ANALYSIS OF THE IMPACT OF GOODWILL ON PROFIT FORECASTS BY FINANCIAL ANALYSTS: A COMPARATIVE STUDY BETWEEN BRAZIL AND THE USA

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RESUMO

O analista financeiro possui condições de reduzir a assimetria de informações entre empresas e investidores ao emitir previsões de resultados, contribuindo para o funcionamento do mercado de capitais, peça importante para o crescimento e financiamento das empresas. Nesse contexto, não foram encontrados estudos que relacionassem, de maneira direta, a existência de goodwill nas empresas brasileiras com a acurácia dos analistas financeiros. Portanto, o objetivo do estudo foi analisar a relação entre o goodwill e a acurácia da previsão de resultado por analistas financeiros. O foco foram as empresas brasileiras e norte-americanas de capital aberto, no período trimestral de 2010 a 2019, utilizando como método a regressão com dados em painel. Os resultados indicaram que, no Brasil, a existência de goodwill impacta negativamente na acurácia da previsão dos analistas, mas positivo no mercado norte-americano. Testes de confirmação foram aplicados considerando o grupo de ativo intangível, cujos resultados corroboraram com os encontrados para goodwill. Assim o estudo evidencia que o uso goodwill pode impactar de forma diferente a acurácia dos analistas diante de mercado distintos, especificamente quanto à origem legal, desenvolvimento do mercado de capitais, poder de enforcement, entre outros fatores. Isso deve ser levado em consideração nas decisões de investimento de instituições financeiras e participantes do mercado de capitais. Também contribui com a literatura na linha de pesquisa, ao sinalizar que a subjetividade presente no goodwill pode influenciar de modo distinto a acurácia dos analistas, fato que deve ser controlado em seus modelos de previsão.

Palavras-Chave: Goodwill. Acurácia do analista. Previsão de lucro. Mercado brasileiro. Mercado norte-americano.

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ABSTRACT

The financial analyst is able to reduce the asymmetry of information between companies and investors when issuing forecasts of results, contributing to the functioning of the capital market, an important part for the growth and financing of companies. In this context, no studies were found that directly related the existence of goodwill in Brazilian companies with the accuracy of financial analysts. Therefore, the aim of the study was to analyze the relationship between goodwill and the accuracy of earnings forecasts by financial analysts. The focus was on publicly traded Brazilian and North American companies, in the quarterly period from 2010 to 2019, using panel data regression as a method. The results indicated that, in Brazil, the existence of goodwill has a negative impact on the accuracy of analysts' forecasts, but a positive impact on the North American market. Confirmation tests were applied considering the intangible asset group, whose results corroborated those found for goodwill. Thus, the study shows that the use of goodwill can have a different impact on the accuracy of analysts in different markets, specifically regarding the legal origin, capital market development, enforcement power, among other factors. This must be taken into account in investment decisions by financial institutions and capital market participants. It also contributes to the literature in the line of research, by signaling that the subjectivity present in goodwill can influence analysts' accuracy in a different way, a fact that must be controlled in their forecasting models.

Keywords: Goodwill. Analyst Accuracy. Profit Forecasting. Brazilian Market. US Market.

1 INTRODUCTION

The capital market plays an important economic role in the country since it can finance the growth of companies and generate economic stability. In addition, it assists in economic development because it allows companies to have access to a long-term financing structure better suited to their needs and with a better forecast of long-term costs (ANBIMA, 2020). This allows for a faster allocation of capital (Adjasi & Biekpe, 2006), thus making it easier for companies to make their investments and grow. The result is better performance and development of the country's economic activities (Adjasi & Biekpe, 2006; Algaeed, 2020).

However, as clarified by the Agency Theory (Jensen & Meckling, 1976), the relationships between companies and investors, who make up this market, can be conflicting, due to information asymmetry, conflicts of interest, and opportunism. In this context, company managers may be encouraged to consider their interests when making decisions, which may compromise investors' understanding of the company's performance (Healy & Palepu, 2001).

Due to the uncertainties generated in this scenario, the financial analyst emerges, aiming to help investors to make allocations more efficiently (Dalmácio, Lopes, Rezende & Sarlo Neto 2013; Kothari, 2001). This is possible through the

interpretation of market indices (Diakomihalis, 2011) and weightings on economic and financial aspects (Bildstein-Hagberg, 2003). Therefore, acting as an intermediary in the relationship between shareholders and managers (Amato, Lima, Gatsios & Neto, 2016; Healy & Palepu, 2001).

Thus, these professionals can contribute to the reduction of this information asymmetry through the forecasts of results, which allow investors to have a more accurate view of the companies' performance (Mansi, Maxwell & Miller, 2011; Antunes & Leite, 2008). This is because forecasts provide support to form expectations, perform better earnings valuations, and identify whether there is a possibility of generating real benefits for the company (Gunny & Zhang, 2014).

To make these forecasts, analysts use accounting information (Byard & Shaw, 2003), some of which may have greater discretion than others, such as goodwill, which has its estimate based on assumptions about the future. In addition, it is an asset that cannot be separated from the company and is not directly associated with specific identifiable rights (Cappellesso, Rodrigues & Prieto, 2017).

Thus, although discretion is intended to generate more complete and useful information for decisions (Barth, Landsman & Lang, 2008; Bahadır, Demir & Öncel, 2016;), there is a line of reasoning that considers that the flexibility of the standards may bias the accounting information and thus compromise the efficiency of analysts' forecasts (Kao & Wei, 2014; Lu, & Trabelsi, 2013).

This is because, through discretion and flexibility in standards and practices, companies can modify accounting data and disclose information according to convenience (Jeanjean & Stolowy, 2008). This scenario is facilitated by the condition of information asymmetry, increasing the possibility of manipulation and results management (Nardi, Orsi, Borges & Silva, 2018; Healy & Palepu, 2001; Ayres, Huang & Myring, 2017; Dalmácio et al., 2013; Nardi & Nakao; 2009).

Given this context, some research sought to observe the impact of the use of goodwill in the capital markets (Chen, Krishnan & Sami, 2015; Gazzoni Junior, Simões, Brandão & Souza, 2019) and noted that, in the United States, its use increased the level of uncertainty and complexity of information and may compromise the accuracy of analysts' forecasts.

On the other hand, Andreicovici, Jeny & Lui (2020) observed that, in Europe, the higher level of transparency in the disclosure of goodwill was associated with a higher agreement among analysts. Similarly as ascertained by Andre, Dionysiou, and Tsalavoutas (2018), who identified that higher levels of compliance with the requirements required by IAS 38 Intangible Assets had a negative association with analysts' provision dispersion, i.e., the more the disclosed information was meeting the requirements set by IAS 38, the better the forecast accuracy was.

