

Research into the Impact of Analysts' Forecasts on Management Earnings Forecasts - Evidence from China

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Abstract

This paper investigates the effect of analysts' forecasts on management earnings forecasts in the unique Chinese forecasting environment. The empirical results show that: a pessimistic bias in analysts' forecasts encourages listed companies to disclose their earnings forecasts more accurately and on time in order to correct market expectations of earnings; managers make more precise forecasts when the dispersion of analysts' forecasts is wider. The results imply that analysts' forecasts have a great impact on management earnings forecasts, which are not only influenced by government, but also affected by other market participants. This paper sheds new light on the research into the relationship between analysts' forecasts and management earnings forecasts in China, as well as helps the government to acquire a better understanding of the effects of analysts on management forecasting behaviour so as to be able draw up more efficient information disclosure policies.

Keywords: Management earnings forecasts, analysts' forecasts, mandatory disclosure, voluntary forecasts.

Introduction

Analysts' forecasts and management earnings forecasts are the two main sources of earnings forecast information for listed companies in developed markets. The effective interaction between these two can improve the quality of earnings forecasting information, which in turn provides more reliable information to investors (Baginski and Hassell 1990; Kasznik and McNichols 2002). Analysts' forecasts that are driven by the capital market can also be viewed as a cost effective substitute for regulation, thereby restricting management behaviour (Knyazeva 2007; Yu 2008; McInnis and Collins 2011).

In China, companies are required under law to issue management earnings forecasts for anticipated losses, profits and changes in earnings of up to 50% compared to the previous year. In all other cases, managers are free to decide whether they feel it is necessary to issue forecasts. Compared to the situation on developed markets, the timeliness of management earnings forecasts in China is relatively poor. The information provided by company managements can be considered to be more a "pre-announcement" than "forecast". This often results in circumstances where analysts' forecasts are issued before management earnings forecasts, which generates market expectations. Within the Chinese forecasting information environment, it is of interest to examine whether management earnings forecasts in effect "correct" the market expectations generated through analysts' forecasts.

The rest of this paper is organized as follows. Section 2 discusses the institutional background in China and develops the hypotheses. Section 3 discusses the data and research methods. Section 4 explains the empirical results, and Section 5 sets out the conclusions of the research.

Institutional Background and Hypothesis Development

Regulation of Management Earnings Forecasts in China

In December 2000, the Chinese stock exchanges started to require firms to issue warnings if they anticipated losses for the year. The exchanges reaffirmed or updated their disclosure requirements every year after this. In 2002, the exchanges expanded the scope of mandatory forecasts to include forecasts of any significant changes in earnings (specifically, an earnings increase or decrease of at least 50% in comparison to the previous year). Firms are exempt from issuing such forecasts, subject to the approval of the stock exchange, if their earnings per share (EPS) in the previous year are 0.05 RMB or less. In 2004, the stock exchanges added another element to the mandatory forecasts by requiring firms that anticipate profits for the year after experiencing losses in the preceding year to report this. Over the years, the stock exchanges gradually added bi-annual and third-quarter earnings forecasts, too. The stock exchanges have also imposed forecast deadlines and provide forecast forms to standardize the practice.

The implementation of these regulations makes the information environment on the Chinese capital market unique in the world. Firstly, the market knows both mandatory and voluntary forecasts. Secondly, with regards to the timeliness of issuing forecasts, the

regulator not only requires listed companies to issue forecasts along with their 3rd quarter financial reports, but also imposes a deadline for their publication, which is within 30 days after the fiscal year end. This means that listed Chinese companies can issue forecasts after the fiscal year end, which is a remarkable difference when compared to developed markets elsewhere. For example, in the United States, listed companies must release forecasts within 300 days prior to the fiscal year end, whereas this is just 37 days in China (Huang et al. 2013).

Timely management earnings forecasts can provide information at company level which can help analysts make more accurate forecasts (Hassel, Jennings and Lasser 1988). However, due to the poor timeliness of management earnings forecasts, the interaction between analysts' forecasts and management earnings forecasts in China differs to that in more developed markets. Table 1 shows the distribution of the initial forecasts issued by managers and analysts from 2004 to 2011.

