Corporate Horizons*

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We develop a new text-based measure of corporate planning horizons using over 20 million forward-looking statements drawn from MD&A disclosures and earnings-call transcripts from 1996–2024. Leveraging machine learning and large language models, we identify statements in which managers discuss the timing of future actions and map these into quantitative measures of corporate horizons. Contrary to common concerns of rising short-termism, we find little evidence of a secular decline in firms' stated horizons over the past three decades. Consistent with canonical models of corporate decision making, horizons are negatively related to interest rate spreads and measures of uncertainty. Horizons are also associated with firms' financial conditions and debt structure. We find little evidence of a relation between horizons and levels of investment, but some evidence that longer horizons are associated with lower subsequent profitability. Taken together, these findings provide large-scale evidence on how corporate time horizons are articulated, as well as their determinants and consequences.

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Concerns about corporate short-termism have become increasingly prominent among academics, practitioners, and policymakers. An emphasis on near-term earnings at the expense of long-term value creation may distort investment decisions and have broader economic consequences. For example, Jamie Dimon and Warren Buffett argued in a 2018 op-ed that "companies frequently hold back on technology spending, hiring, and research and development to meet quarterly earnings forecasts." Survey evidence is consistent with this view, suggesting that managers forgo positive-NPV projects to meet short-term earnings targets [Graham et al., 2005]. A large literature in financial economics identifies several mechanisms that may contribute to short-termism, including the composition and trading horizons of the institutional investor base [Gaspar et al., 2005, Edmans, 2009], public listing status [Bernstein, 2015, Asker et al., 2015], managerial compensation and incentive design [Edmans et al., 2017], pressure arising from quarterly earnings expectations [Almeida et al., 2016], and financial constraints and distress [Whited, 1992, Campello et al., 2010].

Despite this extensive literature, fundamental questions remain unanswered. Have corporate investment horizons declined over time? How do horizons vary across industries and across different categories of corporate decisions? How are they shaped by macroeconomic conditions and firm-level characteristics? To address these questions, we develop a new text-based measure of corporate planning horizons using firms' 10-K filings and earnings-call transcripts. We implement a two-stage machine-learning pipeline. First, we identify sentences in which managers discuss the timing of future actions or outcomes, yielding over 20 million forward-looking statements between 1996 and 2024. Second, a large language model extracts either an explicit target date or a qualitative time horizon from each statement. We then translate these references into quantitative measures and aggregate them to construct a time-varying, firm-level measure of corporate horizons.

Using this measure, we document several new facts about corporate time horizons.

We find little evidence of economically meaningful secular change in stated horizons over the past three decades. Although average horizons declined in the late 1990s, they have remained broadly stable since the early 2000s. Managers articulate shorter horizons in earnings-call transcripts than in annual filings, but neither disclosure channel shows a sustained decline in planning horizons over the last two decades. We also document heterogeneity across decision types. Investment-related statements display a modest upward drift in recent years, reaching their highest levels at the end of the sample, whereas financing-related horizons exhibit a slight decline. Taken together, these patterns suggest meaningful cyclical variation but no persistent downward trend consistent with a generalized rise in short-termism.

Our main analysis begins by examining how corporate horizons respond to fundamental macroeconomic drivers, starting with interest rates. In standard net present value (NPV) analysis, firms evaluate projects by discounting expected future cash flows at the cost of capital. An increase in discount rates reduces the present value of distant cash flows disproportionately, making long-duration projects relatively less attractive. As a result, higher rates should compress the horizon over which firms optimally plan. Consistent with this prediction, we find a negative relation between both prime- and high-yield credit spreads and average horizons. These patterns are robust to the inclusion of industry fixed effects and financial controls. The effect appears in both investment- and financing-related horizons, although the magnitudes are economically larger for investment, as predicted by NPV logic. Yield-curve steepness (10-year minus 2-year Treasury yield) is also strongly negatively related to horizons, consistent with the idea that a steeper term structure raises the relative cost of long-dated projects and thereby shortens the temporal scope of corporate planning.

We also examine the role of uncertainty. In real options models of investment under uncertainty, firms face partially irreversible decisions and therefore possess an option to wait before committing capital [Bernanke, 1983, Abel and Eberly, 1994]. Higher volatility

increases the value of waiting and raises the threshold for undertaking long-term projects. When uncertainty rises, firms optimally defer irreversible commitments and place greater emphasis on near-term flexibility. We measure uncertainty using the Economic Policy Uncertainty (EPU) index [Baker et al., 2016] and firm-level implied volatility [Alfaro et al., 2024]. Consistent with real options theory, we find that both aggregate policy uncertainty and firm-level volatility are negatively related to stated horizons, indicating that firms contract their planning windows in more volatile environments.

We next turn to firm-specific financing conditions as an additional determinant of corporate horizons. A large literature examines how financing frictions shape firms' investment decisions and the timing of corporate activity [Whited, 1992, Campello et al., 2010]. In this framework, financially constrained firms behave as if they face a higher effective cost of capital and therefore place greater weight on near-term cash flows in order to preserve liquidity and mitigate distress risk. By contrast, financially stronger firms can commit to longer-dated projects. Consistent with this prediction, we document a positive relation between Altman Z-scores and stated horizons. Horizon length is also systematically related to debt maturity structure: horizons are positively associated with long-term debt and negatively associated with short-term debt. These patterns align with the view that longer maturities reduce rollover risk and support longer planning cycles, whereas reliance on short-term debt increases refinancing pressure and compresses horizons. Together, the evidence indicates that articulated corporate horizons respond in predictable ways to financing constraints, consistent with canonical corporate finance theory.