Looking from another perspective, Saastamoinen, Ojala, Pajunen, and Troberg (2018) found that in Nordic countries, analysts who are more experienced and have worked in accounting auditing have an easier time dealing with companies' information and are usually more assertive. Indicating that in different legal and cultural contexts the recognition of goodwill may impact the accuracy of analysts' forecasts in different ways.

In addition, the Brazilian study by Feltes, Vicente, and Ribeiro (2021) shows that there is a positive relationship between the increase in goodwill and the

Brazilian capital market, which is in line with the results of Dal Magro, da Silva, Padilha, and Klann (2017), who pointed out, in a study with Brazilian and US companies, that intangibles and goodwill have relevance for market agents and impact share prices.

When examining other studies, in different contexts (Beatty & Weber, 2006), it is verified that the practice of goodwill allows managers to act in a discretionary manner, facilitating manipulation, which reduces the transparency of the information that is reported to the market. However, it is also pointed out in other studies (Godfrey & Koh, 2001; Jennings, LeClere & Thompson, 2001) that goodwill can generate positive impacts for capital market participants. After all, they better portray the value of the company, due to the greater volume of information made available in the notes, which is required by the modification of the standard (Carvalho, Rodrigues & Ferreira, 2010).

Given this context, it is noted that there is a divergence between the results of previous research regarding the impact that goodwill can have on the accuracy of analysts' forecasts (Chen et al., 2015; Dal Magro et al., 2017; André et al., 2018; Gazzoni Júnior et al., 2019; Andreicovici et al., 2020; Feltes et al., 2021). Moreover, was realized the possibility of developing a study with consideration of companies in distinct scenarios in terms of legal aspects, capital market development, and even accounting standards.

Thus, focusing not only on the U.S. but also considering Brazil, this study updates the time window of the research of Dal Magro et al. (2017). In addition, it differs from the research of Feltes et al. (2021) by considering data analysis through regression with panel data, which allows for observing the behavior of the data and identifying differences in certain phenomena between companies in each cross-section and over time (Fávero & Belfiore, 2017). In complement, this research makes a comparison between countries with regulatory and legal divergences, which allows observing if the behavior of the analyst oscillates according to the environment that is inserted. Therefore, the research seeks to answer the following research question: does the existence of goodwill in the financial statements of companies influence the accuracy of financial analysts' profit forecasts?

In this sense, this study aimed to inspect if the existence of goodwill in the Financial Statements of companies impacts the accuracy of the earnings forecast issued by financial analysts, being this information that influences the capital market, through a comparative study between Brazil and the USA, considering a more recent database about previous studies (Gazzoni Junior et al., 2019; Chen et al., 2015).

To this end, this study considered quarterly data of publicly traded companies from Brazil and the United States over the years 2010 to 2019, taken from the databases of S&P Capital and Thomson Reuters®. For the analyses, Spearman's rank correlation test and multiple regressions with panel data were applied, using STATA®, and for the regression analysis, the Breush-Pagan test for heteroskedasticity, Wooldridge test for serial correlation and VIF for multicollinearity was performed.

The comparative study between Brazil and the USA is justified by the legal, cultural, and development differences between the capital market and the performance of financial analysts, which may present different results in the study's objective.

It emphasized mainly the difference between rigid rules and those based on jurisprudence, the development of the capital market and its importance as a source of financing for companies, as well as the different volumes of publicly traded companies and the performance of analysts (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 1997 and 1998; Ball, Kothari & Robin, 2000).

Furthermore, it is noteworthy that these differences characterize the USA as a more developed capital market, with a culture of investments in shares, and interpretive ability of the rules, indicating greater familiarity in dealing with discretionary accounting information (Berté, 1998). Additionally, it is worth noting that in the US there is a greater power of enforcement and inspection, which can influence the quality of accounting information disclosed to decision-makers (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 2000; Diniz Filho, 2018; Visoto, Silva, Nobre & Rodrigues, 2020).

The results of this research can broaden the discussion on the relationship between the use of more discretionary accounting practices and the quality of the information disclosed since they point out that the use of goodwill can impact both positively and negatively the accuracy of the financial analysts' forecast, depending on the legal and cultural context that it is inserted.

In addition, it contributes to the discussion about the divergences between common law and civil law systems. After all, it indicates that the way analysts interpret information in each system may vary due to the legal aspects that guide the development of each country's capital market, the market's power of oversight and regulatory bodies, and even the confidence in the transparency of the information that is disclosed.

Simultaneously, the study also helps analysts, regulatory bodies, and investors to understand the impact that this accounting practice has on profit forecasts, and to help them identify the need to review the working, regulatory, and valuation practices of companies, which contributes to market efficiency.

2 THEORETICAL FRAMEWORK

2.1 GOODWILL AND DIFFERENT ASPECTS BETWEEN BRAZIL AND THE USA

Goodwill for the expectation of future profitability, portrays the expected value above the normal profitability of the company, through the difference between the acquisition value of the company and the net market value between assets and liabilities (Martins, Almeida, Martins, & Costa, 2010; CPC 15, 2011; André et al., 2018; Amel-Zadeh, Glaum, & Sellhorn, 2021).

In other words, this accounting practice represents the amounts overpaid at the time of a company's acquisition (André et al., 2018; Moura, Fank, Mazzioni, Angonese, & Silva, 2019), is regulated by CPC 15 - Business Combination in Brazil, based on IFRS 3 - Business Combination and by FASB Standard -141 Business Combination and 142- Goodwill and Other Intangible. Moreover, Jerman and Manzin (2008) comment that IFRS standards emerged to align with USGAAP standards on this topic so that the objective of these changes was to provide comparable and transparent information when facing a business combination.

In this sense, according to a study of the regulatory differences in IFRS and USGAAP for goodwill conducted by KPMG (2015), such principles tend to be very

convergent on the subject. The main similarities include the definition of goodwill; the fact that publicly traded companies do not amortize goodwill; the possibility of recognizing goodwill only in a business combination; there is the impairment test and the calculation of the loss through irrecoverability whose loss cannot be reversed.

However, some technical differences exist between IFRS and USGAAP regarding goodwill, such as the possibility of including the fair value of non-controlling interests under IFRS versus the requirement to do so under USGAAP. However, the element that brings the main differences between these two principles is impairment. These differences are: goodwill is allocated to the cash-generating unit by IFRS, depending on internal monitoring of this asset, and allocated to the reporting unit by USGAAP rules.

