

# USU Researchers Find Why Some Companies Face Greater Stock Market Penalties for Missing Earnings Forecasts

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**LOGAN, Utah** — Missing Wall Street's earnings expectations can come at a steep cost for publicly traded companies, but new research from Utah State University's Jon M. Huntsman School of Business reveals that not all companies face the same consequences.

Lynn Rees, the Bonnie B. and James H. Quigley/Deloitte Foundation Professor of Accountancy, and Grant Bischoff, a USU accounting alumnus currently pursuing his Ph.D. at the University of Georgia, recently published their findings in the *Review of Quantitative Finance and Accounting*.

Their study, "Factors that attenuate the negative stock price response to missing analyst forecasts," analyzed more than 207,000 quarterly earnings announcements from 1990 to 2019 to examine how investors respond when companies fail to meet earnings expectations.

The researchers found that companies missing analyst forecasts experience an average stock price decline of approximately 3% to 4% surrounding the announcement. However, the severity of that penalty varies significantly depending on company characteristics.

Larger companies, those already reporting losses, and those with widely differing analyst forecasts generally face smaller penalties. Meanwhile, companies with substantial intangible assets or rising stock prices leading up to an announcement experience more severe reactions.

The findings provide new insight into the pressures executives face to meet earnings targets, which can influence financial reporting practices and business decisions. Understanding these differences could help investors, regulators and researchers better identify where incentives for earnings management are strongest.

The publication also highlights the lasting impact of faculty mentorship at the Huntsman School, with Rees and Bischoff continuing their academic collaboration beyond Bischoff's graduation from Utah State.

The study is available open access at <https://doi.org/10.1007/s11156-026-01511-y>.