In the final part of the paper, we examine the real effects of firms' horizons. We begin with investment. The sign of the relation is ambiguous ex ante. Firms that articulate longer horizons may be more likely to undertake long-duration projects, but this need not imply higher observed investment in the short run. We therefore regress capital expenditures and R&D on current and lagged values of our horizon measure. We find a negative association between horizon and capital expenditures at a two-year lag. The economic

magnitudes are modest, and the relation weakens once industry fixed effects and financial controls are included. For R&D, the evidence is weaker: coefficients on current and lagged horizons are generally small and statistically insignificant, with no consistent pattern across specifications. Overall, we find little evidence that longer articulated horizons are associated with greater investment in either physical or intangible capital.

We finally examine firm performance. A shift toward longer-horizon projects may not generate higher near-term cash flows, and greater investment intensity can mechanically reduce short-run profitability. To test this idea, we regress return on assets (ROA) on current and lagged horizons. The results indicate that longer horizons are associated with lower profitability at a two-year lag, with negative and statistically significant coefficients on the two-period lag. By contrast, there is no evidence of a contemporaneous relation or a one-year lag effect.

Our paper is closely related to the literature on managerial myopia. Theory highlights several forces that can lead managers to favor short-term outcomes over long-run value. Classic models show how capital-market pressure can induce managers to overweight near-term performance when investors have difficulty distinguishing firm quality [Stein, 1988, 1989]. A related strand examines how a firm's shareholder base shapes these incentives [Shleifer and Vishny, 1990, Edmans, 2009]. Myopic behavior may also arise from financing frictions tied to managerial labor markets or compensation practices [Narayanan, 1985, Gibbons and Murphy, 1992, Holmstrom, 1999]. Survey evidence underscores the prevalence of such concerns in practice [Graham et al., 2005]. Empirical work documents several forces that generate myopic behavior, including pressure from transient investors [Bushee, 1998, Gaspar et al., 2005], the vesting of managerial equity [Edmans et al., 2017], shifts in horizons associated with public listing [Bernstein, 2015, Asker et al., 2015], and analyst coverage and earnings pressure [Almeida et al., 2016, He and Tian, 2013, Fang et al., 2014].

A central challenge in this literature is measuring the horizon embedded in corporate

decisions. Existing work typically relies on indirect proxies, such as R&D and patenting activity [Bernstein, 2015, Brav et al., 2018], the durability of capital investments inferred [Souder and Bromiley, 2012], firms' disclosed multi-year business plans [Dessaint et al., 2023], or micro-data from specific sectors [Bloom et al., 2007, Budish et al., 2015]. While informative, these measures are narrow in scope and often tied to particular types of investment or industries, making it difficult to characterize how corporate horizons evolve more broadly. We address this gap by developing a new, text-based measure that captures forward-looking statements across all firms and industries. This approach allows us to provide some of the first systematic evidence on how corporate time horizons vary over time and across sectors.

Our analysis also connects to research on how financing conditions shape the timing and composition of corporate investment. Seminal work shows that changes in discount rates and uncertainty affect firms' willingness to undertake long-lived or irreversible projects [Bernanke, 1983, Abel and Eberly, 1994]. A complementary literature studies how interest rates and credit spreads influence investment through the credit channel and the financial accelerator, affecting both the scale and horizon of real activity [Kashyap et al., 1993, Bernanke et al., 1999]. Another important strand examines how financial distress and tightening financing constraints distort investment behavior, leading firms to cut long-run projects, intangible investment, and innovation when internal funds fall or external finance becomes costly [Whited, 1992, Froot et al., 1993, Campello et al., 2010, Almeida et al., 2014]. We build on these insights by shifting the focus from investment outcomes to the underlying planning horizon. Using our text-based measure, we relate changes in firms' stated time horizons to movements in interest rates, credit spreads, and distress proxies, providing new evidence on how the financing environment maps into the temporal structure of corporate decision-making.

Finally, we contribute to the emerging literature that applies machine learning and big-data methods to study questions in finance [Goldstein et al., 2021, Gao et al., 2024].

These tools have been used to extract information from company filings and earnings calls to analyze firms' competitive environments [Hoberg and Phillips, 2016], corporate culture [Li et al., 2021], earnings changes [Chen et al., 2022], and climate-related exposure [Sautner et al., 2023], among other applications. We contribute to this strand of work by developing a new text-based measure of corporate time horizons and demonstrating how it can be used to study the interplay between firms' horizons, financing conditions, and real outcomes.

1. Data, sample, and summary statistics

1.1. Sources

We assemble a comprehensive text panel of corporate statements from two sources. First, we obtain the universe Form 10-K filed by U.S. (United States) domestic registrants from the U.S. Securities and Exchange Commission (SEC) Electronic Data Gathering, Analysis, and Retrieval system (EDGAR). In order to focus on actual statements of management, we extract from each filing the "Management's Discussion and Analysis" (MD&A) section. These filings cover the universe of publicly listed corporations from 1996 until 2024. We supplement these annual report statements with the universe of annual earnings-call transcripts for the same registrants from S&P (Standard & Poor's) Capital IQ. We retain speaker-attributed utterances by executives and sell-side analysts and drop operator prompts and boilerplate disclaimers. These data cover the years 2005 until 2024 with coverage becoming comprehensive around 2010. Finally, we supplement our textual data with accounting data from Compustat.