Furthermore, there are some particularities in the comparison between the book value of the goodwill and the recoverable value for purposes of verifying the loss, and, in addition, when identified the loss due to irrecoverability, in IFRS, the goodwill is first eliminated from a UGC, sharing the remaining loss proportionally with the other assets. Under USGAAP, assets and goodwill can be tested individually.

However, in both accounting principles, the aspects of an impairment loss in goodwill are related to fair value and the use of present value techniques, which can carry some subjectivity. In addition, subjectivity can be seen in different ways by analysts, depending on aspects related to the environment in which it is inserted.

In this sense, in cultural terms, Breuer and Quinten, (2009) classify countries such as USA and Brazil in different cultural zones, where it is expected that individuals would act differently in the same situation.

In these country classifications, there is a line of studies that delineate individualistic cultures, with the U.S., and collectivist cultures, such as Brazil (Hofstede, 1980; Beckmann, Menkhoff, and Suto, 2008). The typical attributes related to individualism are: independence, autonomy, self-confidence, uniqueness, achievement orientation, and competition (Green, Deschamps & Páez, 2005). Such aspects may explain the greater ease of analysts in dealing with subjective information.

So cultural differences can explain how people perceive reality, consequently explaining differences in financial estimates (Levinson & Peng, 2007). This means that individual interpretations, ways of thinking, and ponderings may vary. What was already expected and highlighted by La Porta, Lopez-de-Sinales, and Shleifer (2008), given the differences in environment and decisions, legal origin, political and economic stability, development of capital markets and their functioning, level of regulations, and the power of enforcement.

Therefore, the environment is capable of influencing the way accounting practices are performed (Ashraf, Félix & Serrasqueiro, 2020). For example, when there are stricter regulations, along with an environment that offers greater market protection, there tends to be greater investor confidence in allocating resources (La Porta et al., 1997). Then, different behaviors among financial analysts may arise, as these environmental factors diverge among their countries of operation (La Porta et al., 2008), since economic instability and lack of strict regulation may limit

the usefulness of the information disclosed by companies, consequently making analysts' forecasts more subjective and less accurate.

Additionally, there are countries with a state strengthened by law, able to use it more easily in its favor (Beck, Demirgüç-Kunt, & Levine, 2003), such as the U.S., and others, such as Brazil, which presents political and economic instability, consequently greater volatility of corporate profits (Garcia & Liu, 1999).

In these cases, more unstable environments, with less supervision, less protection for investors, and less accountability, linked to the macroeconomic and political environment with greater instability (Duran & Stephen, 2020; Hillier & Loncan, 2019), may give rise to biases present at different levels in analysts, also leading differently the relationship with the accuracy of analysts.

2.2 IMPORTANCE OF GOODWILL IN THE FINANCIAL MARKET

There is a line of study that considers that the use of discretionary accounting practices is important to better disclose the economic and financial reality of the company (Barth, et al., 2008; Bahadır et al., 2016). However, some research (Kao & Wei, 2014; Lu, & Trabelsi, 2013) points out that these same aspects, now placed as positive regarding the flexibility and discretionary application of standards, can be observed as negative, by allowing information to be biased. They explain that this may occur because, through the relaxation of standards, companies can change accounting information according to individual interests (Jeanjean & Stolowy, 2008).

This possibility is supported by Agency Theory, in which companies can make choices that expropriate the main's wealth, strengthened by opportunism, conflict of interest, and information asymmetry. Given this context of uncertainty and information asymmetry, it is understood that companies can use subjective accounting practices to disclose information according to their interests. This is possible because, through the relaxation of standards, company managers can change the accounting data according to their interests (Jeanjean & Stolowy, 2008) and thus impair the quality of accounting information, due to the possibility of manipulation and management of results (Nardi et al., 2018; Healy & Palepu, 2001; Ayres et al., 2017; Dalmácio et al., 2013; Nardi & Nakao, 2009).

Thus, the loss of reliability in information, using subjective accounting practices, might cause companies to opt for not disclosing some data (Salotti & Yamamoto; 2005). Consequently, they would leave available only what is favorable, as presented by the Disclosure Theory (Dye, 2001; Verrecchia, 2001), since the discretion of standards may be one of those responsible for the opportunistic behavior of managers (Watts & Zimmerman, 1978).

In this sense, considering the possibility of accounting distortion, which arises due to alternative criteria for recognition, measurement, and evidence, which enable managers to disclose distorted information (Silva, Borges, Gonçalves & Nascimento, 2017), or only data that are favorable (Dye, 2001; Verrecchia, 2001; Salotti & Yamamoto; 2005), it is believed that the use of discretion collaborates with the increased subjectivity of the values disclosed by the companies.

Within this context of discretionary accounting practices, there is the figure of goodwill that, according to Ferrer, Santamaría, and Suárez (2020), is more vulnerable to subjectivity at the time of recognition and measurement than

tangible investments, because the tangibility level of each asset is associated with a different level of risk, which may compromise the interpretation of the data performed by analysts.

Moreover, this practice presents information with a high level of uncertainty and complexity (Gazzoni Junior et al., 2019; Andreicovici et al., 2020), because it is based on managers' private information, given as a function of management's future actions, which cannot be fully verified by analysts (Ramanna & Watts, 2012). In this regard, Ramanna and Watts (2012) explain that the calculation of discounted cash flow, which is required for the estimation of goodwill, depends on the forecasts that managers make for future cash flow, discount rates, and their assumptions, which increases the discretionary action of these managers and inhibits verification by the market.

Thus, as managers tend to exercise discretion opportunistically (agency theory), managers may use their judgment (Gros & Koch, 2019) and compromise the transparency of the data, and limit the analyst's perception of the company's financial reality, since the only way for the company to have contact with this information, is if the company discloses it (Andreicovici et al., 2020).

However, this disclosure may not be interesting for managers, because through this asymmetry of information they can act discretionarily in an opportunistic way in favor of personal advantages, such as bonuses and promotions (Gros & Koch, 2019; Andreicovici et al., 2020). As such, the first research hypothesis was developed:

H1: Goodwill recognition impacts the analyst's earnings forecast accuracy.

Additionally, it is understood that legal and cultural differences between countries can be a determining factor in the way analysts interpret accounting information, as they may interfere with their perception of the information disclosed. In this sense, the literature (La Porta et al., 1997 and 1998; Ball et al., 2000) indicates that analysts belonging to the common law regime may find it easier to deal with some accounting information if compared to analysts belonging to the civil law regime.

