1% and 99% levels. We also include firm performance (*ROA*) in the right side of the equation to control for the effects of firms' financial performance on managerial pay.

Table 10 presents the regression results for management earnings forecasts and board secretary pay. In model 1 to 5, we regress board secretary *Pay* on each of forecast property variables, respectively, and then in model 6 we include all properties of management forecasts if there is at least one forecast issuance, i.e., the value of *Occurrence* is one. We report in model 1 that the coefficient on *Occurrence* is significantly positive at the 1% level, implying that board secretaries with forecast issuance receive more compensation relative to the secretaries without forecast disclosure. In model 2 to 6 that consider the situation where at least one forecast is disclosed by board secretaries in a given year, we find the coefficients on *Frequency*, *Precision* and *Accuracy* consistently significant and positive, consistent with the argument that the pay is significantly higher for board secretaries that issue high-quality forecasts. The results also reveal the correlations between board secretary characteristics and pay. For example, board secretaries with foreign experience, dual roles and stock holdings, on average, receive more compensation, while the pay is significantly lower for the secretaries with a Party membership.

[Insert Table 10 about here]

5.4.Management earnings forecasts and board secretary turnover

Consistent with our previous finding about the effects of management forecasts on board secretaries' pay, we expect that firms also employ management earnings forecasts to evaluate board secretaries' performance and abilities when making replacement decisions. To examine the effects of management forecasts on board secretary turnover, we estimate the following probit model:

$$\begin{aligned} Turnover_t = {} & \beta_0 + \beta_1 Occurrence_{t-1} + \beta_2 Frequency_{t-1} + \beta_3 Precision_{t-1} + \beta_4 Accuracy_{t-1} + \\ & \beta_5 Optimism_{t-1} + \beta_6 Female_{t-1} + \beta_7 Age_{t-1} + \beta_8 Retire_{t-1} + \beta_9 Law_{t-1} + \\ & \beta_{10} Accounting_{t-1} + \beta_{11} ForeignExp_{t-1} + \beta_{12} PartyMeb_{t-1} + \beta_{13} Board\_Duality_{t-1} + \\ & \beta_{14} CFO\_Duality_{t-1} + \beta_{15} Mag\_Duality_{t-1} + \beta_{16} StkIncentive_{t-1} + \beta_{17} Tenure_{t-1} + \\ & \beta_{18} BIndep_t + \beta_{19} BMeet_t + \beta_{20} Duality_t + \beta_{21} InstHold_t + \beta_{22} CR_t + \beta_{23} PB_t + \\ & \beta_{24} Size_t + \beta_{25} ROA_t + \sum \beta_k Industry_{k,t} + \varepsilon \end{aligned} \quad (5)$$

where *Turnover* is a dummy variable set equal to one if there is a replacement for board secretary in a given year and zero otherwise. Management forecast variables are lagged one year, indicating the secretary's previous performance in forecast disclosures. Besides the board secretary characteristic variables we discussed before, we include a new control variable *Retire* to indicate whether the board secretary is approaching retirement age. *Retire* is a binary variable, equal to 1 if the secretary is male and older than 58 or if the secretary is female and older than 53, and zero otherwise. *ROA* is included to control for the influence of firms' financial performance on managerial turnover. For the regression (5), we create a new sample that includes only the firm years where corporate boards are routinely replaced. As board secretaries are appointed by boards of directors and also report to the

boards, they are likely to be replaced along with routine board turnover. However, we expect that the likelihood of being replaced is significantly lower for the board secretaries that issue high-quality forecasts in the previous year.

In table 11, we report the regression results for board secretary turnover. We find that the coefficient on *Accuracy* is significantly negative in model 4 and 6, suggesting that the accuracy of management earnings forecasts decreases the likelihood of board secretaries being replaced in board routine turnover years. This result further indicates that the newly appointed directors are likely to reappoint the former board secretaries if the secretaries perform well in previous years. Our result also provides additional support for the findings of Lee et al. (2012) that management forecast error increases the probability of managerial turnover. Furthermore, the regression results show that board secretaries with a board dual role have a high tendency to be replaced, which is consistent with our routine board turnover setting.

[Insert Table 11 about here]

6. Summary and conclusions

This study investigates the role played by board secretaries in management earnings forecasts of Chinese listed firms. Considerable research has been conducted to examine the influence of CEOs, CFOs and General Counsels on management forecast disclosures, but board secretary, an important senior position responsible for disclosing corporate information to regulators, investors and financial analysts, has been greatly ignored by previous researchers. Given their particular role in information disclosure, we expect that board secretaries' performance in forecast issuance has significant implications for information transmission between inside managers and outside investors, which

consequently affects the quality of information employed by investors in their decision making. Thus we investigate the effects of professional abilities, political connections, dual senior titles and stock-based incentives of board secretaries on the occurrence, frequency, precision and accuracy of management earnings forecasts. Our results generally suggest that the quality of management earnings forecasts is positively associated with the legal expertise, accounting expertise, foreign experience, dual senior titles and stock ownership of board secretaries and negatively related to their membership in the Chinese Communist Party. Our additional analyses provide further evidence on the significant role of board secretaries in corporate governance and firm performance. We also show that firms make compensation and replacement decisions for board secretaries according to their performance in forecast disclosures, and that board secretaries, on average, receive higher compensation and have a lower likelihood of being replaced when delivering higher quality forecasts to the public. Overall, our study provides the first evidence that board secretaries play an important role in management earnings forecasts, which adds to the literature on forecast disclosure and corporate governance.

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Appendix 1 Definition of variables used in regressions