Table 1: The distribution of the timeliness of initial management earnings forecasts and analysts' forecasts

Year	Timeliness of Initial Management Earnings Forecasts					Timeliness of Initial Analysts' Forecasts				
	N	Min.	Median	Max.	Mean	N	Min.	Median	Max.	Mean
2004	414	-118	4	283	15.22	1158	-104	218	479	196.06
2005	490	-118	61	346	27.96	2400	-184	225	478	203.73
2006	533	-114	61	309	28.88	2090	-88	205	480	224.39
2007	660	-119	61	328	32.53	3403	-112	83	483	137.41
2008	782	-115	5	341	31.67	8332	-197	250	479	229.82
2009	856	-118	61	350	39.80	8757	-112	203	485	202.28
2010	809	-113	2	309	23.57	13136	-109	248	485	221.37
2011	1153	-115	63	309	27.22	14937	-19	262	485	246.91

Source: Authors

Note: The 31st December (fiscal year end for listed Chinese companies) is taken as the benchmark for the calculation of forecast timeliness. For example, if a company issued a forecast on 12th January, 2005, for the fiscal year 2005, the timeliness of this forecast is -12; if an analyst issued a forecast for 2005 on 31st August, the timeliness of this forecast is 122. All the data in Table 1 were collated and calculates by the authors.

As can be seen from Table 1, the average time for issuing initial management earnings forecasts stands at approximately 30 days before the fiscal year end, which is close to the results of Huang, et al. (2013). The earliest forecast was issued at the very beginning of the year, while the latest forecast was issued approximately 3 months after the fiscal year end,

which is later than the deadline for mandatory forecasts. However, when we look at the analysts' forecasts, the timeliness is close to that of the American capital market, which are more timely than management earnings forecasts. The difference in timeliness between management earnings forecasts and analysts' forecasts creates a disclosure environment: information from the analysts' forecasts comes to the attention of the market participants earlier than the management earnings forecasts, which subsequently affects market expectations.

Literature Review and Hypothesis Development

In developed markets, litigation and reputational costs can constrain management behaviours. Managers are more likely to release good news more carefully, whilst releasing bad news voluntarily (Skinner 1994). Meanwhile, managers exercise "expectation management" by "talking down" optimistic analysts' forecasts, so as to "meet" or "beat" those forecasts in order to reap benefits on the capital markets (Bartov, et al. 2002). Cotter (2006) also finds that, managers are more likely to issue earnings forecasts when analysts' forecasts are more optimistic. In China, where investor protection is relatively weak, the lower litigation and reputational costs do not motivate managers to make voluntary disclosures (Wong and Piotroski 2012). In addition, the effectiveness of the mandatory forecasting regulations in China is low due to the lack of monitoring of non-compliance, which therefore gives companies little incentive to release bad news (Song 2012). In contrast, intense competition and the market rewards for the disclosure of good news is more likely to stimulate listed Chinese companies to release such news (Zhang, et al. 2011).

Under the Chinese system for information disclosure, optimistic analysts' forecasts inadvertently help to create a boom on the capital markets, which combined with the lower costs of market punishment, encourages companies to "stay silent" so that they can reap the benefits accordingly. In contrast, pessimistic analysts' forecasts not only bring negative market effects, but also enhance investors' expectations of a bad performance. In cases where analysts' forecasts are more pessimistic (lower) than realized earnings, managers therefore have a greater incentive to "correct" the negative market expectations. Companies may therefore choose to issue more timely and accurate forecasts in order to convey good news to market participants, thereby reaping abnormal returns and correcting pessimistic market expectations. On the basis of the above analysis, we formulated our first hypothesis:

H1: Pessimistic analysts' forecasts issued before management earnings forecasts can improve the timeliness and accuracy of management earnings forecasts.

The quality of analysts' forecasts has a great impact on investment decisions. Where the dispersion of analysts' forecasts is wider, this indicates that the information analysts have at company level is insufficient. Increasing information asymmetry between the market and companies leads to stock price fluctuations (Marquardt and Wiedman 1998). In situations where analysts' forecasts are widely dispersed, it can be expected that companies will have a greater incentive to improve the accuracy of their forecasts to lower market uncertainty and to help analysts make more consistent forecasts (Williams 1996).

On this basis, we formulated the second hypothesis:

H2: The wider the dispersion of analysts' forecasts issued before management earnings forecasts, the more accurate management earnings forecasts will be.

Methodology

Data and Sample

Our research sample was selected from A-share companies listed on the Chinese stock market from 2004 to 2011. Due to the earnings instability of IPO firms and the special earnings structure of financial firms, these were deleted from the raw sample. All the management earnings forecast data were sourced from the RESSET database, and the analysts' forecast data and company characteristics data from the CSMAR database. Both databases are commercial databases widely used in Chinese accounting research.