1.2. Preprocessing

We convert filings and transcripts to plain text, remove pagination artifacts and tables, and segment text into sentences using a rule-based tokenizer tailored to finance-specific abbreviations. We preserve casing and punctuation and exclude safe-harbor paragraphs

and transcript routing lines. Each document is assigned to a covered period based on the filing's "period of report" or the earnings-call timestamp. Following this cleaning process, each sentence receives a stable identifier encoding the document key, anchor period, and sentence order. We then apply a two-stage machine-learning pipeline to identify and extract temporal statements.

1.3. Stage 1: Representation and Temporal Flagging

As a first step, we embed each sentence using a financial-domain Bidirectional Encoder Representations from Transformers model, fine-tuned from the original BERT for financial text and specialized for temporal statements, FinBERT-FLS. In a first pass, FinBERT-FLS embeddings estimate a probability that any given sentence s contains temporal content,

$$p_s^{\text{temp}} \in [0, 1], \tag{1}$$

where "temporal content" means an explicit or implicit statement about timing, deadlines, or horizons (e.g., "over the next two quarters," "by 2023," "in the near term"). For high-precision extraction, we rank sentences by p_s^{temp} and select only those with an estimated likelihood of at least 65% for a forward looking statement. This step selects roughly 15 million sentences from annual filings, and 9 million sentences from earnings calls to pass into stage 2.

1.4. Stage 2: Time Extraction and Horizon Mapping

On the high-confidence set, we process these sentences via OpenAI's proprietary GPT-5.2 Nano model. The large language model (LLM) then generates for each sentence s: (i) an explicit time target when present (such as "by 2015") and (ii) a coarse horizon class capturing short, medium and long term horizon orientation. In robustness tests, we apply an open-source generative pretrained transformer (GPT) model, *OpenAI GPT-OSS-120B* to benchmark our proprietary model results against. The advantage of this approach is

that the locally run, open source model allows us to control versions (avoiding updates from models to drive changes in estimates) and we can parametrize the LLM to reduce hallucinations, unlike in the case of 5.2 nano which, as a "thinking" model, is ultimately unpredictable. This complex model features the ability to more tightly control the generation process. Due to the computational intensity of the model on local infrastructure, we only estimate it for the top1% of temporal statements in terms of probabilities assigned by the FinBERT-FLS embedding.

Extracting explicit time distances In our final processing step, we map the raw temporal categories generated in step 2 into numeric values. First, let $T_{i,t}^{\text{anchor}}$ denote the firm i anchor time for period t (filing: fiscal quarter end; call: call date). If the model extracts a calendar target T_s^{target}, the explicit distance in years is

$$d_s^{\text{exp}} = T_s^{\text{target}} - T_{i,t}^{\text{anchor}}. \tag{2}$$

That is, the difference in days between the time of the document/call and the explicit future reference point from the statement. For statements of the form "by year Y", without either a specific quarter or date, we set $T_s^{\text{target}} = \text{Dec. 31}, Y$ and apply (2). For ranges such as "6–8 quarters," we use the period's midpoint before applying (2). When a sentence has an explicit target, we retain both d_s^{exp} and d_s^{buck}; for purely vague statements, we use d_s^{buck} only and set d_s^{exp} to missing. We further exclude sentence s if $d_s^{\text{exp}} \leq 0$, that is, any statements incorrectly labeled as forward looking by the FinBERT model in the first stage are dropped.

Forming coarse horizon buckets Not all temporal statements include a clear target timing. One example features a corporate executive stating that "Our decisions here are being made with a long-term horizon in mind." While clearly temporal in nature and indicative of a long term corporate time horizon, this statement does not directly map into

a specific number of quarters. Table A.2 provides additional examples of statements used in our analysis.

To overcome this challenge, the large language model maps both explicit and vague phrases (e.g., "in the near future," "over the medium term," "in the long run") into three bins: short term (ST, ≤ 1 year), medium run (MR, > 1 and ≤ 5 years), and long run (LR, > 5 years). We then encode buckets as numeric years via

$$d_s^{\text{buck}} = \begin{cases} 1, & s \in \text{ST}, \\ 3, & s \in \text{MR}, \\ 5, & s \in \text{LR}. \end{cases} \tag{3}$$

Table A.2 presents illustrative statements from our sample along with their horizon classifications. Table A.3 reports the distribution of LLM-based horizon classifications across the 10-K and earnings-call statement samples.

1.5. Aggregation and Indices

Let $S_{i,t}$ be the set of temporal sentences assigned to firm i and fiscal quarter t, and let $S_{i,t}^{\text{exp}} = \{s \in S_{i,t} : d_s^{\text{exp}} \text{ exists}\}$. Sentences are equally weighted, although a robustness test confirms that results remain unchanged when weighting sentences by the certainty score assigned in the FinBERT-FLS step.