Variable	Definition	Source
Occurrence	A dummy variable, equal to 1 if the firm issued at least one forecast in a given year and 0 otherwise	RESSET database
Frequency	The total number of forecasts disclosed by the firm in a given year	RESSET database
Precision	Coded as 3 if the firm issued a point forecast, 2 if a range forecast, 0 if an open-interval forecast, and 0 if a qualitative forecast	RESSET database
Accuracy	The absolute difference between the management forecast of net profits and the actual net profits, scaled by the market value of tradable shares on one day prior to the forecast release, and then multiplied by -1	RESSET database
Optimism	Coded as 1 if the forecast is greater than the actual net profits, 0 if equal to the actual net profits, and -1 if less than the actual net profits	RESSET database
Horizon	The natural log of number of days between the forecast release and the actual earnings announcement.	RESSET database
CAR(-1,1)	The cumulative market-adjusted (value-weighted) abnormal returns for a three-day trading window around the board secretary appointment date	CSMAR database
ROA	Return on assets	CSMAR database
ROS	Return on sales	CSMAR database
CAR	The sum of monthly market-adjusted (value-weighted) abnormal returns over one year	CSMAR database
Pay	The natural log of the sum of board secretaries' salary and bonus	CSMAR database
Turnover	A dummy variable, equal to 1 if there is a replacement for board secretary in a given year and 0 otherwise	CSMAR database
Law	A dummy variable, equal to 1 if the board secretary holds a law license and 0 otherwise	CSMAR database
Accounting	A dummy variable, equal to 1 if the board secretary holds a professional certificate in accounting and 0 otherwise	CSMAR database
ForeignExp	Coded as 1 if the board secretary has work or study experience in foreign countries, 0.5 if in Hong Kong, Macau or Taiwan, and 0 otherwise	CSMAR database
PartyMeb	A dummy variable, equal to 1 if the board secretary is a member of the Chinese Communist Party and 0 otherwise	CSMAR database
Board_Duality	A dummy variable, equal to 1 if the board secretary is a member of the firm’s board of directors and 0 otherwise	CSMAR database
CFO_Duality	A dummy variable, equal to 1 if the board secretary serves as the firm’s CFO and 0 otherwise	CSMAR database
Mag_Duality	A dummy variable, equal to 1 if the board secretary holds an additional non-accounting senior executive position in the firm and 0 otherwise	CSMAR database
StkIncentive	The natural log of 1 plus the stock-based incentives, where the stock-based incentives are defined as the change in the value of stockholdings for a 1% increase in the firm's stock price	CSMAR database
Female	A dummy variable, equal to 1 if the board secretary is female and 0 otherwise	CSMAR database
Age	The age of the board secretary	CSMAR database
Retire	A dummy variable, equal to 1 if the board secretary is male and older than 58 or if the board secretary is female and older than 53, and 0 otherwise	CSMAR database
Tenure	The natural log of number of days that the board secretary has held this position	CSMAR database
BIndep	The proportion of independent directors in corporate board	CSMAR database
Bmeet	The number of board meetings held in a given year	CSMAR database
Duality	A dummy variable, equal to 1 if the CEO also works as the chairman of the board and 0 otherwise	CSMAR database
InstHold	The proportion of shares held by institutional investors	RESSET database
CR	The proportion of stocks held by the firm’s ten largest blockholders	RESSET database
PB	The price-to-book ratio	CSMAR database
Size	The natural log of the firm’s total assets	CSMAR database
Industry	The first two digits of the Global Industry Classification Standard (GICS) code	CCER database

Table 1 Descriptive statistics

Variable	N	Mean	Std.	Min	P25	Median	P75	Max
Occurrence	7430	0.777	0.416	0.000	1.000	1.000	1.000	1.000
Frequency	7430	2.501	1.810	0.000	1.000	3.000	4.000	7.000
Precision	5774	1.816	0.785	0.000	1.750	2.000	2.000	3.000
Accuracy	5097	-13.430	27.510	-192.900	-12.420	-4.878	-1.881	-0.048
Optimism	5097	-0.025	0.793	-1.000	-1.000	0.000	1.000	1.000
Horizon	5752	4.300	0.586	2.303	4.086	4.489	4.705	5.207
ROA	7405	0.035	0.067	-0.171	0.010	0.034	0.068	0.181
ROS	7373	0.049	0.185	-0.675	0.017	0.055	0.120	0.401
CAR	6735	0.026	0.337	-1.510	-0.182	-0.005	0.213	2.116
Pay	5472	12.050	0.860	9.798	11.510	12.100	12.650	14.070
Turnover	7440	0.113	0.317	0.000	0.000	0.000	0.000	1.000
Law	7298	0.020	0.140	0.000	0.000	0.000	0.000	1.000
Accounting	7298	0.161	0.368	0.000	0.000	0.000	0.000	1.000
ForeignExp	7298	0.035	0.170	0.000	0.000	0.000	0.000	1.000
PartyMeb	7298	0.320	0.467	0.000	0.000	0.000	1.000	1.000
Board_Duality	7440	0.269	0.443	0.000	0.000	0.000	1.000	1.000
CFO_Duality	7440	0.081	0.272	0.000	0.000	0.000	0.000	1.000
Mag_Duality	7440	0.401	0.490	0.000	0.000	0.000	1.000	1.000
StkIncentive	7244	2.074	3.912	0.000	0.000	0.000	0.000	13.800
Female	7440	0.177	0.381	0.000	0.000	0.000	0.000	1.000
Age	7425	40.480	6.986	23.000	35.000	40.000	45.000	71.000
Retire	7425	0.016	0.123	0.000	0.000	0.000	0.000	1.000
Tenure	7262	6.929	1.058	3.091	6.428	7.156	7.672	8.488
BIndep	7325	0.331	0.097	0.000	0.333	0.333	0.375	0.556
BMeet	7419	8.443	3.259	3.000	6.000	8.000	10.000	20.000
Duality	7366	0.205	0.404	0.000	0.000	0.000	0.000	1.000
InstHold	7358	0.170	0.190	0.000	0.020	0.093	0.264	0.749
CR	7360	0.587	0.153	0.229	0.478	0.604	0.706	0.933
PB	7323	4.162	4.440	-7.596	1.960	3.144	5.065	30.120
Size	7433	21.230	1.092	18.640	20.510	21.120	21.860	24.470
Industry	7284	27.030	11.500	10.000	20.000	25.000	35.000	55.000