This occurs because, historically, the common law system evolves to meet market demands, which generates more efficient oversight by investors, analysts, and other stakeholders. While the civil law system has its origin in the need for informational assistance to financial institutions.

In addition, this research also understands these legal differences impact the size of the capital market. Thus, as observed by the data collection conducted in this research, it was diagnosed that the US has a more developed capital market than Brazil. It is a country with a greater volume of publicly traded companies and information related to analysts' earnings forecasts, indicating greater involvement of the American population in the stock market. Thus, there may be greater pressure on companies to report information that is clear and easy to understand, since if they do so they will attract a greater amount of investors.

On the other hand, despite these indications, Ball et al. (2000) also present that, although the countries ruled by civil law have a culture that is stiffer in rules, there is a greater political influence on the management of companies, which allows the government, through regulatory agencies, banks, and business associations to meet the requirements of accounting standards, which would

indirectly help the market due to greater transparency and quality in the information disclosed.

Thus, and unlike other studies that have observed the impact of goodwill on the accuracy of analysts' forecasts, this research considers that the legal origin and cultural differences can impact the way the market interprets the accounting data that is disclosed, which can compromise not only the accuracy of analysts' forecasts but also the efficiency of the market as a whole. Therefore, aiming to analyze whether these divergences impact analysts' earnings forecasts, the second hypothesis of the study was elaborated:

H2: The impact of goodwill on financial analysts' profit forecast varies according to the legal origin of the countries.

2.3 RELATED STUDIES

The literature on the determinants of analysts' accuracy is extensive, permeating economic, financial, and even behavioral aspects. Moreover, along this line, there are some studies that are more specifically dedicated to changes in accounting principles, and the adoption of subjective standards, such as fair value, impairment, and intangibles. Thus, aligned with the objective of this research, we revised the studies that related analysts' accuracy to accounting information based on intangibles.

Regarding research in Brazil, it was noticed a direction to observe deferred assets (Rezende, 2005), intangible assets (Cavalcanti, Amaral, Correia and Roma, 2020; Gomes, Gonçalves and Tavares, 2020), and goodwill (Dalmácio, Rezende, Lima and Martins, 2011), although not exactly with analysts' accuracy, sometimes relating it to stock prices.

Rezende (2005), for example, analyzed the effects of investments (deferred) on the value-relevance of profit and equity, considering a period from 1998 to 2003, having observed that deferred assets recorded according to the accounting standards in force demonstrated low explanatory power, with an inverse effect, i.e., reducing the explanatory power of the model.

In the context of more subjective accounting practices, the work of Dalmácio et al. (2011) aimed to analyze the relevance of accounting variables to explain the behavior of stock prices from 1998 to 2006. Through regression analysis, the authors observed that the stock price can be explained by goodwill. There is, then, a Brazilian research that analyzes the existence of goodwill and the reflection in the capital market but observes the impact on stock prices, not on the accuracy of analysts.

Next, two studies worked on intangibles. Gomes et al. (2020) analyzed the impacts of investments in intangible assets on the market value of Brazilian companies between 2010 and 2018, reporting that the level of investments in intangible assets of companies presents a positive and statistically significant relationship with market value.

However, Cavalcanti et al.'s (2020) research look at intangibles and their relationship with analysts' accuracy. The researchers investigated whether intangible assets influence analyst valuations, for the period from 2010 to 2016.

They identified that intangible assets influence financial analysts, and the relationship with analyst accuracy is negative.

However, when observing the international literature, it was perceived greater alignment with the objective proposed in this paper. In this regard, there is research that focused on examining whether levels of compliance with mandatory disclosures under IAS 36 Impairment of Assets and IAS 38 Intangible Assets were value-relevant and affect analysts' forecasts (André et al., 2017). This study was applied in the years 2010 and 2011 for 16 countries in Europe, and the relationship found was not significant.

Another study that identified the non-interference of intangibles with analyst forecasting was the work of Anagnostopoulou (2010). In analyzing whether capitalizing on research and development costs improves the accuracy of analysts' forecasts for UK companies from 1990 to 2003, Anagnostopoulou (2010) found that the decision to capitalize on development costs or post them as an expense does not interfere with analysts' forecasts.

One then has research in Europe and the UK looking at capitalized intangible and research and development expenses with analyst forecasting that found no relationship between these factors. Despite this, when looking at the balance of capitalized intangibles from 200 to 2016, with emphasis on France, Germany, Spain, and the US, Ferrer et al. (2020) identified that there is a negative effect of intangible intensity on analyst accuracy. A negative effect had also been observed by Gu and Wang (2005), in a database from 1981 to 1998, but considering research and development and advertising expenses.

However, there are still studies that related goodwill with analyst forecasts, whose results observed in the international literature show divergences. Chalmers, Clinch, Godfrey, and Wei (2012), for example, for the period 1993 to 2007, with data from companies in Australia, found that there is a positive association between the accuracy of analysts' forecasts and previously documented aggregate reported intangibles. Our result is largely attributed to reported goodwill, rather than other intangible assets, suggesting that the impairment approach to goodwill valuation required by IFRS conveys more useful information than the old straight-line amortization approach.

Nevertheless, Mylonas (2016) checked the association of goodwill and intangibles with analyst error for companies in France, Germany, and the UK over the period 2001 to 2012. Briefly, he observed that there is a positive relationship between goodwill and analyst accuracy, but a negative relationship between intangibles and accuracy, in the context of the UK and Germany. For the French market, the author's findings showed a positive relationship between goodwill and intangibles with analysts' accuracy.

Gazzoni et al. (2019) checked the influence of intangibles on the accuracy and dispersion of earnings forecasts made by financial analysts considering research and development and goodwill for the US market in the period from 1995 to 2006. The authors found the results are divergent since while investments in R&D and recognized intangible assets can improve analysts' forecasts, goodwill was shown to be negatively related to analysts' forecasts by reducing the accuracy and increasing the dispersion of forecasts.

On the other hand, Jortikka (2021) identified that research and development spending is positively associated with analysts' absolute forecast errors, which implies a negative relationship with accuracy. Whereas goodwill is negatively associated with analysts' absolute forecast errors, therefore positively related to analysts' accuracy. The author points out that the consideration of goodwill with analysts' accuracy is a point less studied in this context. Thus, evidence to this effect refines the findings of previous studies that have studied capitalized intangible assets and provides valuable evidence that goodwill is negatively associated with analyst forecast errors.