The aforementioned process resulted in an initial sample set consisting of 4,549 mandatory forecasts and 5,679 voluntary forecasts. We cross-referenced the sample set with analysts' forecasts and deleted those observations with missing values. This resulted in a total of 3,276 observations, of which 2,352 were mandatory earnings forecasts and 924 voluntary earnings forecasts.

Definitions of Variables and Research Methodology

The dependent variables are timeliness and accuracy. TIMELINESS measures the timeliness of forecasts, and is defined as the number of days between the initial management earnings forecast and the fiscal year end (31st December of each year). ACCURACY measures the accuracy of the management earnings forecast.

The independent variables are AF_BIAS and AF_DISPER which proxy for analysts' forecast bias and dispersion, respectively. We used analysts' forecasts issued 30 days earlier than the initial management earnings forecasts to calculate AF_BIAS and AF_DISPER.

The following were used as control variables: information disclosed in extant literature; company size; SOE; Tobin Q; standard deviation of the firm's ROA for the past five years; industrial competition; shares owned by institutional investors; concentration of equity holders; financing needs; and the development of the market in each province. All the aforementioned variables are defined in Table 2. In the regression models, all the continuous variables were winsorized at 1% and 99%.

Table 2: Definitions of Variables

Variable	Definition
TIMELINESS	The number of days between the fiscal year end date and management forecast date. The higher the number, the more timely forecast.
ACCURACY	0 for qualitative, 1 for open-interval, 2 for range, and 3 for point forecast.
ERROR	The absolute difference between the estimated and realized management earnings, scaled according to the absolute value of the realization.
AF_BIAS	1 if the median of the analysts' forecasts is lower than the realized earnings; otherwise 0.
AF_DISPER	The standard deviation of analysts' forecasts, scaled according to absolute value of the mean of the analysts' forecasts.
SOE	1 if the company is directly owned or ultimately controlled by government at the beginning of year t; otherwise 0.
SIZE	The natural logarithm of the company's total assets (in millions of RMB) at the beginning of year t.
TQ	The market-to-book ratio of the company at the beginning of year t.
STD_ROA	The standard deviation of the company's accounting return on assets during years t-5 to t-1.
IO	The number of shares owned by institutional investors as a percentage of the total shares outstanding at the beginning of year t.
HHI	The Herfindahl-Hirschman Index calculated according to the revenue of each industry, which proxy for industrial competition.
FINANCE	1 if the company issues equity in year t+1+; otherwise 0.
OWNCON	The share percentage of the largest shareholders
FANGANG	The index of law and market development for each province in China
FOLLOW	The number of financial analysts following the firm in year t-1.

Source: Authors

For H1, we formulated Equation (1) and Equation (2) to exam the relationships between analysts' forecast bias and timeliness, as well as the accuracy of management earnings forecasts.

$$\begin{aligned}
 \text{TIMELINESS} = & \alpha + \beta_1 \times \text{AF_BIAS} + \beta_2 \times \text{SOE} + \beta_3 \times \text{SIZE} + \beta_4 \times \text{TQ} + \beta_5 \times \text{STD_ROA} \\
 & + \beta_6 \times \text{HHI} + \beta_7 \times \text{OWNCON} + \beta_8 \times \text{IO} + \beta_9 \times \text{FINANCE} + \beta_{10} \times \text{FANGANG} \\
 & + \beta_{11} \times \text{FOLLOW} + \varepsilon
 \end{aligned}$$

Equation (1)

$$\begin{aligned} ERROR = & \alpha + \beta_1 \times AF_BIAS + \beta_2 \times SOE + \beta_3 \times SIZE + \beta_4 \times TQ + \beta_5 \times STD_ROA \\ & + \beta_6 \times HHI + \beta_7 \times OWNCON + \beta_8 \times IO + \beta_9 \times FINANCE + \beta_{10} \times TIMELINESS \\ & + \beta_{11} \times FANGANG + \beta_{12} \times FOLLOW + \varepsilon \end{aligned}$$

Equation (2)

For H2, we formulated Equation (3) to exam the relationship between the dispersion of analysts' forecasts and the accuracy of management earnings forecasts.