Table 2 Correlations between variables used in regressions

This table presents Pearson correlations between the variables used in our regressions. * indicates significance at the 5% level.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
1	*Occurrence*	1																														
2	*Frequency*	0.7399*	1																													
3	*Precision*	*Omitted*	0.1128*	1																												
4	*Accuracy*	*Omitted*	-0.1073*	0.1542*	1																											
5	*Optimism*	*Omitted*	0.1051*	-0.0400*	-0.0698*	1																										
6	*Horizon*	*Omitted*	0.2169*	-0.1871*	-0.0952*	0.1426*	1																									
7	*ROA*	-0.0233*	-0.0389*	0.1731*	0.1931*	-0.2419*	0.0586*	1																								
8	*ROS*	-0.0516*	-0.0849*	0.1613*	0.2269*	-0.1796*	0.0197	0.8261*	1																							
9	*CAR*	0.0652*	0.1020*	0.1087*	0.1014*	-0.1918*	-0.0434*	0.2734*	0.1997*	1																						
10	*Pay*	0.0458*	0.0356*	0.1171*	0.0827*	-0.0350*	0.0055	0.2301*	0.2036*	-0.0043	1																					
11	*Turnover*	0.0484*	0.0536*	0.0504*	-0.0247	0.0042	-0.0343*	-0.0449*	-0.0208	0.0142	-0.1527*	1																				
12	*Law*	0.0321*	0.0374*	0.0223	-0.0156	-0.0009	-0.0072	-0.0166	-0.0098	0.0135	0.0072	0.0306*	1																			
13	*Accounting*	0.0389*	0.0593*	0.0092	0.0205	0.0298*	0.0606*	0.0243*	0.0188	0.0192	0.0271*	0.0269*	-0.0390*	1																		
14	*ForeignExp*	0.0244*	0.0411*	0.0270*	0.0197	0.0203	0.0247	0.0241*	0.0193	0.0068	0.0901*	0.0172	-0.0182	0.0078	1																	
15	*PartyMeb*	-0.0628*	-0.0964*	-0.0351*	-0.0142	-0.0566*	-0.0942*	-0.0533*	-0.0454*	-0.0134	-0.0980*	-0.0064	-0.0002	-0.0902*	-0.0618*	1																
16	*Board_Duality*	0.0387*	0.0623*	0.0407*	0.0213	0.0582*	0.0328*	0.0152	0.0019	0.0159	0.0509*	-0.0149	-0.0121	0.0561*	-0.0056	0.0325*	1															
17	*CFO_Duality*	0.0600*	0.0934*	0.0431*	0.0386*	0.0399*	0.0554*	0.0574*	0.0459*	0.0229	0.0766*	0.0438*	-0.0285*	0.4556*	-0.0044	-0.0460*	0.0869*	1														
18	*Mag_Duality*	0.1075*	0.1554*	0.1176*	0.0547*	0.0536*	0.0797*	0.0672*	0.0508*	0.0247*	0.2081*	-0.0215	0.0173	-0.0296*	0.0751*	-0.0240*	0.0974*	0.0009	1													
19	*StkIncentive*	0.0398*	0.0580*	0.0473*	0.0657*	0.0710*	0.1338*	0.1485*	0.1079*	0.0181	0.1905*	-0.1108*	-0.0309*	0.0333*	-0.0297*	0.0034	0.1379*	0.0820*	0.1332*	1												
20	*Female*	0.0253*	0.0463*	0.0164	-0.009	-0.0078	0.0397*	0.0086	0.0162	-0.0001	0.0103	0.0111	-0.0233*	0.0125	-0.0256*	-0.0917*	-0.0107	-0.0439*	-0.0511*	0.0135	1											
21	*Age*	-0.0084	-0.0106	0.0903*	0.0486*	-0.0522*	-0.0521*	0.0516*	0.0332*	0.0305*	0.1732*	-0.1180*	-0.0578*	0.0455*	0.0580*	0.1929*	0.1229*	0.0505*	0.1136*	0.2084*	-0.1132*	1										
22	*Retire*	-0.0038	-0.0023	0.0164	-0.0051	0.0003	-0.0297*	-0.0115	-0.0078	-0.0122	0.0137	-0.0208	-0.0022	-0.0007	0.0360*	0.0590*	0.0223	-0.0171	-0.0025	0.0286*	0.0333*	0.3148*	1									
23	*Tenure*	-0.0411*	-0.0515*	0.0723*	0.0315*	-0.0369*	-0.0588*	0.0412*	0.0216	0.0206	0.2164*	-0.6556*	-0.0513*	-0.0504*	-0.0316*	0.0503*	0.0442*	-0.0895*	0.0857*	0.1822*	-0.0053	0.3041*	0.0784*	1								
24	*BIndep*	0.2215*	0.2278*	0.4271*	0.1042*	0.0223	-0.0592*	0.1147*	0.0906*	0.0744*	0.1972*	0.1140*	0.0491*	0.0299*	0.015	-0.0900*	-0.0031	0.0747*	0.0968*	0.0208	0.0320*	0.0229	0.0116	0.0356*	1							
25	*BMeet*	0.0799*	0.0835*	0.0883*	0.0141	-0.0145	-0.0697*	-0.0114	0.0337*	0.0289*	0.1869*	0.1198*	0.0086	0.0165	0.0501*	-0.0668*	-0.0093	-0.0282*	0.0547*	-0.0061	0.0709*	-0.0506*	-0.0235*	-0.0594*	0.1464*	1						
26	*Duality*	0.0807*	0.1104*	0.0512*	0.0348*	0.0785*	0.0987*	0.0345*	0.0254*	0.0063	0.0104	0.0059	0.0447*	0.0091	0.0124	-0.0754*	0.0770*	0.0449*	0.0987*	0.0843*	0.0683*	-0.0393*	-0.0039	-0.0395*	0.0887*	-0.0208	1					
27	*InstHold*	0.0138	0.0155	0.0556*	-0.0201	-0.0211	-0.008	0.0398*	0.0272*	0.0322*	0.0831*	0.0301*	0.0253*	0.0057	-0.0002	-0.0017	-0.01	0.0006	0.0043	-0.0335*	0.0305*	-0.0104	0.0141	0.0031	0.0562*	0.0694*	-0.0108	1				
28	*CR*	0.0412*	0.0922*	-0.0579*	-0.0786*	0.0953*	0.2431*	0.2194*	0.1463*	-0.0266*	0.0940*	-0.0327*	-0.0519*	0.0473*	0.0533*	-0.0896*	-0.0250*	0.0870*	0.0492*	0.0528*	-0.0243*	-0.0455*	-0.0238*	-0.1088*	-0.0221	-0.0474*	0.0576*	0.0858*	1			
29	*PB*	0.0730*	0.0716*	0.0036	0.0973*	-0.0112	-0.0214	0.0865*	0.0370*	-0.0292*	-0.0086	0.011	0.0184	-0.0058	0.0105	-0.0212	-0.0028	0.0099	0.0273*	-0.0091	0.0075	-0.0129	-0.0236*	-0.0396*	-0.0388*	0.0128	0.0466*	0.0805*	0.0139	1		
30	*Size*	-0.1012*	-0.1360*	0.0763*	-0.0485*	-0.0945*	-0.1372*	0.0823*	0.1102*	0.0108	0.4073*	-0.0211	0.0296*	0.0263*	0.0215	0.0409*	-0.0562*	0.0084	-0.0145	0.0916*	-0.0595*	0.1644*	0.0434*	0.1277*	0.0694*	0.1884*	-0.1075*	0.0462*	0.0101	-0.1850*	1	
31	*Industry*	0.0119	-0.0035	-0.0021	0.0055	0.0148	-0.018	-0.0002	0.0514*	-0.0088	0.0942*	0.0183	-0.0135	-0.0061	0.0258*	-0.0950*	-0.0475*	-0.0189	0.0048	-0.0338*	0.0413*	-0.1171*	-0.0531*	-0.0179	0.0119	0.0830*	0.0264*	0.0544*	0.0011	0.0300*	-0.0358*	1