Average planning horizon (Average Planning Horizon). We begin by computing a total average horizon, as well as bucket-based Average Planning Horizon and, on the explicit subset, an explicit-distance Average Planning Horizon:

$$\text{Average Planning Horizon}_{i,t} = \frac{1}{|S_{i,t}|} \sum_{s \in S_{i,t}} d_s, \tag{4}$$

$$\text{Average Planning Horizon}_{i,t}^{\text{buck}} = \frac{1}{|S_{i,t}|} \sum_{s \in S_{i,t}} d_s^{\text{buck}}, \tag{5}$$

$$\text{Average Planning Horizon}_{i,t}^{\text{exp}} = \frac{1}{|S_{i,t}^{\text{exp}}|} \sum_{s \in S_{i,t}^{\text{exp}}} d_s^{\text{exp}}. \tag{6}$$

Topic sub-indices. In addition to the raw magnitude of time horizons, a second classifier extracted from the large language model is assigning topical tags to each sentence: financing (F) and investment (I). The model is instructed to flag a statement as pertaining to either of those topics in a probabilistic way, although our subsequent analysis treats any non-zero likelihood as indication of the presence of a financing or investment motive, respectively.

1.6. Linkage, Timing, and Quality Controls

Filings are aligned to the EDGAR "period of report" quarter end; calls from Capital IQ are aligned to the fiscal quarter discussed on the call. We pool filing and call sentences for a given (i, t) and retain source indicators (MD&A vs. call; executive vs. analyst) for heterogeneity tests. We remove duplicate sentences repeated verbatim across successive filings within issuer by hashing sentence text, and we drop sentences with implausible horizons, including cases where $d_s^{\text{exp}} \leq 0$. All raw model scores and extractions are retained for audit.

1.7. Outputs

Our final dataset is based on the firm-quarter level and includes Average Planning Horizon$_{i,t}^{\text{buck}}$, Average Planning Horizon$_{i,t}^{\text{exp}}$, as well as the investment and financing specific horizons Average Planning Horizon Investment$_{i,t}^{\text{buck}}$ and Average Planning Horizon Financing$_{i,t}^{\text{buck}}$, both on the bucket level.

1.8. Final sample and summary statistics

Table 1 reports summary statistics for the firm-year sample. The sample includes 74,965 firm-year observations, with slight variation in sample size across variables due

to data availability. The average firm has over 17 statements used to construct the horizon variable in each year. The average planning horizon is 7.54 quarters, with a median of 7.20 quarters and a standard deviation of 2.60 quarters. Investment-related horizons average 7.71 quarters, while financing-related horizons are somewhat longer, averaging 8.54 quarters. The confidence-weighted horizon measure is similar in magnitude to the baseline measure, whereas the direct-date horizon is shorter on average (5.98 quarters) and more dispersed.

The investment variables indicate that firms devote a modest share of assets to capital expenditures and R&D. Average capital expenditures amount to 5.3% of total assets, while R&D averages 7.2% of assets, though the median R&D intensity is close to zero. Profitability (ROA) averages 1.1%. Firms in the sample are moderately leveraged, with mean leverage of 24.3% and a median of 18.9%. Tobin's Q averages 2.25, suggesting meaningful variation in growth opportunities, while tangibility averages 25.5% of assets. Measures of financial health also display considerable heterogeneity. The average Altman Z-score is 4.37, with a wide standard deviation of 16.56, indicating considerable variation in distress risk.

2. Corporate time horizon over time

2.1. Secular trends

We begin by examining how corporate time horizons have evolved over time. Figure 1 plots the average horizon constructed from all MD&A disclosures and earnings-call transcripts between 1996 and 2024. The blue line reports horizons for all forward-looking statements in our database, including those that reference an explicit calendar date (e.g., "We plan to commence production in August 2018") and those that describe timing more qualitatively (e.g., "We plan to commence production in the next few years"). The red line restricts attention to statements with explicit dates.

Horizons measured using all statements are consistently higher than those based solely

on explicit dates. Nevertheless, both series display similar dynamics over time. Average horizons decline in the late 1990s, fluctuate around the early 2000s and the financial crisis, and then remain broadly stable through the post-2010 period. In recent years, horizons have increased modestly, reaching levels comparable to those observed at the beginning of the sample. Overall, the evidence suggests meaningful cyclical variation but little indication of a sustained secular decline in corporate planning horizons.

[Insert Figure 1 here]

Figure 2 plots the time series for horizons obtained from 10-Ks and earnings calls. Horizons measured from 10-K filings are consistently longer than those derived from earnings calls throughout the sample period, consistent with analysts potentially focusing on more short term goals. Despite these level differences, both series show broadly similar cyclical movements over time and no evidence of a sustained decline in recent decades. The persistent gap between filings and calls suggests that disclosure context matters: regulatory filings reflect longer-term planning, while earnings calls emphasize more immediate operational updates.

[Insert Figure 2 here]

Figure 3 investigates how horizons vary across different categories of corporate decisions, focusing on financing and investment. Financing horizons are generally longer than investment horizons throughout most of the sample, though the gap narrows in recent years. Both series decline in the late 1990s and fluctuate during the 2000s, with financing horizons exhibiting greater stability overall. Beginning around 2020, investment horizons increase sharply and eventually surpass financing horizons by the end of the sample period, while financing horizons decline modestly. These patterns highlight meaningful heterogeneity across decision types and suggest that changes in aggregate horizons are driven in part by shifts in investment-related planning.

[Insert Figure 3 here]

Finally, we examine heterogeneity in horizons across industries, defined at the Fama-French 12 level. Figure 4 presents the cross-sectional patterns. Panel A shows meaningful dispersion in average horizons across industries. Healthcare and utilities articulate relatively long horizons, while finance and energy exhibit comparatively short horizons. Investment horizons reported in Panel B display a similar ranking across industries and show greater cross-sectional variation. By contrast, financing horizons shown in Panel C cluster within a relatively narrow range, between approximately 8 and 9 quarters. Overall, these patterns suggest that cross-industry differences in planning horizons are unlikely to be driven by a single characteristic such as capital intensity. Instead, a combination of factors, including regulatory structure, asset durability, and demand volatility, appears to shape firms' articulated horizons.