$$\begin{aligned} PRECISION = & \alpha + \beta_1 \times AF_DISPER + \beta_2 \times SOE + \beta_3 \times SIZE + \beta_4 \times TQ + \beta_5 \times STD_ROA \\ & + \beta_6 \times HHI + \beta_7 \times OWNCON + \beta_8 \times IO + \beta_9 \times FINANCE + \beta_{10} \times TIMELINESS \\ & + \beta_{11} \times FANGANG + \beta_{12} \times FOLLOW + \varepsilon \end{aligned}$$

Equation (3)

Results and Discussion

Descriptive Statistics

Table 3 shows the descriptive statistics from the empirical tests conducted on the sample data. It is evident that the average timeliness of management earnings forecasts is one month before the fiscal year end. Half of the management earnings forecasts are range forecasts. The mean of *ERROR* is 0.33, which means that on average the forecast value is 33% higher or lower than the realized earnings. The mean of *AF_BIAS* is 0.32 when the median is 0, which implies that over 70% of analysts' forecasts were more optimistic than the realized earnings.

(Table 3 about here)

Empirical Results

Model (1) to Model (4) exam the effects of analysts' forecast bias on the timeliness and accuracy of management earnings forecasts, respectively. Model (1) and Model (2) relate to mandatory forecasts, whereas Model (3) and Model (4) relate to voluntary forecasts. The coefficients for *AF_BIAS* in Model (1) and Model (3) are significantly positive, which indicates that the timeliness of management earnings forecasts is greater in those companies with pessimistic market expectations than in those with optimistic market expectations according to analysts' forecasts. This result implies that listed Chinese companies are eager to "correct" negative market expectations, which runs contrary to practice in developed markets, where listed companies are more likely to "talk down" market expectations in a timely manner.

Model (2) and Model (4) tests the impact of analysts' forecast bias on the accuracy of management earnings forecasts. The coefficients for *AF_BIAS* in Model (2) and Model (4) are significantly negative, which indicates that the accuracy of management earnings forecasts is higher when market expectations are pessimistic.

The results above are all consistent with hypothesis 1, which implies that listed Chinese companies correct negative market expectations based on analysts' forecasts by issuing timely and accurate management earnings forecasts.

Model (5) and Model (6) exam the effects of the dispersion of analysts' forecasts on the accuracy of management earnings forecasts for mandatory forecasts and voluntary forecasts, respectively. The coefficients for *AF_DISPER* are both significantly positive in the two models, which demonstrates that companies are keen to improve the accuracy of their forecasts in order to reduce the dispersion of analysts' forecasts and reduce market uncertainty. These results are consistent with hypothesis 2.

(Table 4 about here)

Note: the linear regression was estimated using the robust-regression estimation method with heteroskedasticity-robust standard errors. For Model (5) and Model (6), ordered probit regression was used. Z-statistics are reported in parentheses. See Table 2 for definitions of the variables. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

From the control variables, it is evident that small firms are more likely to provide timely and more accurate mandatory forecasts than larger firms, which is contrary to what is the case in more developed markets. This result shows that larger companies in China have lower litigation and reputational costs to constrain their forecasting behaviour, which is consistent with Song (2009). There are no significant differences between SOEs and NSOEs with regards to the timeliness and accuracy of mandatory forecasts, however, the timeliness and accuracy of voluntary forecasts is better for SOEs than NSOEs (Zhang, et al., 2011). Higher analysts coverage has higher requirement for management earnings forecasts, leading to more accurate and timely management earnings forecasts, which supports the monitoring role of analysts. To summarise, the unique forecasting environment in China as a result of regulation means that there are significant differences between mandatory and voluntary forecasts.

Robust Tests

Extant literature indicates that managers may lead analysts issued biased earnings forecasts to avoid **unexpected earnings** (Matsumoto, 2002; Bartov et al., 2002). Even though we accept analysts' forecasts issued before management earnings forecasts as a means of avoiding possible expectation management, it may not prevent managers from "meeting" or "beating" lower analysts' forecasts as part of their expectation management. As part of robust testing, the analysts' forecasts with lower expectations, which were issued before management earnings forecasts, were excluded, and the tests conducted anew. The regression results are shown in Table 5. The results are similar to those in Table 4. It is

evident that the initial results still held true even when possible manager expectation management was excluded.

(Table 5 about here)

Note: the linear regression was estimated using the robust-regression estimation method with heteroskedasticity-robust standard errors. For Model (3) and Model (6), ordered probit regression was used. Z-statistics are reported in parentheses. See Table 2 for definitions of the variables. ***, **, and * indicate statistical significance at 1%, 5%, and 10% levels, respectively.