Table 3 The role of board secretaries in management forecast occurrence

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on the occurrence of management earnings forecasts. The dependent variable is *Occurrence*, and all independent variables are lagged one year. Heteroskedasticity-adjusted z-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)
Law	0.3203**				0.3656**
	(2.201)				(2.394)
Accounting	0.1609***				0.1142**
	(3.217)				(2.043)
ForeignExp	0.2107*				0.1571
	(1.850)				(1.353)
PartyMeb		-0.1325***			-0.1150***
		(-3.383)			(-2.897)
Board_Duality			0.0758*		0.0584
			(1.834)		(1.397)
CFO_Duality			0.2258***		0.1350*
			(3.096)		(1.665)
Mag_Duality			0.2548***		0.2292***
			(6.782)		(6.040)
StkIncentive				0.0214***	0.0182***
				(4.804)	(3.948)
Female	0.0444	0.0346	0.0624	0.0442	0.0525
	(0.915)	(0.712)	(1.274)	(0.904)	(1.062)
Age	0.0030	0.0053*	0.0007	0.0019	0.0005
	(1.092)	(1.893)	(0.238)	(0.665)	(0.192)
Tenure	-0.0314*	-0.0427**	-0.0439**	-0.0515***	-0.0466**
	(-1.699)	(-2.295)	(-2.342)	(-2.740)	(-2.454)
BIndep	2.8106***	2.8075***	2.7188***	2.8833***	2.7033***
	(14.299)	(14.247)	(13.782)	(14.668)	(13.544)
InstHold	-0.0141	-0.0085	-0.0318	-0.0403	-0.0243
	(-0.144)	(-0.087)	(-0.324)	(-0.411)	(-0.247)
Duality	0.2286***	0.2277***	0.2006***	0.2359***	0.2011***
	(4.827)	(4.811)	(4.196)	(4.921)	(4.141)
BMeet	0.0349***	0.0346***	0.0342***	0.0350***	0.0324***
	(5.791)	(5.737)	(5.656)	(5.790)	(5.290)
CR	0.3789***	0.3505***	0.3273***	0.3693***	0.3086***
	(3.254)	(3.012)	(2.804)	(3.171)	(2.604)
PB	0.0289***	0.0288***	0.0274***	0.0318***	0.0299***
	(5.480)	(5.453)	(5.284)	(6.140)	(5.784)
Size	-0.2211***	-0.2172***	-0.2099***	-0.2201***	-0.2231***
	(-12.129)	(-11.954)	(-11.497)	(-12.053)	(-12.073)
Intercept	3.7837***	3.8097***	3.6868***	3.8963***	4.0773***
	(9.272)	(9.310)	(9.051)	(9.429)	(9.734)
Industry dummies	Yes	Yes	Yes	Yes	Yes
pseudo R^2	0.086	0.085	0.092	0.087	0.097
N	6868	6868	6881	6846	6833

Table 4 The role of board secretaries in management forecast frequency

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on the frequency of management earnings forecasts. The dependent variable is *Frequency*, and all independent variables are lagged one year. Heteroskedasticity-adjusted z-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)
Law	0.1339***				0.1470***
	(2.864)				(3.124)
Accounting	0.1021***				0.0687***
	(4.989)				(2.912)
ForeignExp	0.1554***				0.1173***
	(3.834)				(2.884)
PartyMeb		-0.1030***			-0.0862***
		(-5.216)			(-4.374)
Board_Duality			0.0645***		0.0592***
			(3.619)		(3.303)
CFO_Duality			0.1443***		0.0922***
			(5.639)		(3.092)
Mag_Duality			0.1725***		0.1643***
			(10.535)		(9.984)
StkIncentive				0.0085***	0.0053***
				(4.773)	(2.933)
Female	0.0463**	0.0384*	0.0626***	0.0422**	0.0528***
	(2.273)	(1.883)	(3.057)	(2.060)	(2.577)
Age	0.0018	0.0035***	-0.0000	0.0015	0.0005
	(1.384)	(2.733)	(-0.012)	(1.151)	(0.363)
Tenure	-0.0096	-0.0149*	-0.0162**	-0.0191**	-0.0172**
	(-1.237)	(-1.931)	(-2.102)	(-2.447)	(-2.207)
BIndep	1.7435***	1.7292***	1.6645***	1.7663***	1.6190***
	(15.764)	(15.617)	(14.978)	(15.969)	(14.490)
InstHold	0.0245	0.0305	0.0236	0.0318	0.0348
	(0.574)	(0.713)	(0.551)	(0.735)	(0.814)
Duality	0.1106***	0.1075***	0.0853***	0.1095***	0.0766***
	(6.299)	(6.104)	(4.801)	(6.177)	(4.303)
BMeet	0.0201***	0.0198***	0.0194***	0.0206***	0.0183***
	(7.798)	(7.676)	(7.479)	(7.932)	(7.039)
CR	0.4083***	0.3948***	0.3658***	0.4016***	0.3343***
	(7.390)	(7.115)	(6.625)	(7.210)	(5.985)
PB	0.0067***	0.0069***	0.0068***	0.0074***	0.0070***
	(3.946)	(4.068)	(3.962)	(4.288)	(3.952)
Size	-0.1267***	-0.1248***	-0.1202***	-0.1259***	-0.1238***
	(-14.524)	(-14.286)	(-13.682)	(-14.233)	(-13.967)
Intercept	2.3923***	2.4055***	2.3436***	2.4360***	2.5005***
	(11.892)	(11.917)	(11.583)	(11.881)	(12.159)
Industry dummies	Yes	Yes	Yes	Yes	Yes
pseudo R^2	0.039	0.039	0.044	0.038	0.046
N	6868	6868	6881	6846	6833

Table 5 The role of board secretaries in management forecast precision

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on the precision of management earnings forecasts. The dependent variable is *Precision*, and all independent variables except *Horizon* are lagged one year. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)
Law	0.0244				0.0321
	(0.350)				(0.462)
Accounting	0.0085				-0.0075
	(0.360)				(-0.271)
ForeignExp	0.0976*				0.0709
	(1.812)				(1.312)
PartyMeb		-0.0410*			-0.0343
		(-1.774)			(-1.479)
Board_Duality			0.0487**		0.0478**
			(2.369)		(2.307)
CFO_Duality			0.0578**		0.0622*
			(2.177)		(1.950)
Mag_Duality			0.1406***		0.1372***
			(7.433)		(7.204)
StkIncentive				0.0053***	0.0031*
				(3.118)	(1.797)
Female	0.0302	0.0263	0.0437*	0.0252	0.0385
	(1.252)	(1.085)	(1.809)	(1.042)	(1.595)
Age	0.0081***	0.0088***	0.0067***	0.0078***	0.0068***
	(5.521)	(5.975)	(4.562)	(5.320)	(4.548)
Tenure	0.0219**	0.0204**	0.0174*	0.0184*	0.0163*
	(2.292)	(2.137)	(1.819)	(1.915)	(1.692)
BIndep	3.5942***	3.5767***	3.5178***	3.5832***	3.4936***
	(27.706)	(27.490)	(27.185)	(27.737)	(26.731)
InstHold	0.1872***	0.1889***	0.1918***	0.1977***	0.1982***
	(3.592)	(3.628)	(3.706)	(3.775)	(3.813)
Duality	0.0562***	0.0546**	0.0373*	0.0505**	0.0297
	(2.600)	(2.525)	(1.732)	(2.321)	(1.361)
BMeet	0.0107***	0.0106***	0.0097***	0.0110***	0.0094***
	(3.404)	(3.381)	(3.121)	(3.504)	(2.988)
CR	-0.1636**	-0.1687**	-0.1831***	-0.1562**	-0.1916***
	(-2.453)	(-2.531)	(-2.771)	(-2.357)	(-2.866)
PB	0.0050*	0.0051**	0.0049*	0.0053**	0.0051*
	(1.942)	(1.980)	(1.900)	(2.023)	(1.915)
Size	0.0224**	0.0224**	0.0254**	0.0270**	0.0308***
	(2.137)	(2.146)	(2.442)	(2.569)	(2.933)
Horizon	-0.2027***	-0.2035***	-0.2132***	-0.2036***	-0.2133***
	(-10.782)	(-10.819)	(-11.256)	(-10.637)	(-11.096)
Intercept	0.3653	0.3824	0.4134	0.2772	0.3179
	(1.442)	(1.506)	(1.642)	(1.078)	(1.243)
Industry dummies	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.201	0.201	0.210	0.203	0.211
N	5390	5390	5396	5368	5362