[Insert Figure 4 here]

2.2. Drivers of corporate horizons

2.2.1 Yields and Term Structure

What drives corporate planning horizons? We begin with a core element of corporate financial decision making: discount rates. Managers (in theory, at least) evaluate projects using net present value, which discounts future cash flows at the firm's cost of capital. When discount rates rise, long-dated cash flows lose value more quickly than near-term ones. As a result, changes in financing conditions can shift the period over which firms choose to plan. Higher interest rates raise the cost of capital and increase the rate at which future cash flows are discounted, making long-run commitments less attractive. Interest rates therefore provide a natural channel through which economic conditions can impact corporate time horizons.

We begin our analysis with a descriptive exercise. Figure 5 plots average corporate horizons against three key financing variables: the AAA yield spread (Panel A), the high-yield spread (Panel B), and yield curve steepness, defined as the 10-year minus 2-year Treasury yield (Panel C).

[Insert Figure 5 here]

Panels A and B exhibit a clear negative relation between these measures of the cost of capital and corporate time horizons. Periods of elevated credit spreads, such as the early 2000s downturn and the global financial crisis, coincide with marked declines in stated horizons. Conversely, when spreads compress and financing conditions ease, horizons lengthen. The timing and magnitude of these movements suggest that planning horizons respond systematically to shifts in borrowing costs. This co-movement is consistent with the view that tighter financing conditions raise effective discount rates and reduce the attractiveness of longer-dated projects, thereby shortening the horizon over which firms articulate their plans.

Panel C shows a similar pattern when horizons are plotted against yield-curve steepness, defined as the 10-year minus 2-year Treasury yield. Periods of a steeper yield curve are associated with shorter stated horizons, while flatter or inverted curves coincide with longer planning horizons. This pattern is consistent with the view that a steeper term structure raises the relative cost of long-dated projects and compresses firms' planning windows. The co-movement further reinforces the role of macro-financing conditions in shaping the temporal scope of corporate decision making.

We formally examine the relation between financing conditions and corporate planning horizons. Table 2 reports regressions of average horizons on three measures of financing conditions. We present parsimonious specifications without fixed effects or controls in the odd-numbered columns, and specifications that include Fama-French 12 industry fixed effects and firm-level controls in the even-numbered columns. The control

variables include log assets, R&D, capital expenditures, return on assets, leverage, and the Altman Z-score.

Columns (1)–(4) show that higher credit spreads are associated with shorter stated horizons, consistent with the patterns observed in the time-series evidence. The coefficients on both the AAA and high-yield spreads are negative and statistically significant, and remain so after the inclusion of industry fixed effects and financial controls. The magnitudes are economically meaningful. For example, column (1) reports a coefficient of approximately -0.25, implying that a one percentage point increase in the AAA spread is associated with a 0.25-quarter reduction in the average planning horizon. The corresponding coefficients on high-yield spreads are also negative and statistically significant, though somewhat smaller in magnitude. Together, these estimates indicate that increases in borrowing costs decrease the horizon over which firms articulate their plans.

[Insert Table 2 here]

Columns (5) and (6) examine the relation between corporate horizons and the slope of the yield curve. An important departure from textbook net present value calculations concerns the term structure of interest rates. While the CAPM implies a single required return and standard NPV exercises often assume a constant discount rate, firms in practice face a term structure in which longer-maturity rates typically exceed short-maturity rates. As a result, distant cash flows are discounted more heavily than near-term ones.[1] Holding short-term rates fixed, a steeper yield curve raises the relative cost of long-horizon projects and should tilt planning toward shorter time frames. Consistent with this logic, columns (5) and (6) of Table 2 show that yield-curve steepness is negatively and statistically significantly related to stated horizons, even after controlling for industry characteristics and firm-level controls. The magnitude of the estimates indicates that movements

[1]Short-term rates cannot be mechanically chained into long-term rates unless firms are risk neutral, since hedging long-dated exposures is costly and incomplete.

in the slope of the yield curve are associated with economically meaningful changes in the temporal scope of firms' articulated plans.

Overall, the results in Table 2 indicate that corporate planning horizons move inversely with interest rates and other measures of the cost of capital. The patterns are robust across specifications and persist after the inclusion of industry fixed effects and firm-level controls. The effects are economically meaningful and consistent across alternative measures of financing conditions. These findings align with standard NPV logic: when discount rates rise, long-dated cash flows are discounted more heavily, increasing the relative value of near-term outcomes. Taken together, the evidence suggests that firms systematically adjust their stated planning horizons in response to financing conditions and supports the economic validity of our horizon measure.

Corporate decision-making under the NPV rule yields sharper predictions than the reduced-form relation between rates and aggregate horizons. Higher discount rates mechanically reduce the present value of projects with distant cash flows, independent of a firm's financing structure, because interest rates enter both the cost of debt and the cost of equity. By contrast, the effect of higher baseline rates on financing horizons is less clear ex ante and depends on a firm's capital structure, maturity profile, and refinancing needs. As a result, the NPV framework suggests that movements in discount rates should have a stronger impact on investment horizons than on financing horizons. We next test this conjecture directly.