Conclusion

This paper investigates the impact of analysts' forecasts on management earnings forecasts for listed Chinese companies. It includes a discussion on the unique forecasting environment created through the regulation of the mandatory publication of management earnings forecasts in China. We point out that, compared to developed capital markets, market expectations are mainly driven by analysts' forecasts because they are more timely than management earnings forecasts. Within this context, we exam the impact of the characteristics of analysts' forecasts on different types of management earnings forecasts.

The empirical results show that pessimistic analysts' forecasts issued before management earnings forecasts improve the timeliness and accuracy of management earnings forecasts. This implies that listed Chinese companies have the incentive to "correct" negative market expectations through timely and accurate forecasts. At the same time, it was determined that, the greater the dispersion of analysts' forecasts is, the more accurate the management earnings forecasts are.

Our research demonstrates that analysts' forecasts have a great impact on the management earnings forecasts of listed Chinese companies. The forecasting behaviour of listed Chinese companies is not only influenced by government regulation, but also by other market participants. When companies react in a timely and positive manner to analysts' forecasts by providing corresponding forecasts, management earnings forecasts become an effective supplement to analysts' forecasts. The impact of analysts' forecasts can be viewed as a self-monitoring mechanism, which can supplement or replace government regulation. The interaction between analysts' forecasts and management earnings forecasts can improve the forecasting environment. As a result, the regulator can implement more flexible instruments and encourage mutual governance for all capital market participants in China, thereby letting an "invisible hand" play an increasingly important role in improving the information environment.

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Table 3: Descriptive Statistics

Variable	N	Min.	Mean	Median	Max.	Std.
TIMELINESS	3267	-89	31.5	62	251	63.22
ACCURACY	2658	0	1.78	2	3	0.67
ERROR	3255	0	0.33	0.14	2.01	0.44
AF_BIAS	3267	0	0.32	0	1	0.47
AF_DISPER	2658	0	0.67	0.28	4.83	0.93
SOE	3267	0	0.51	1	1	0.49
SIZE	3267	10.84	21.22	21.10	27.35	1.23
TQ	3267	0.89	2.60	1.91	11.75	2.06
STD_ROA	3267	0	0.07	0.03	0.42	2.09
HHI	3267	0.01	0.06	0.04	0.85	0.08
OWNCON	3267	0	0.36	0.33	0.86	0.15
IO	3267	0	0.18	0.11	1.03	0.19
FINANCE	3267	0	0.08	0	1	0.27
FANGANG	3267	0.18	9.71	7.60	20.21	5.25
FOLLOW	3267	0	5.53	1	94	10.12

Source: Authors

Table 4. Effects of analysts' forecast bias on the timeliness and accuracy of management earnings forecasts

	Mandatory Forecasts		Voluntary Forecasts		Mandatory Forecasts	Voluntary Fore
	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)	Model (6)
Variables	TIMELINESS	ERROR	TIMELINESS	ERROR	ACCURACY	ACCURACY
Constant	134.804***	-0.352	-99.260	-0.206		
	(3.15)	(-0.77)	(-0.72)	(-0.50)		
AF_BIAS	6.896*	-0.301***	12.260*	-0.086***		
	(1.88)	(-6.34)	(1.85)	(-3.70)		
AF_DISPER					0.050***	0.094***
					(2.62)	(3.08)
SOE	-5.512*	0.042	20.660*	-0.028***	-0.102	0.134
	(-1.79)	(1.64)	(1.72)	(-3.80)	(-1.38)	(0.99)
SIZE	-6.424***	0.044**	7.659	0.019	-0.112***	0.175**
	(-3.03)	(2.08)	(1.05)	(0.88)	(-2.96)	(2.34)
TQ	-0.147*	0.002	6.171***	-0.018**	-0.028**	0.015
	(-1.82)	(0.95)	(2.72)	(-2.30)	(-2.14)	(0.44)
STD_ROA	-34.940	0.622*	-433.164***	0.173	0.51	2.011
	(-1.30)	(1.90)	(-4.67)	(0.65)	(0.74)	(1.22)
HHI	14.705	-0.236**	17.095	0.059	-0.548	-0.099
	(1.05)	(-2.15)	(0.28)	(0.50)	(-1.26)	(-0.13)
OWNCON	20.751***	-0.214***	13.434	0.028	-0.243	0.033
	(3.55)	(-3.40)	(0.67)	(0.60)	(-1.03)	(0.09)
IO	7.618	-0.108*	0.181	0.019	-0.263	0.211
	(1.02)	(-1.73)	(0.02)	(0.55)	(-1.49)	(0.78)
FINANCE	5.831	-0.089***	-0.980	0.007	-0.005	-0.112
	(1.44)	(-3.79)	(-0.08)	(0.56)	(-0.07)	(-0.77)
TIMELINESS		0.001***		0.001***	-0.001	0.006***
		(4.36)		(5.52)	(-0.88)	(6.32)
FANGANG	0.404	0.001	-0.391	-0.002	0.004	-0.004
	(1.50)	(0.36)	(-0.92)	(-0.57)	(0.65)	(-0.40)
Follow	0.716***	-0.007***	-0.061	0.000	0.005	0.010**
	(4.88)	(-3.48)	(-0.16)	(0.12)	(1.3)	(2.38)
Observations	2352	2352	915	903	1804	854
R ² (Pseudo R ²)	0.048	0.135	0.115	0.118	0.0136	0.112
F-value(Wald chi ²)	10.67	38.79	9.83	5.36	42.79	73.11