Table 6 The role of board secretaries in management forecast accuracy

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on the accuracy of management earnings forecasts. The dependent variable is *Accuracy*, and all independent variables except *Horizon* are lagged one year. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)
Law	-3.7604				-3.4344
	(-1.236)				(-1.142)
Accounting	1.6455*				0.6037
	(1.763)				(0.562)
ForeignExp	2.8054**				2.8118**
	(2.006)				(1.983)
PartyMeb		-0.9298			-0.6389
		(-1.003)			(-0.696)
Board_Duality			0.0536		-0.3485
			(0.060)		(-0.387)
CFO_Duality			4.0205***		3.2287***
			(3.854)		(2.697)
Mag_Duality			3.0509***		2.7513***
			(3.987)		(3.551)
StkIncentive				0.4681***	0.4338***
				(7.278)	(6.574)
Female	-0.3360	-0.3500	0.0844	-0.4135	-0.1313
	(-0.328)	(-0.342)	(0.082)	(-0.403)	(-0.128)
Age	0.1932***	0.2210***	0.1773***	0.1681***	0.1421**
	(3.011)	(3.304)	(2.772)	(2.612)	(2.158)
Tenure	0.4613	0.4221	0.4473	0.1903	0.2040
	(1.197)	(1.099)	(1.161)	(0.492)	(0.524)
BIndep	40.2860***	39.7159***	38.3037***	39.6939***	38.4891***
	(5.361)	(5.286)	(5.139)	(5.292)	(5.151)
InstHold	-3.2517	-3.3255	-3.2218	-2.7710	-2.7090
	(-1.289)	(-1.315)	(-1.280)	(-1.102)	(-1.079)
Duality	2.2762***	2.1747**	1.8397**	1.7824**	1.5058*
	(2.591)	(2.458)	(2.084)	(2.017)	(1.730)
BMeet	0.1676	0.1739	0.1628	0.1759	0.1445
	(1.318)	(1.366)	(1.283)	(1.388)	(1.131)
CR	-10.3828***	-9.9319***	-10.6471***	-10.3187***	-11.8155***
	(-4.219)	(-4.084)	(-4.376)	(-4.240)	(-4.740)
PB	0.4629***	0.4643***	0.4588***	0.4575***	0.4511***
	(3.806)	(3.812)	(3.784)	(3.727)	(3.704)
Size	-1.4673***	-1.4860***	-1.4463***	-1.6386***	-1.5710***
	(-2.861)	(-2.904)	(-2.834)	(-3.189)	(-3.047)
Horizon	-4.3112***	-4.3086***	-4.5316***	-4.7179***	-4.9661***
	(-7.755)	(-7.722)	(-8.021)	(-8.342)	(-8.626)
Intercept	10.3162	10.6665	11.3583	18.4203	19.1146
	(0.882)	(0.915)	(0.979)	(1.556)	(1.616)
Industry dummies	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.042	0.041	0.045	0.046	0.049
N	4827	4827	4831	4822	4818

Table 7 The role of board secretaries in management forecast optimism

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on the optimistic bias in management forecasts. The dependent variable is *Optimism*, and all independent variables except *Horizon* are lagged one year. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)
Law	-0.0190				-0.0119
	(-0.254)				(-0.159)
Accounting	0.0421				0.0247
	(1.420)				(0.728)
ForeignExp	0.0856				0.0876
	(1.349)				(1.385)
PartyMeb		-0.0301			-0.0250
		(-1.139)			(-0.944)
Board_Duality			0.0778***		0.0728***
			(3.099)		(2.882)
CFO_Duality			0.0575		0.0349
			(1.551)		(0.822)
Mag_Duality			0.0536**		0.0483**
			(2.342)		(2.099)
StkIncentive				0.0099***	0.0084***
				(3.746)	(3.135)
Female	-0.0394	-0.0411	-0.0318	-0.0418	-0.0358
	(-1.380)	(-1.439)	(-1.111)	(-1.462)	(-1.247)
Age	-0.0036**	-0.0029	-0.0044**	-0.0043**	-0.0051***
	(-2.044)	(-1.616)	(-2.468)	(-2.397)	(-2.777)
Tenure	-0.0035	-0.0049	-0.0052	-0.0090	-0.0094
	(-0.315)	(-0.445)	(-0.467)	(-0.801)	(-0.838)
BIndep	0.2369	0.2269	0.2073	0.2431	0.2079
	(1.234)	(1.180)	(1.088)	(1.267)	(1.083)
InstHold	-0.0523	-0.0520	-0.0469	-0.0367	-0.0374
	(-0.877)	(-0.874)	(-0.789)	(-0.614)	(-0.626)
Duality	0.0827***	0.0809***	0.0686**	0.0709***	0.0581**
	(3.083)	(3.015)	(2.548)	(2.637)	(2.145)
BMeet	0.0040	0.0041	0.0041	0.0043	0.0031
	(1.074)	(1.092)	(1.084)	(1.157)	(0.825)
CR	0.2472***	0.2521***	0.2492***	0.2454***	0.2217***
	(3.216)	(3.302)	(3.261)	(3.212)	(2.871)
PB	-0.0047*	-0.0046*	-0.0045	-0.0056**	-0.0054**
	(-1.707)	(-1.687)	(-1.636)	(-2.029)	(-1.975)
Size	-0.0507***	-0.0506***	-0.0487***	-0.0558***	-0.0522***
	(-4.249)	(-4.242)	(-4.096)	(-4.673)	(-4.369)
Horizon	0.1430***	0.1431***	0.1376***	0.1346***	0.1279***
	(6.444)	(6.440)	(6.168)	(6.009)	(5.668)
Intercept	0.3372	0.3420	0.3384	0.5445*	0.5285*
	(1.126)	(1.141)	(1.135)	(1.796)	(1.739)
Industry dummies	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.032	0.032	0.035	0.034	0.037
N	4827	4827	4831	4822	4818

