New Determinants of Analysts’ Earnings Forecast Accuracy

With a foreword by Prof. Dr. Carsten Homburg
1 Introduction ......................................................................................................................... 1

2 Analysts' general forecast effort as determinant of earnings forecast accuracy ........ 7
  2.1 Introduction ..................................................................................................................... 7
  2.2 Related studies and hypotheses development ................................................................. 10
    2.2.1 Analysts' forecast effort ............................................................................................. 10
    2.2.2 Analysts' earnings forecast accuracy ......................................................................... 11
    2.2.3 Hypothesis development: Impact of forecast effort on accuracy ....................... 13
    2.2.4 Hypothesis development: Impact of forecast effort on career perspectives ....... 14
    2.2.5 Hypotheses development: Factors that influence forecast effort ...................... 14
  2.3 Research design and data sample ................................................................................... 15
    2.3.1 Measurement of analysts' general forecast effort .................................................... 15
    2.3.2 Examination of forecast accuracy ........................................................................... 16
    2.3.3 Examination of the impact of forecast effort on analysts' career perspectives .... 21
    2.3.4 Examination of factors that influence analysts' forecast effort ............................. 23
    2.3.5 Data sample ............................................................................................................. 23
  2.4 Results .............................................................................................................................. 26
    2.4.1 Descriptive results of the impact of forecast effort on accuracy ............................ 26
    2.4.2 Regression results of the impact of forecast effort on accuracy ............................ 33
    2.4.3 Results of the impact of forecast effort on career perspectives ............................ 36
    2.4.4 Results of factors that influence forecast effort ...................................................... 39
  2.5 Further validation of the general forecast effort measure .......................................... 41
  2.6 Conclusion ....................................................................................................................... 43