Given the survey of the literature, a greater maturity in international research on the subject of goodwill and analysts' accuracy was perceived, thus having the possibility of observing the relationship between the existence of goodwill and analysts' accuracy in Brazil, since the focus of studies in this direction occurs in terms of intangibles. Furthermore, the results of existing research present divergences, which indicates that it is a relationship that should still be observed in the light of empirical research.

3 METHODOLOGICAL PROCEDURES

3.1 DELIMITATION AND METHODS OF THE STUDY

For this study, the quarterly data of publicly traded companies from Brazil and the United States were considered, during the quarters from 2010 to 2019. This information was collected from the databases of S&P Capital and Thomson Reuters® and started in the year 2010 due to the adoption of IFRS standards in Brazil because the data before this period could compromise the analysis due to changes in accounting rules.

It is important to point out that, during the development of the research, some limitations were identified. In the database, it was observed that, in some companies, there was no goodwill information for certain periods, and the financial statements indicated that there was information and, therefore, it was necessary to add it manually. In addition, it is worth mentioning that due to the scarcity of this information, it was necessary to manually validate whether the data obtained made sense, through comparisons between the value collected and that identified in the financial statements of the companies.

It was also observed that many companies (Brazil and USA) did not have information on the earnings per share estimated by analysts in the S&P Capital® database, which contributed to the reduction of the sample.

Furthermore, it was found that for some companies, in one database there was no information regarding the actual and estimated earnings per share, but this information was available in another database. This required a more detailed follow-up of the cases, where it was necessary to validate by sampling the database information in the company's financial statements, as occurred in the collection of goodwill information.

In this study financial companies were not considered, due to their particularities in the accounting and regulatory structure. The initial sample was reduced, as shown in Table 1, to the final figure of 89 Brazilian companies and 1170 North American companies.

Table 1
Final sample definition

Procedures to select the final sample	Brazil	United States
Initial Sample	338	1519
(-)Financial	34	174
(-)No estimated EPS	181	25
(-)Lack of accounting data	34	150
(=)Final number of companies	**89**	**1170**

Source: Prepared by the authors.

Regarding the analyses, Spearman's correlation test and multiple regressions with panel data were applied, using STATA®. For the regression study, the Breush-Pagan test for heteroskedasticity, the Wooldridge test for serial correlation, and the VIF test for multicollinearity were performed. Furthermore, the Breusch Pagan test for pooling or random effects (RE) model definition, Chow's F test for pooling or fixed effects (FE) analysis, and Hausman's test for analysis between RE and FE were performed. It should be noted that no optimization model was used for variable selection in the regression tests.

3.2 DEFINITION OF VARIABLES AND ECONOMETRIC MODEL

The calculation of the analyst's forecast accuracy was performed considering previous research (García-Meca & Sanchez-Ballesta; 2006; Coën, Desfleurs & L'Her, 2009; Saito, Villalobos & Benetti, 2008, Dalmácio et al., 2013), however, the result was subtracted from the value 1, to facilitate the interpretation of the results, according to Equation 1:

$$AC = 1 - \left| \left(\frac{LPA_{real} - LPA_{prev}}{LPA_{real}} \right) \right| \qquad (1)$$

Where:

LPAreal= represents the earnings per share for the period;

LPAprev= is the forecasted earnings per share, according to the analysts' average consensus.

To analyze the influence of fair value on analysts' forecast accuracy, the following econometric model was considered:

$$\begin{aligned} AC_{i,t} = {} & \alpha_0 + \beta_1 xGW_{i,t-1} + \beta_2 xTam_{i,t-1} + \beta_3 xPrej_{i,t-1} + \beta_4 xLuc_{i,t-1} + \beta_5 xSurp_{i,t-1} + \beta_6 xCresc_{i,t-1} + \\ & + \beta_7 xVolat_{i,t-1} + \beta_8 xAlavj_{i,t-1} + \beta_9 xEndiv_{i,t-1} + \beta_{10} xId_{i,t} + \beta_{11} xSetor_{i,t} + \varepsilon_{it} \end{aligned} \qquad (2)$$

Where:

ACi,t = Represents the analyst's forecast accuracy, estimated according to Equation 1;

GWi,t-1 = Represents the goodwill, which was estimated by the ratio of the total net goodwill value of the company in the period by the total assets of the company in that period, where a negative relationship with accuracy is expected, due to the high level of uncertainty and estimation complexity (Chen et al., 2015; Gazzoni Junior et al., 2019; Gros & Koch, 2019; Andreicovici et al., 2020).

Tami,t-1 = Represents company size, estimated by the logarithm of total assets. A positive relationship with accuracy is expected, as larger companies are expected to have better control over their market configuration (Chan, Sit, Tong, Wong, & Chan, 1996), and also have greater experience and sophisticated technology to generate accurate and reliable information (García-Meca & Sanchez-Ballesta, 2006; Saito et al., 2008; Ayres et al., 2017; Gazzoni et al., 2019).

Preji,t-1 = This is about the company's loss, represented by a dummy variable that takes value 1 (one) if the company discloses loss, 0 (zero) otherwise. A negative relationship with accuracy is expected, as losses generally indicate times of uncertainty and distress (Ayres et al., 2017), which can cause negative swings in company earnings estimates and shareholder gains (Coën et al., 2009; Rahman, Zhang & Dong, 2019

Luci,t-1 = Represents the profit of the period. To estimate this variable, EBTIDA was divided by Total Assets for the period. A positive relationship with accuracy is expected since higher profitability encourages managers to provide more information and thus increase investor confidence (García-Meca, Parra, Larrán & Martínez, 2005).

Supri,t-1 = Surprise variable, calculated by dividing the profit variation between two periods by the profit in t-1. Although this variable has not been used by the literature in a direct way to analyze the relationship with the accuracy of analysts' forecasts (Abernathy, Herrmann, Kang & Krishnan, 2013; Magnan, Menini & Parbonetti, 2015), it is expected that a surprise in results may cause a situation of uncertainty for the analyst or even a change in the scenario of its perspective, which may negatively impact the accuracy of forecasts.

Cresci,t-1 = Represents the growth of the company. This variable was estimated by the variation in revenue between t and t-1. For this variable, it was considered that there is a line of research that considers that the analyst is naturally optimistic in its forecasts (Kothari, 2001; Corredor, Ferrer & Santamaria, 2013 and 2014; Galanti & Vaubourg, 2017), which would make the forecast more certain in cases of company growth. However, there is another line of reasoning that believes that the higher the growth of the company, the more information the analyst needs to ascertain (Silva, Pletsch & Cunha, 2018), which would require additional effort due to complexibility (Barth, Beaver & Landsman, 2001).