Table 8 Market reaction to announcements of board secretary appointments

This table presents the regression results for the three-day stock price reactions to the appointment of new board secretaries. The dependent variable is *CAR(-1,1)*, and the change variables represent the difference in characteristics between a newly appointed secretary and the former secretary. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Δ *Law*	-0.0024								-0.0012
	(-0.325)								(-0.163)
Δ *Accounting*		-0.0021							-0.0023
		(-0.588)							(-0.536)
Δ *ForeignExp*			0.0069						0.0053
			(0.848)						(0.634)
Δ *PartyMeb*				0.0039					0.0046
				(0.945)					(1.094)
Δ *Board_Duality*					0.0020				0.0009
					(0.598)				(0.231)
Δ *CFO_Duality*						0.0035			0.0053
						(0.681)			(0.832)
Δ *Mag_Duality*							0.0059**		0.0072**
							(2.155)		(2.399)
Δ *StkIncentive*								-0.0004	-0.0004
								(-0.918)	(-0.696)
Δ *Female*	-0.0006	-0.0004	-0.0005	-0.0003	-0.0004	-0.0006	-0.0003	0.0001	0.0009
	(-0.132)	(-0.096)	(-0.109)	(-0.066)	(-0.102)	(-0.142)	(-0.080)	(0.035)	(0.209)
Δ *Age*	-0.0002	-0.0001	-0.0002	-0.0002	-0.0002	-0.0002	-0.0003	-0.0002	-0.0002
	(-0.591)	(-0.505)	(-0.629)	(-0.636)	(-0.997)	(-0.967)	(-1.200)	(-0.669)	(-0.844)
BIndep	0.0283	0.0302	0.0303	0.0301	0.0131	0.0133	0.0127	0.0209	0.0469
	(0.889)	(0.959)	(0.954)	(0.948)	(0.833)	(0.851)	(0.804)	(1.342)	(1.491)
InstHold	-0.0065	-0.0063	-0.0067	-0.0061	-0.0096	-0.0093	-0.0096	-0.0104	-0.0074
	(-0.609)	(-0.582)	(-0.632)	(-0.569)	(-1.004)	(-0.978)	(-1.013)	(-1.052)	(-0.666)
Duality	-0.0014	-0.0013	-0.0013	-0.0011	-0.0009	-0.0010	-0.0015	-0.0010	-0.0023
	(-0.262)	(-0.250)	(-0.239)	(-0.217)	(-0.190)	(-0.201)	(-0.303)	(-0.205)	(-0.439)
BMeet	0.0002	0.0002	0.0003	0.0002	0.0001	0.0002	0.0000	0.0001	0.0001
	(0.392)	(0.394)	(0.435)	(0.330)	(0.222)	(0.331)	(0.078)	(0.180)	(0.086)
CR	0.0177	0.0176	0.0180	0.0174	0.0149	0.0148	0.0119	0.0165	0.0154
	(1.254)	(1.243)	(1.272)	(1.233)	(1.147)	(1.137)	(0.904)	(1.254)	(1.060)
PB	0.0005	0.0005	0.0005	0.0005	0.0003	0.0003	0.0003	0.0003	0.0005
	(1.167)	(1.155)	(1.133)	(1.193)	(0.750)	(0.746)	(0.765)	(0.767)	(1.116)
Size	-0.0009	-0.0009	-0.0010	-0.0009	-0.0004	-0.0005	-0.0005	-0.0011	-0.0017
	(-0.515)	(-0.514)	(-0.521)	(-0.500)	(-0.249)	(-0.302)	(-0.271)	(-0.627)	(-0.895)
Intercept	0.0144	0.0140	0.0125	0.0139	0.0039	0.0057	0.0088	0.0200	0.0382
	(0.322)	(0.314)	(0.279)	(0.311)	(0.094)	(0.137)	(0.212)	(0.469)	(0.829)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
adj. R^2	-0.007	-0.007	-0.006	-0.006	-0.010	-0.010	-0.004	-0.007	-0.000
N	634	634	634	634	724	724	724	706	616