Table 3 revisits the specifications from Table 2 using alternative outcome variables. Columns (1)–(3) use the average investment horizon as the dependent variable, while columns (4)–(6) use the average financing horizon. All specifications include industry fixed effects and firm-level controls, allowing us to isolate how financing conditions differentially affect the timing of investment and financing decisions

[Insert Table 3 here]

Across all three measures, the estimated effects are economically larger for investment

horizons than for financing horizons. In columns (1)–(3), higher AAA spreads, high-yield spreads, and yield-curve steepness are all associated with significantly shorter investment horizons. For example, the coefficient on the AAA spread implies that a one percentage point increase in the spread is associated with roughly a 0.17-quarter decline in the average investment horizon. The corresponding estimate for yield-curve steepness is even larger in magnitude, suggesting that movements in the term structure have a meaningful impact on the timing of investment-related plans.

By contrast, the relation is more muted for financing horizons. Although the coefficients on credit spreads and yield-curve steepness remain negative and statistically significant in columns (4)–(6), their magnitudes are consistently smaller than those observed for investment horizons. This asymmetry is consistent with the NPV-based mechanism: higher discount rates primarily affect the valuation of long-duration real projects, whereas financing decisions depend more heavily on balance sheet considerations and refinancing needs. Overall, the results indicate that changes in financing conditions compress planning horizons, with the strongest effects concentrated in investment-related statements.

2.2.2 Uncertainty

The evidence thus far indicates that discount rates and financing costs compress corporate planning horizons. A related but distinct channel operates through economic uncertainty. Whereas interest rates directly affect the discounting of future cash flows, uncertainty alters the riskiness of those cash flows and the value of delaying irreversible decisions. In models of investment under uncertainty, greater volatility increases the option value of waiting, induces firms to defer long-dated commitments, and shifts attention toward nearer-term contingencies.

[Insert Table 4 here]

Table 4 examines this prediction using two complementary measures of uncertainty.

Columns (1) and (2) relate horizons to the Economic Policy Uncertainty (EPU) index [Baker et al., 2016] , while columns (3) and (4) use firm-level implied volatility [Alfaro et al., 2024]. Across specifications, the coefficients are negative and statistically significant. The effects are modest for aggregate policy uncertainty but economically larger for firm-level volatility, and remain robust to the inclusion of industry and year fixed effects and financial controls. Taken together, the results indicate that heightened uncertainty is associated with shorter stated planning horizons, consistent with the view that firms contract the temporal scope of decision making when future conditions become more volatile.

2.2.3 Financial Stability and Debt Structure

Financing conditions may influence corporate planning horizons not only through market-wide discount rates, but also through firm-specific balance sheet characteristics. Firms with stronger financial positions face lower distress risk and greater flexibility in undertaking long-term projects, whereas financially constrained firms may prioritize near-term liquidity and shorten their planning windows. Similarly, debt maturity structure can shape managerial incentives. A greater reliance on short-term debt exposes firms to rollover risk and refinancing pressure, potentially inducing a focus on nearer-term outcomes, while long-term debt may support longer planning cycles. Table 5 examines these channels by relating average planning horizons to measures of financial risk and debt structure.

[Insert Table 5 here]

Columns (1) and (2) show that horizons are positively associated with Altman Z-scores. Firms with stronger balance sheets articulate longer planning horizons, and this relation remains statistically significant after the inclusion of industry fixed effects and financial controls. The economic magnitudes, while modest, are consistent with the view

that financial stability enables managers to extend the temporal scope of their plans. Columns (3) and (4) examine long-term debt and reveal a strong positive association with horizons. Firms with greater long-term debt shares report significantly longer planning horizons, suggesting that longer maturity structures may facilitate longer-term decision making.

In contrast, columns (5) and (6) indicate that short-term debt is negatively associated with planning horizons. Firms with higher short-term debt exposure articulate shorter horizons, even after controlling for industry and year fixed effects as well as financial controls. This asymmetry between long- and short-term debt aligns with the idea that maturity structure matters for corporate time horizons: reliance on short-term funding increases rollover risk and may shift managerial focus toward immediate cash flow management, whereas longer-term liabilities are associated with a broader planning horizon. Together, these findings reinforce the economic content of the horizon measure and highlight the importance of firm-level financial structure in shaping corporate time horizons.

2.3. Consequences of corporate horizons

We next turn to the real effects of corporate horizons. Short planning horizons have been widely criticized by policymakers and business leaders as a source of distorted corporate decision-making. The concern is that a greater emphasis on near-term outcomes induces firms to scale back capital expenditures, defer long-duration projects, and avoid risky or innovative investments. In this view, firms may temporarily boost short-run profitability at the expense of long-run growth and value creation. These arguments imply that variation in corporate time horizons should be reflected in observable investment and performance outcomes. In this section, we formally evaluate these conjectures using our measure of corporate planning horizons.

Table 6 examines the relation between firms' horizons and subsequent investment outcomes, measured by capital expenditures (Capex) and R&D. Columns (1) and (2) report

regressions with Capex as the dependent variable, while columns (3) and (4) use R&D. Each specification includes year fixed effects, and the even-numbered columns additionally include industry fixed effects and financial controls. To capture both short and longer horizon effects, we include up to three annual lags of the average horizon in these regressions.