Volati,t-1 = This is the volatility in the period. This variable was calculated by taking the logarithm of the division of the standard deviation of the profit of the previous 5 quarters by the modulus of the average profit. A negative relation with accuracy is expected since higher volatility can point to greater difficulty for the analyst to project its forecast (Saito et al., 2008) because there is an increase of uncertainties in the data informed by the companies. (Behn, Choi & Kang, 2008; Ayres et al., 2017).

Endivi,t-1 = Represents debt, calculated by dividing total liabilities by total assets. A negative relationship with accuracy is expected, since debt can increase

the complexity level of the company (Saito et al., 2008), and may compromise analysts' accuracy.

Id,t-1 = Represents the company's age, which was estimated by the difference between the opening year and period t-1 of the sample. Although no study looking at the relationship of age to accuracy was found in prior literature, it is expected that there would be a positive relationship, as older companies have a longer disclosure history and can allow the analyst to better track the data (Bradshaw, Drake, Myers & Myers, 2012).

Setor,t-1 = Dummy variable that assumes value 1 (one) if the company belongs to the regulated sector, 0 (zero) otherwise. Although this variable has not been observed in the literature with a direct relationship with the accuracy of analysts' forecasts, a positive relationship with accuracy is expected, since self-regulated sectors have greater oversight, due to the reporting requirements that are made by regulatory agencies, which can make the information more secure and convey greater confidence to the analyst (Malaquias & Lemes, 2013).

4 ANALYSIS AND DISCUSSION OF RESULTS

Initially, we have the descriptive statistics of the variables, presented in Table 2.

Table 2
Descriptive Statistics

	Brazil					United States				
Variables	Mean	Median	SD	Min	Max	Mean	Median	SD	Min	Max
Acurácia	0,629	0,793	0,479	-3,055	1,000	0,786	0,901	0,314	-1,500	1,000
GW	0,074	0,016	0,121	-0,003	0,600	0,141	0,094	0,151	0,000	0,796
Intan	0,184	0,102	0,205	0,000	0,915	0,214	0,155	0,210	0,000	0,922
Tam	3,476	3,424	0,585	1,777	5,612	3,346	3,322	0,844	-1,553	6,003
Luc	0,030	0,027	0,028	-0,097	0,843	0,023	0,028	0,053	-1,188	1,235
Surp	-0,082	-0,088	0,681	-1,994	1,992	-0,082	-0,044	0,662	-1,997	1,998
Cresc	0,020	0,010	0,223	-1,396	1,982	0,030	0,016	0,228	-1,955	1,991
Volat	-0,300	-0,308	0,447	-1,543	2,615	-0,295	-0,333	0,516	-1,885	4,007
Endiv	0,557	0,550	0,195	0,013	1,512	0,568	0,564	0,253	0,000	1,993
Id	5,314	49,500	32,383	0,000	147,000	55,229	39,000	42,252	0,000	227,000

Source: Prepared by the authors.

The data in Table 2 allow us to observe that in the USA there is a lower standard deviation in accuracy and also a smaller oscillation in the extreme values of minimum and maximum, which impacted the results of mean and median than in Brazil. Regarding accuracy, it was also possible to diagnose that it was higher in the USA than in Brazil, due to the higher average result for this variable and a smaller dispersion.

It is understood that this result may be related to the differences in profiles between Brazilian and US analysts and the capital market structure of these

countries, since the US legal origin, which is based on jurisprudence and data interpretation, in addition to the greater practice of analysts as this market can enhance the expertise of the analyses. Furthermore, it is important to emphasize that there is a difference in the study environment between these countries since in Brazil the capital market is smaller and followed by a smaller number of analysts.

Regarding goodwill, it was observed that the greater dispersion between the minimum and maximum value in the US did not significantly impact the standard deviation, mean, and median of the variable, where the result was similar to that obtained in Brazil. However, despite the similarity between the countries, a greater discrepancy between the mean and median was observed in the Brazilian sample, although the standard deviation was lower. This probably occurred because the sample of Brazilian companies is smaller than the American sample, which allows a greater oscillation of the data.

From the result of this test, it was possible to observe that the US database had much older companies than the Brazilian one, where the maximum age between these countries differed by 80 years, which may influence the result of the other tests, since older companies may have greater ability and contact with the demands of analysts, which could impact the quality of the information they report to the market.

With regard to the other variables, the descriptive statistics did not indicate significant variability in the data, which shows that the information is well grouped around the mean and that, although there are dispersions, they are low and do not compromise the other tests.

Next, it was observed that the variables did not follow a normal distribution and the Spearman correlation test was applied for the continuous variables and the Point Biseral Correlation test for the dummies variables, presented in Table 3, where it was observed that the Goodwill correlation was significant in the United States and not significant in Brazil, possibly due to the volume of data of the Brazilian companies that were considered in this study.

Table 3
Spearman's Correlation

Variables	Brazil	USA
Goodwill	0,0308	0,1642***
Size	-0,0317	0,2424***
Loss	0,3593***	-0,3093***
profitability	0,2405***	0,2159***
Surprise	0,1765***	0,1171***
Growth	0,0512**	0,0739***
Volatility	0,3614***	-0,3335***
debt	0,0798***	0,0852***
Age	-0,0007	0,0948***
Sector	0,7958	-0,0467***

Legend: ***, ** and ** being significant at 1%, 5%, and 10%, respectively.
Source: Prepared by the authors.

Next, the regression test with panel data was performed, as shown in Table 4. Through this analysis, it is possible to obtain greater efficiency of parameter estimation, better data variability, and a greater number of freedom Index, since this test observes the possible differences between companies in each cross-section, as well as the temporal evolution of this phenomenon (Fávero & Belfiore, 2017).

In both countries, it was observed an absence of serial correlation and the presence of heteroskedasticity. Regarding multicollinearity, the VIF test indicated a result of 1.26 for Brazil and 1.29 for the US. An additional test was performed considering the ROA variable; however, a significant increase in multicollinearity was observed, which impaired the models, so the variable was not retained. Furthermore, the Breusch Pagan and Chow's F test indicated the use of panels instead of pooling, and the Hausman test guided the use of random effects for the Brazil model and fixed effects for the US.