Table 9 Board secretary and firm performance

This table presents the regression results for the effects of professional abilities, political connections, dual senior positions and stock holdings of board secretaries on firm performance. Firm performance is measured by *ROA*, *ROS* and one-year *CAR*, and all independent variables are lagged one year. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1) *ROA*	(2) *ROS*	(3) *CAR*	(4) *ROA*	(5) *ROS*	(6) *CAR*	(7) *ROA*	(8) *ROS*	(9) *CAR*	(10) *ROA*	(11) *ROS*	(12) *CAR*	(13) *ROA*	(14) *ROS*	(15) *CAR*
Law	-0.0023	-0.0028	0.0287										-0.0010	-0.0006	0.0284
	(-0.406)	(-0.155)	(0.863)										(-0.182)	(-0.036)	(0.856)
Accounting	-0.0004	-0.0015	0.0145										-0.0032	-0.0081	0.0084
	(-0.214)	(-0.270)	(1.297)										(-1.337)	(-1.249)	(0.665)
ForeignExp	0.0033	0.0006	0.0129										0.0033	-0.0011	0.0103
	(0.754)	(0.047)	(0.484)										(0.754)	(-0.089)	(0.386)
PartyMeb				-0.0052***	-0.0110**	-0.0171*							-0.0048***	-0.0104**	-0.0158*
				(-3.093)	(-2.259)	(-1.862)							(-2.845)	(-2.139)	(-1.702)
Board_Duality							0.0022	0.0005	0.0054				0.0005	-0.0031	0.0045
							(1.237)	(0.098)	(0.569)				(0.293)	(-0.646)	(0.481)
CFO_Duality							0.0061**	0.0154**	0.0183				0.0060*	0.0158**	0.0115
							(2.232)	(2.327)	(1.154)				(1.893)	(1.995)	(0.642)
Mag_Duality							0.0052***	0.0115***	0.0081				0.0037**	0.0086**	0.0069
							(3.330)	(2.752)	(0.922)				(2.380)	(2.034)	(0.778)
StkIncentive										0.0019***	0.0040***	0.0009	0.0019***	0.0038***	0.0008
										(11.830)	(10.329)	(0.865)	(11.077)	(9.737)	(0.711)
Female	0.0034	0.0128**	0.0005	0.0030	0.0121**	-0.0006	0.0038*	0.0140**	0.0018	0.0020	0.0093	0.0004	0.0022	0.0097*	0.0001
	(1.624)	(2.179)	(0.048)	(1.447)	(2.054)	(-0.052)	(1.855)	(2.389)	(0.159)	(0.966)	(1.577)	(0.039)	(1.070)	(1.658)	(0.005)
Age	0.0003***	0.0008**	0.0010	0.0004***	0.0009***	0.0013**	0.0002**	0.0006**	0.0009	0.0001	0.0004	0.0010	0.0001	0.0005	0.0010
	(2.644)	(2.428)	(1.619)	(3.195)	(2.734)	(1.992)	(2.067)	(1.969)	(1.408)	(1.145)	(1.298)	(1.536)	(1.261)	(1.535)	(1.606)
Tenure	0.0023***	0.0022	0.0045	0.0022***	0.0021	0.0036	0.0023***	0.0023	0.0039	0.0012	0.0000	0.0030	0.0011	-0.0000	0.0037
	(2.912)	(1.009)	(1.083)	(2.846)	(0.973)	(0.867)	(2.932)	(1.053)	(0.932)	(1.498)	(0.006)	(0.710)	(1.419)	(-0.017)	(0.863)
BIndep	0.0621***	0.1090***	0.2211***	0.0601***	0.1046***	0.2191***	0.0585***	0.1003***	0.2167***	0.0635***	0.1117***	0.2241***	0.0590***	0.1016***	0.2097***
	(7.554)	(4.147)	(5.858)	(7.321)	(3.997)	(5.796)	(7.105)	(3.836)	(5.726)	(7.857)	(4.310)	(5.974)	(7.166)	(3.874)	(5.477)
InstHold	-0.0001	-0.0020	0.0664***	0.0001	-0.0015	0.0673***	-0.0000	-0.0026	0.0649***	0.0022	0.0036	0.0658***	0.0023	0.0046	0.0681***
	(-0.020)	(-0.167)	(2.857)	(0.022)	(-0.122)	(2.905)	(-0.002)	(-0.217)	(2.804)	(0.504)	(0.307)	(2.837)	(0.527)	(0.387)	(2.927)
Duality	0.0031	0.0077	0.0009	0.0027	0.0070	0.0003	0.0021	0.0060	-0.0004	0.0018	0.0055	0.0006	0.0010	0.0041	-0.0022
	(1.599)	(1.449)	(0.085)	(1.438)	(1.326)	(0.032)	(1.098)	(1.134)	(-0.033)	(0.940)	(1.061)	(0.053)	(0.537)	(0.778)	(-0.202)
BMeet	-0.0004*	0.0006	0.0023*	-0.0005**	0.0006	0.0022*	-0.0004*	0.0006	0.0023*	-0.0004*	0.0007	0.0023*	-0.0005**	0.0006	0.0021
	(-1.875)	(0.967)	(1.723)	(-1.993)	(0.855)	(1.656)	(-1.930)	(0.896)	(1.724)	(-1.947)	(1.087)	(1.728)	(-2.217)	(0.945)	(1.587)
CR	0.0889***	0.1704***	-0.0487*	0.0878***	0.1675***	-0.0530*	0.0876***	0.1664***	-0.0522*	0.0863***	0.1646***	-0.0513*	0.0838***	0.1595***	-0.0572**
	(17.914)	(12.811)	(-1.772)	(17.655)	(12.646)	(-1.921)	(17.670)	(12.553)	(-1.885)	(17.640)	(12.598)	(-1.871)	(16.797)	(11.949)	(-2.060)
PB	0.0017***	0.0024***	-0.0034***	0.0017***	0.0024***	-0.0034***	0.0017***	0.0024***	-0.0034***	0.0017***	0.0022***	-0.0034***	0.0017***	0.0022***	-0.0035***
	(5.995)	(2.971)	(-2.905)	(6.004)	(2.971)	(-2.921)	(5.947)	(2.927)	(-2.893)	(5.876)	(2.686)	(-2.919)	(5.792)	(2.608)	(-3.010)
Size	0.0069***	0.0202***	-0.0097**	0.0069***	0.0201***	-0.0094**	0.0070***	0.0203***	-0.0087*	0.0065***	0.0193***	-0.0092**	0.0067***	0.0193***	-0.0097**
	(7.995)	(8.082)	(-2.134)	(7.970)	(8.083)	(-2.079)	(8.087)	(8.221)	(-1.917)	(7.714)	(7.918)	(-2.023)	(7.836)	(7.885)	(-2.120)
Intercept	-0.1938***	-0.5483***	0.1653	-0.1912***	-0.5421***	0.1713*	-0.1928***	-0.5485***	0.1460	-0.1730***	-0.5069***	0.1608	-0.1716***	-0.4972***	0.1844*
	(-9.604)	(-9.495)	(1.598)	(-9.479)	(-9.413)	(1.655)	(-9.623)	(-9.604)	(1.419)	(-8.763)	(-8.995)	(1.559)	(-8.629)	(-8.781)	(1.768)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.091	0.059	0.010	0.093	0.060	0.010	0.094	0.060	0.009	0.106	0.067	0.009	0.107	0.068	0.010
N	6859	6846	6338	6859	6846	6338	6872	6859	6350	6837	6824	6345	6824	6811	6333

Table 10 Management earnings forecasts and board secretary pay

This table presents the regression results for the influence of management earnings forecasts on board secretaries' pay. The dependent variable is *Pay*. Heteroskedasticity-adjusted t-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)	(6)
Occurrence	0.1553***					
	(5.746)					
Frequency		0.0376***				0.0220**
		(6.067)				(2.506)
Precision			0.1347***			0.1434***
			(6.751)			(5.850)
Accuracy				0.0013***		0.0012***
				(3.111)		(2.805)
Optimism					0.0056	0.0109
					(0.366)	(0.716)
Female	0.1229***	0.1196***	0.1262***	0.1402***	0.1381***	0.1371***
	(4.957)	(4.812)	(4.767)	(5.185)	(5.098)	(5.109)
Age	0.0072***	0.0072***	0.0073***	0.0081***	0.0084***	0.0075***
	(4.432)	(4.466)	(4.026)	(4.466)	(4.579)	(4.103)
Law	0.0187	0.0104	0.0189	0.0315	0.0281	0.0146
	(0.276)	(0.153)	(0.256)	(0.405)	(0.360)	(0.189)
Accounting	-0.0223	-0.0239	-0.0023	-0.0075	-0.0060	-0.0117
	(-0.778)	(-0.833)	(-0.076)	(-0.242)	(-0.195)	(-0.385)
ForeignExp	0.2542***	0.2485***	0.2839***	0.2865***	0.2858***	0.2754***
	(4.193)	(4.121)	(4.525)	(4.452)	(4.432)	(4.250)
PartyMeb	-0.1374***	-0.1357***	-0.1495***	-0.1588***	-0.1596***	-0.1585***
	(-6.020)	(-5.955)	(-5.868)	(-6.091)	(-6.115)	(-6.128)
Board_Duality	0.0740***	0.0701***	0.0814***	0.0819***	0.0814***	0.0764***
	(3.289)	(3.113)	(3.363)	(3.341)	(3.298)	(3.114)
CFO_Duality	0.1943***	0.1913***	0.1730***	0.1836***	0.1868***	0.1822***
	(5.292)	(5.210)	(4.493)	(4.700)	(4.764)	(4.717)
Mag_Duality	0.2835***	0.2758***	0.2766***	0.2750***	0.2777***	0.2639***
	(13.707)	(13.167)	(12.354)	(12.036)	(12.149)	(11.454)
StkIncentive	0.0107***	0.0107***	0.0153***	0.0143***	0.0145***	0.0151***
	(4.370)	(4.357)	(5.991)	(5.584)	(5.609)	(5.887)
Tenure	0.1405***	0.1424***	0.1400***	0.1435***	0.1441***	0.1443***
	(12.166)	(12.332)	(11.055)	(10.941)	(11.011)	(11.063)
BIndep	0.8929***	0.9279***	0.4956**	0.3238	0.3783*	0.2804
	(4.603)	(4.765)	(2.265)	(1.427)	(1.669)	(1.234)
InstHold	0.1758***	0.1759***	0.1486**	0.1226**	0.1202**	0.1295**
	(3.170)	(3.175)	(2.488)	(2.012)	(1.969)	(2.148)
Duality	0.0306	0.0279	0.0268	0.0258	0.0263	0.0242
	(1.223)	(1.114)	(1.000)	(0.945)	(0.961)	(0.891)
BMeet	0.0184***	0.0178***	0.0180***	0.0167***	0.0167***	0.0161***
	(5.715)	(5.531)	(5.081)	(4.584)	(4.596)	(4.464)