Source: Authors

Table 5. The regression results for management expectation management

	Mandatory Forecasts			Voluntary Forecasts		
	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)	Model (6)
Variables	<i>TIMELINESS</i>	<i>ERROR</i>	<i>ACCURACY</i>	<i>TIMELINESS</i>	<i>ERROR</i>	<i>ACCURACY</i>
Constant	121.466***		0.374	73.978***	-0.161	
	(5.60)		(0.98)	(18.92)	(-0.62)	
AF_BIAS	3.856*	-0.270***		1.403***	-0.112***	
	(1.66)	(-5.74)		(2.71)	(-4.27)	
AF_DISPER			0.055**			0.079**
			(2.56)			(2.41)
SOE	-8.235***	0.084***	-0.087	0.179	-0.028***	0.223
	(-3.31)	(3.87)	(-1.06)	(0.46)	(-3.60)	(1.56)
SIZE	-5.323***	0.008	-0.111***	-0.326*	0.016	0.105
	(-5.30)	(0.46)	(-2.90)	(-1.75)	(1.24)	(1.32)
TQ	-0.215**	-0.004*	-0.025**	0.054	-0.021***	-0.014
	(-2.01)	(-1.85)	(-2.12)	(0.54)	(-5.47)	(-0.44)
STD_ROA	-19.583	0.739*	1.005	14.924***	0.160	1.806
	(-0.92)	(1.85)	(1.03)	(3.53)	(0.71)	(1.05)
HHI	13.821	-0.214**	-0.323	0.430	0.194	-0.744
	(0.87)	(-1.99)	(-0.66)	(0.18)	(1.12)	(-0.87)
OWNCON	18.455**	-0.259***	-0.167	-0.547	0.062	-0.115
	(2.35)	(-4.09)	(-0.61)	(-0.51)	(1.51)	(-0.32)
IO	8.617	-0.135***	-0.225	-0.006	0.025	0.097
	(1.42)	(-2.61)	(-1.15)	(-0.01)	(0.61)	(0.34)
FINANCE	6.560**	-0.104***	0.056	-0.364	0.005	-0.171
	(2.01)	(-4.31)	(0.64)	(-0.70)	(0.35)	(-1.00)
TIMELINESS		0.001***	-0.001		0.001***	0.006***
		(4.27)	(-1.17)		(6.75)	(5.38)
FANGANG	0.538**	-0.000	0.011	-0.012	-0.002	-0.006
	(2.31)	(-0.12)	(1.54)	(-0.40)	(-0.71)	(-0.58)
Observations	1901	1901	1438	853	844	796
R ² (Pseudo R ²)	0.039	0.130	0.0147	0.029	0.131	0.0967
F-value(Wald chi ²)	6.71	31.61	37.20	2.50	7.58	54.51

Source: Authors

HUANG, X. and J. ZHENG, 2017. Research into the Impact of Analysts' Forecasts on Management Earnings Forecasts - Evidence from China. *Littera Scripta* [online]. České Budějovice: Institute of Technology and Business in České Budějovice, **10**(1), 35-49 [accessed: 2017-06-27]. ISSN 1805-9112. Available at: Available at: http://journals.vstecb.cz/category/littera-scripta/10-rocnik-2017/1_2017/.