Table 4
Brazil and the United States Regression

	Brazil	**United States**
Variables	**Coefficient**	**Coefficient**
GW	-0,285(***)	0,098(***)
Tam	0,091(**)	0,084(***)
Prej	-0,535(***)	-0,111(***)
Luc	4,561(***)	2,510(***)
Surp	0,027	0,020(***)
Cresc	-0,010	0,000
Volat	-0,154(***)	-0,051(***)
Endiv	-0,378(***)	-0,022
Idade	0,000	0,002(**)
Setor	-0,100	(omitted)
Constant	0,394(**)	0,324(***)
X^2/F	155,05***	54,69***
R^2	0,206	0,124
Breusch Pagan Lagrangian	59,35***	6030,18***
Chow's F-test	3,53***	7,12***
Hausman test	13,680	142,67***
White test	1726,15***	8,1e+33***
VIF	1,260	1,290
Wooldridge test	2,590	0,341

Legend: Being significant at *** 1% and ** 5%.
Source: Prepared by the authors.

The correlation and regression tests, regarding the relationship between accuracy and goodwill, indicated a negative relationship between the variables in Brazil and a positive one in the US.

The result obtained for Brazil corroborates previous international studies (Chen et al., 2015; Gazzoni Junior et al., 2019) that analysts' forecasts are impaired by the existence of goodwill, however, it is different from that observed by Feltes et al. (2021). One possible explanation for this is the methodological choice. Feltes et al. (2021) used quantile regression to diagnose whether goodwill had relevance in market value, different from this study, in which data analysis was considered using regression with panel data and correlation test.

The use of panel regression allows the inclusion of fixed effects to control unobserved covariates and allows the identification of differences in certain phenomena between companies in each cross-section and over time (Fávero & Belfiore, 2017), considering a greater variability of the data, a higher number of freedom Index, less multicollinearity and greater estimation efficiency (Gujarati & Porter, 2011; Fávero & Belfiore, 2017).

In addition, the result was the opposite for U.S. companies, indicating that this information improves the accuracy of analysts' forecast, as observed by Dal Magro et al. (2017).

Therefore, the results allow accepting hypothesis 1 of the study, since it identified, for both countries, that there is a relationship between the variables. Moreover, it also allows accepting the second hypothesis, since it was observed that the impact of goodwill on the accuracy of analysts' forecasts differs between countries of different legal origins.

Thus, the identification that goodwill impacts analyst earnings forecast accuracy corroborates with some previous studies (Li & Sloan, 2011; Chen et al., 2015; André et al., 2018; Saastamoinen et al., 2018; d'Arcy & Tarca, 2018; Gros & Koch, 2019; Gazzoni Junior et al, 2019; Andreicovici, 2020), who identified that, on the one hand, its use can generate more information available to the market, facilitating the understanding of analysts, investors, and other stakeholders about the financial reality of companies. On the other hand, this practice may compromise the interpretation of market participants, since it allows greater discretionary action by managers. This is because the recognition of goodwill depends on unobservable fair value estimates that depend on future management actions, which allows it to be used to generate its benefits and omit the real financial situation of the company.

In addition to this finding, it is understood that the difference in the relationship between goodwill and accuracy in Brazil and the United States is due to the legal and cultural aspects of these countries. As presented in the literature (La Porta et al., 1997 and 1998; Ball et al., 2000), countries such as the USA, which has a legal system that is less rigid in rules and focused on meeting the demands of the market (common law), may find it easier to interpret the accounting information disclosed by companies, since the evolution of usual procedures is practical until they become commonly accepted. Therefore, individuals in the capital market, among them analysts and investors, may become more susceptible to understanding the information that is disclosed by companies (Ball et al., 2000).

On the other hand, in Brazil, due to the characteristics of the civil law system, analysts may tend to have a more conservative behavior, since in this system the monitoring of accounting activities is mostly done by regulatory agencies, unions, and banks, which in turn base their analyses on pre-established and less flexible assumptions (Ball et al., 2000).

Furthermore, when comparing the number of publicly traded companies that are monitored by analysts in the US with Brazil, one notices that the US market is much more robust, which may facilitate the analysis work done by these professionals since they have greater contact with companies that disclose information of a discretionary nature and can compare their forecasts with those of other analysts since companies are usually monitored by a larger number of analysts.

Another important point is that, since the capital market is bigger in the USA, it is understood that there is a greater involvement of the population to generate financing for the companies than in Brazil, where companies usually resort to bank agreements. Thus, these companies are more attached to the need to comply with the covenants of banking contracts rather than the demands for public disclosure (Ball et al., 2000), which may compromise the quality of the information that is disclosed and consequently the analysts' perception of the company.

4.1 ADDITIONAL EVENTS

To provide greater strength to research into the analysis of the relationship between goodwill and analyst forecasts, this research extended the studies to the Intangible Assets group, of which, in the consolidated financial statements, goodwill is part. Besides goodwill, there are also cases of expenditures with Development, Brands and Patents, Copyrights, and Intellectual Capital, (CPC 04), which can also impact the analysts' profit forecast, due to the complexity of recognition and measurement.

In this sense, as presented by Kanodia, Sapra & Venugopalan (2004) and reinforced by Gazzoni Junior et al. (2019), this occurs (i) due to the uncertainties regarding the future return of these assets; (ii) due to the difficulty of managers to measure them properly, since most intangible assets are generated internally and the costs are spread over time; and (iii) due to the complexity to segregate them into operating expenses or investment, since it demands subjective judgment.

Thus, when observing specifically the expenditure on Research and Development, some studies (Anagnostopoulou, 2010; Gazzoni Junior et al., 2019) point out that its use increases the uncertainties related to the quality of the information and generates greater difficulties for the analysts' evaluation. This occurs due to the discretion allowed to managers, which can also occur in other intangible accounts, such as intellectual capital and patents, due to the subjective nature of these accounts.

In addition to these difficulties, another aggravating factor about intangibles is the possibility that companies may not declare them completely, due to misunderstandings or the specific recognition requirements of each sector (Ferrer et al., 2020), which can further compromise the market's understanding of the information that is disclosed.

Given its importance, the use of intangibles has already been the focus of discussion in other research (Matolcsy & Wyatt, 2006; Ferrer et al., 2020), concluding that their measurement is more vulnerable to subjectivity than tangible investments and that their use increases analysts' forecast error.

To this end, the same regression tests were applied to intangibles, whose results are presented in Table 5. It is noteworthy that the Breusch Pagan and Chow's

F tests indicated a preference for the use of panel models, while the Hausman test signaled the use of a random effects model for the Brazil and US samples.