CR	0.0301	0.0103	0.1225*	0.1092	0.0658	0.1325*
	(0.449)	(0.153)	(1.699)	(1.461)	(0.879)	(1.765)
PB	0.0044*	0.0043	0.0002	0.0007	0.0016	-0.0011
	(1.678)	(1.635)	(0.064)	(0.242)	(0.565)	(-0.388)
Size	0.2762***	0.2787***	0.2528***	0.2547***	0.2539***	0.2564***
	(27.692)	(27.865)	(23.162)	(22.697)	(22.522)	(22.859)
ROA	2.6706***	2.6909***	2.3728***	2.2429***	2.3984***	2.2629***
	(15.572)	(15.729)	(13.580)	(12.065)	(12.724)	(11.836)
Intercept	3.8975***	3.8630***	4.3941***	4.7162***	4.6906***	4.3634***
	(15.478)	(15.310)	(16.203)	(16.940)	(16.727)	(15.368)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes
adj. R^2	0.387	0.387	0.395	0.382	0.380	0.390
N	4560	4560	3699	3513	3513	3513

Table 11 Management earnings forecasts and board secretary turnover

This table presents the regression results for the influence of management earnings forecasts on the likelihood of board secretaries being replaced during the years of routine turnover of corporate boards. The dependent variable is *Turnover*, and management earnings forecast properties and board secretary characteristics are lagged one year. Heteroskedasticity-adjusted z-statistics are provided in parentheses below each coefficient. *, **, *** indicate significance at the 10%, 5%, and 1% levels, respectively, based on two-tailed tests.

	(1)	(2)	(3)	(4)	(5)	(6)
Occurrence $_{t-1}$	0.1154					
	(1.382)					
Frequency $_{t-1}$		-0.0011				-0.0438
		(-0.053)				(-1.254)
Precision $_{t-1}$			-0.0601			0.0483
			(-1.174)			(0.670)
Accuracy $_{t-1}$				-0.0032**		-0.0035**
				(-2.163)		(-2.310)
Optimism $_{t-1}$					0.0144	0.0026
					(0.232)	(0.041)
Female $_{t-1}$	-0.0316	-0.0308	-0.0681	-0.1250	-0.1134	-0.1186
	(-0.324)	(-0.317)	(-0.607)	(-0.973)	(-0.887)	(-0.923)
Age $_{t-1}$	0.0080	0.0082	0.0079	0.0079	0.0073	0.0070
	(1.296)	(1.334)	(1.107)	(0.957)	(0.877)	(0.842)
Retire $_{t-1}$	0.7696***	0.7545***	0.5711**	0.4243	0.4379	0.4501
	(3.243)	(3.202)	(1.964)	(1.305)	(1.345)	(1.381)
Law $_{t-1}$	0.0328	0.0451	-0.1326	-0.2703	-0.2716	-0.2607
	(0.124)	(0.171)	(-0.452)	(-0.746)	(-0.761)	(-0.722)
Accounting $_{t-1}$	-0.1232	-0.1198	-0.2377*	-0.0325	-0.0452	-0.0298
	(-1.070)	(-1.045)	(-1.785)	(-0.219)	(-0.306)	(-0.201)
ForeignExp $_{t-1}$	-0.1700	-0.1621	-0.2309	-0.2477	-0.2630	-0.2405
	(-0.743)	(-0.710)	(-0.883)	(-0.810)	(-0.860)	(-0.783)
PartyMeb $_{t-1}$	0.0546	0.0536	0.0567	0.1729	0.1655	0.1680
	(0.693)	(0.681)	(0.614)	(1.644)	(1.578)	(1.593)
Board_Duality $_{t-1}$	0.2983***	0.2961***	0.2626***	0.1990*	0.1901*	0.1933*
	(3.702)	(3.680)	(2.776)	(1.812)	(1.739)	(1.760)
CFO_Duality $_{t-1}$	0.2573*	0.2598*	0.2633	0.1518	0.1384	0.1646
	(1.758)	(1.780)	(1.559)	(0.752)	(0.689)	(0.817)
Mag_Duality $_{t-1}$	0.0713	0.0778	0.0446	-0.0256	-0.0332	-0.0103
	(0.951)	(1.030)	(0.516)	(-0.253)	(-0.331)	(-0.101)
StkIncentive $_{t-1}$	-0.0011	-0.0010	0.0020	0.0187	0.0175	0.0201
	(-0.113)	(-0.106)	(0.182)	(1.441)	(1.346)	(1.535)
Tenure $_{t-1}$	-0.0345	-0.0357	-0.0266	0.0069	0.0059	0.0063
	(-0.862)	(-0.892)	(-0.593)	(0.134)	(0.116)	(0.123)
BIndep	1.3348*	1.3412*	1.9830**	2.5592***	2.5858***	2.5573***
	(1.890)	(1.903)	(2.335)	(2.612)	(2.653)	(2.583)
InstHold	0.1322	0.1394	0.0297	-0.0048	-0.0418	-0.0055
	(0.712)	(0.753)	(0.139)	(-0.019)	(-0.164)	(-0.021)
Duality	0.0922	0.0940	0.0887	0.0202	0.0075	0.0365

	(1.040)	(1.059)	(0.883)	(0.168)	(0.063)	(0.302)
BMeet	0.0296***	0.0307***	0.0321**	0.0335**	0.0323**	0.0342**
	(2.670)	(2.787)	(2.472)	(2.258)	(2.183)	(2.302)
CR	0.3652	0.3730	0.4401	0.1631	0.2618	0.1897
	(1.491)	(1.523)	(1.559)	(0.501)	(0.807)	(0.578)
PB	0.0028	0.0042	0.0083	0.0061	0.0052	0.0055
	(0.312)	(0.474)	(0.892)	(0.574)	(0.498)	(0.510)
Size	-0.0312	-0.0362	-0.0373	-0.0605	-0.0527	-0.0653
	(-0.816)	(-0.944)	(-0.847)	(-1.206)	(-1.044)	(-1.281)
ROA	-1.2601**	-1.2535**	-1.1225*	-0.7851	-1.0249	-0.8399
	(-2.099)	(-2.097)	(-1.705)	(-1.020)	(-1.319)	(-1.062)
Intercept	-1.4059	-1.2439	-1.6357	-1.5937	-1.6690	-1.4278
	(-1.546)	(-1.371)	(-1.578)	(-1.346)	(-1.396)	(-1.173)
Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes
pseudo R^2	0.041	0.039	0.037	0.042	0.038	0.044
N	1727	1727	1257	976	976	976