[Insert Table 6 here]

The results indicate a modest negative association between planning horizons and capital expenditures. Column (1) reports negative coefficients on both contemporaneous and lagged horizons, although statistical significance is concentrated in the two-period lag once controls are included, as shown in column (2). The estimated magnitudes imply that longer horizons are associated with a modest decline in near-term investment, though the economic effects are small. Columns (3) and (4) provide little evidence of a systematic relation between R&D and horizon. Although the coefficient on $Horizon(t-2)$ is statistically significant in column (3), the effect is not robust to the inclusion of industry fixed effects and firm-level controls. Overall, the evidence suggests that longer articulated planning horizons do not translate into higher short-run investment and, if anything, are weakly associated with lower capital expenditures.

In our final test, we examine a central claim in the short-termism debate: that shorter planning horizons inflate near-term profitability at the expense of longer-run performance. If managers emphasize immediate outcomes, they may prioritize projects that generate quick accounting returns while underinvesting in longer-term opportunities. To test this idea, Table 7 examines the relation between firm performance, as measured by ROA, and horizon. Our specification includes the contemporaneous horizon measure as well as up to two annual lags, allowing us to distinguish between immediate and medium-term effects. This framework enables us to assess whether changes in articulated planning horizons are associated with shifts in realized performance over time.

[Insert Table 7 here]

The results in Table 7 are mixed. The contemporaneous and one-period lag coefficients are small and statistically insignificant across specifications. By contrast, the two-period lag of horizon is negative and statistically significant, both in the baseline specification and in the model that includes industry fixed effects and financial controls. The economic magnitude of this effect is modest but consistent across specifications. These findings suggest that longer articulated planning horizons do not translate into higher short-run profitability though they are related to profitability over longer periods of time.

3. Conclusion

A bipartisan consensus has voiced concern about rising short-termism and its consequences for the real economy. In a 2016 op-ed, then-Vice President Biden described short-termism as "one of the greatest threats to America's enduring prosperity."[2] More recently, the Trump Administration proposed easing quarterly reporting requirements in part to reduce short-term pressure from financial markets.[3] These concerns place corporate planning horizons at the center of policy debates and underscore the need for systematic evidence on how firms plan for the future.

This paper provides new large-scale evidence on that question. Using over 20 million forward-looking statements from MD&A disclosures and earnings-call transcripts between 1996 and 2024, we construct a text-based measure of corporate planning horizons. Contrary to widespread claims of a secular decline in long-term orientation, we find little evidence that average planning horizons have shortened over the past three decades. Instead, horizons exhibit meaningful cyclical variation and respond systematically to economic fundamentals. They shorten when interest rates, credit spreads, and uncertainty rise, and lengthen in more stable financial environments and among firms

[2]See *Wall Street Journal*.

[3]See *Washington Post*.

with stronger balance sheets and longer debt maturities. These patterns are consistent with standard investment theory and reinforce the economic content of our measure. We find little evidence that horizons meaningfully influence investment behavior. If anything, longer horizons are associated with a decline in capital expenditures and exhibit little relationship with R&D spending. However, we do find evidence that longer-term horizons are linked to lower profitability, albeit with a lag.

Taken together, the results have implications for policy and for future research. The evidence does not imply that short-term behavior is absent or unimportant. Instead, it shows that publicly articulated horizons have not been trending downward over the past three decades, despite widespread claims to the contrary. The stability of horizons is consistent with the long period of low interest rates that followed the financial crisis, which reduced the discounting of long-dated cash flows and may have supported longer planning cycles. Further work on the macro and micro determinants of corporate horizons, as well as on the consequences of horizon shifts within firms, is likely to yield important insights.

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Figure 1
Horizon Time Series
This figure plots the time series of firms' average planning horizons constructed from the Management's Discussion and Analysis (MD&A) sections of Form 10-K filings and earnings-call transcripts. The blue line includes all forward-looking statements. The red line includes only statements that mention an explicit target date. The vertical axis reports the average horizon, measured in quarters. The sample includes all Compustat firms from 1996 to 2024.

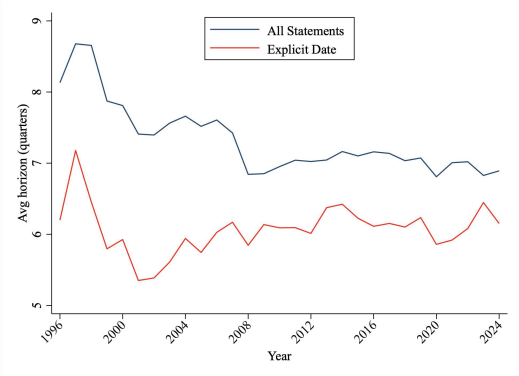


Figure 2
Horizon Time Series: Annual Reports vs. Earnings Calls
This figure plots the time series of firms' average planning horizons. The blue line is constructed from statements in the Management's Discussion and Analysis (MD&A) sections of Form 10-K filings (available from 1996 to 2024). The red line is constructed from statements in earnings-call transcripts (available from 2005 to 2025). The vertical axis reports the average horizon, measured in quarters. The sample includes Compustat firms.

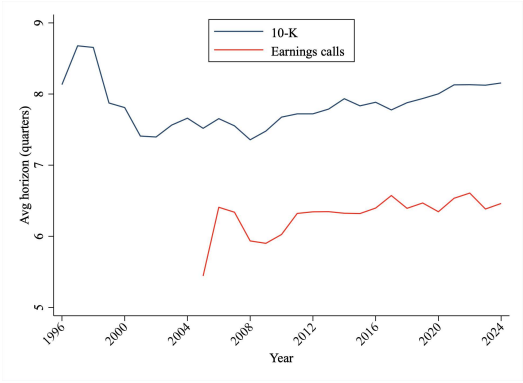


Figure 3
Horizon Time Series: Investment vs. Financing Statements
This figure plots the time series of firms' average planning horizons constructed from the Management's Discussion and Analysis (MD&A) sections of Form 10-K filings and earnings-call transcripts. The blue line includes statements pertaining to investment. The red line includes statements pertaining to financing. The vertical axis reports the average horizon, measured in quarters. The sample includes all Compustat firms from 1996 to 2024.