The regression test points out that intangibles, as well as goodwill¸ are related to financial analyst accuracy, and that the relationship is negative in the case of Brazil and positive for the US, indicating consistency of the previous results.

Table 5
Brazil and the United States Regression

	Brazil	**United States**
Variables	**Coefficient**	**Coefficient**
Intangível	-0,576(***)	0,074(***)
Tam	0,124	0,079(***)
Prej	-0,522(***)	-0,111(***)
Luc	4,725(***)	2,523(***)
Surpresa	0,024	0,020(***)
Cresc	-0,010	-0,001
Volat	-0,138(***)	-0,051(***)
Endiv	-0,481	-0,024
Idade	0,003	0,002
Setor	(omitted)	(omitted)
Constant	0,310	0,334
X^2/F	19,38***	54,62***
R^2	0,142	0,121
Breusch Pagan Lagrangian	53,61***	6113,97***
Chow's F-test	3,54***	7,23***
Hausman test	17,04**	144,94***
White test	18060,34***	1,9e+32***
VIF	1,240	1,730
Wooldridge test	2,339	0,347

Legend: Being significant at *** 1% and ** 5%.
Source: Prepared by the authors.

Thus, the result of this test expresses that the points raised by previous studies (Barron et al., 2002; Matolcsy & Wyatt, 2006; Anagnostopoulou, 2010; Gentry & Shen; 2013; Saastamoinen et al., 2018; Gazzoni Junior et al., 2019; Ferrer et al., 2020), that the subjectivity present in intangible accounts enables discretionary action by managers and consequently facilitates data distortion and compromises the transparency of information disclosed by companies, makes sense and can happen.

However, just as this scenario is possible, the result also indicates the criticism of this scenario, pointed out by other authors (Gros & Koch, 2019), who argue that managers can use the discretion allowed by the regulations to provide details of the company's private information and thus increase the quality of the information disclosed to the market can also happen.

Given this context, the different results between Brazil and the United States obtained in the robustness test confirm that depending on the legal and cultural context that market participants are inserted, the way they interpret data and conduct their work actions will be different. In this sense, Saastamoinen et al. (2018) discuss that the level of preparation, depth of study, and practice in the industry interfere with the way the analyst perceives the accounting information. This is in line with the result found in this study, where due to the analysts' training characteristics, it is possible to identify significantly different behaviors in their way of dealing with the subjectivity present in the accounting information.

Thus, this study differs from others in showing that the subjectivity of accounting practices may or may not be a problem for the capital market, since its impact oscillates according to the environment in which it is inserted. Thus, this research notes that standardization, without considering the differences between countries, may generate conflicts in some nations and compromise the capital market as a whole, since the way information is received by analysts, as well as by managers and investors is different, due to the way these agents are used to perceiving reality.

5 CONCLUSIONS

When considering a context where there is an informational asymmetry between managers and investors, the role of the financial analyst becomes very important, due to the possibility of reducing informational asymmetry and greater efficiency in the capital market. Therefore, considering this scenario, this research sought to investigate whether the use of goodwill in companies in Brazil and the United States influences the forecast accuracy of these professionals.

The results indicated a negative relationship between the use of goodwill and the accuracy of forecasts in Brazil, corroborating the findings of previous studies, based on the idea that the use of goodwill increases the subjectivity of accounting information and allows greater discretionary action by managers, which may compromise the transparency of data.

However, the results indicated that for the US, there is a positive relationship between goodwill and forecast accuracy, which is in line with another line of research, which argues that managers may use subjectivity to provide private information with a greater wealth of details about the company's operations. Thus, this study did not reject the null hypothesis, indicating that goodwill influences both negatively and positively the accuracy of analysts' forecasts.

The divergence between the relationship found between the variable of interest and forecast accuracy shows that the cultural and legal context can influence analysts' perception of accounting information. Thus, it is understood that the contrasts existing in the way the laws were framed in these countries, as well as the cultural characteristics that arise from this legal influence, such as the ease of dealing with discretionary information and the transparency of companies, means that the interpretation of analysts can be influenced, which directly impacts the way the market sees the companies and the allocation of capital.

Given these considerations, this study contributes to the empirical discussion on the use of goodwill in accounting information, since it observed that its use can influence analysts' earnings forecasts in different ways, being able, in some

contexts, to improve the signal about the economic and financial reality and, in other contexts, to compromise it.

Thus, the result indicates that, although the use of goodwill may generate informational benefits since it enables the disclosure of more detailed information about the company's financial reality, its use may also compromise the analysts' perception of the transparency of information, due to the characteristics of the environment in which it is inserted. In other words, this study points out that the discussion about the use of discretionary accounting practices, such as goodwill, should not be limited to observing whether its use influences the capital market or not, but should also pay attention to whether the social construction of the country where that practice is being applied makes its results positive or negative. This is because the same accounting practice can be interpreted in different ways by analysts and the market, depending on how these professionals are used to trusting the transparency of the disclosed data.

Furthermore, the research signals to investors and companies that, in certain environments, analysts' interpretation of discretionary accounting information may oscillate and compromise the accuracy of the forecast, a fact that generates benefits, as it helps to reduce uncertainties regarding analyst expectations about what is disclosed by companies.

Finally, the study also points out to regulators that the subjectivity existing in goodwill generates different impacts on companies and can be perceived as something positive or negative, according to the cultural and legal aspects in which it is inserted.

It is noteworthy that this study was limited to observing goodwill, however, future research could observe the use of other subjective accounting practices, such as provisions and contingent liabilities, biological assets, impairment loss, and their relations with the accuracy of the analyst's forecast, contributing to the continuity of the study on the effect of accounting practices of greater discretion in the forecast model of financial analysts.

In addition, studies could consider observing these variables in other countries, observing whether legal and regulatory differences may impact this relationship. Thus, expand the sample of countries, inspecting whether there are cultural and legal factors that influence the relationship that this subjective practice has with the capital market.

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AUTHORS' CONTRIBUTIONS

Contributions	Matheus de Siqueira Moraes	Paula Carolina Ciampaglia Nardi
1. Idealization and conception of the research subject and theme	✓	✓
2. Definition of the research problem	✓	✓
3. Development of Theoretical Platform	✓	
4. Design of the research methodological approach	✓	✓
5. Data collection	✓	
6. Analyses and interpretations of collected data	✓	✓
7. Research conclusions	✓	✓
8. Critical review of the manuscript		✓
9. Final writing of the manuscript, according to the rules established by the Journal.		✓
10. Research supervision		✓