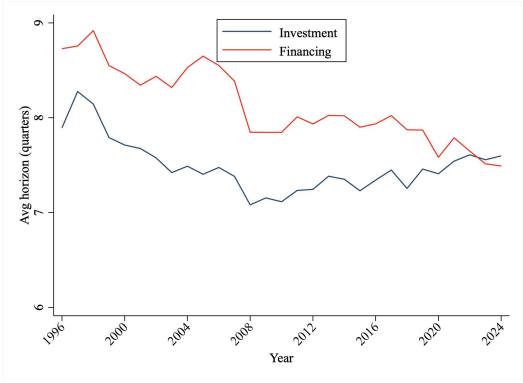
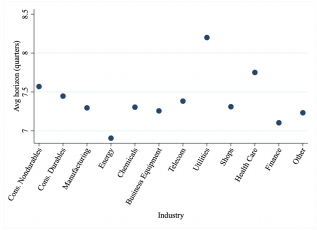
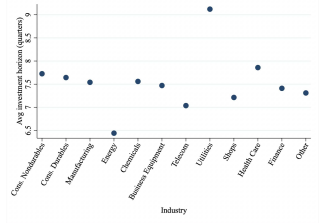


Figure 4
Horizon by Industry
This figure plots average planning horizons across Fama-French 12 industries. Panel A plots average planning horizons constructed from the Management's Discussion and Analysis (MD&A) sections of Form 10-K filings and earnings-call transcripts. Panel B plots average horizons for statements pertaining to investment. Panel C plots average horizons for statements pertaining to financing.

Panel A: Average Horizon



Panel B: Investment Horizon



Panel C: Financial Horizon

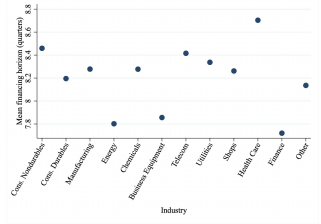
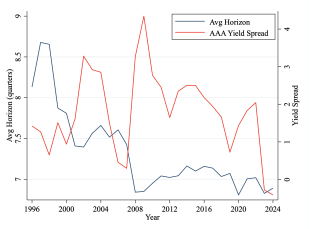


Figure 5
Horizon and Yield-Based Measures
This figure plots average planning horizons against yield-based measures. Panels A and B plot planning horizons and the AAA spread and junk spread, respectively. Panel C plots yield curve steepness, defined as the difference between the 10-year and 2-year Treasury yields. The vertical axis reports the average horizon, measured in quarters. The sample includes all Compustat firms from 1996 to 2024.

Panel A: AAA Spread



Panel B: High-Yield Spread



Panel C: Steepness



Table 1
Summary Statistics
This table reports summary statistics at the firm-year level. Horizon variables are measured in quarters. Accounting variables are scaled by total assets unless otherwise noted. All variables are defined in Table A.1.

	N	Mean	Median	Std. Dev.
Number of Horizons	73801	17.977	10.000	45.097
Average Horizon	86648	7.392	7.000	2.529
Average Investment Horizon	58507	7.711	6.462	4.375
Average Financial Horizon	61161	8.536	8.000	4.719
Average Horizon (Direct Date)	72118	5.977	4.533	7.731
Average Horizon (Confidence Weighted)	73527	7.823	7.577	2.786
Capex	86289	0.052	0.032	0.068
R&D	86648	0.068	0.003	0.187
Profitability	86516	0.018	0.094	0.415
Leverage	86309	0.253	0.206	0.284
Tobin's Q	86458	2.243	1.545	2.743
Tangibility	86557	0.260	0.168	0.244
Z-Score	82834	4.222	2.859	15.645
Observations	86648			

Table 2
Horizon and Yields
This table reports regressions of firms' average planning horizons on yield-based measures. The dependent variable is the firm-level average horizon, measured in quarters. Columns (1)–(2) examine the AAA corporate bond spread, columns (3)–(4) examine the high-yield (junk) spread, and columns (5)–(6) examine yield curve steepness, defined as the difference between the 10-year and 2-year Treasury yields. Even-numbered columns include industry (FF-12) fixed effects and financial controls, while odd-numbered columns include year fixed effects only. All variables are defined in Table A.1. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Average Horizon					
	(1)	(2)	(3)	(4)	(5)	(6)
Corporate spread AAA	-0.183***	-0.234***				
	(0.008)	(0.007)				
Corporate spread high yield			-0.071***	-0.087***		
			(0.003)	(0.003)		
Yield-curve steepness (2–10)					-0.208***	-0.279***
					(0.018)	(0.011)
N	86648	70285	86648	70285	86648	70285
R^2	0.005	0.022	0.005	0.022	0.006	0.023
Industry FE	No	Yes	No	Yes	No	Yes
Financial controls	No	Yes	No	Yes	No	Yes

Table 3
Yields and Investment vs. Financial Horizons
This table reports regressions of firms' average investment and financial planning horizons on yield-based measures. The dependent variable is the firm-level average investment horizon in columns (1)–(3) and the financial horizon in columns (4)–(6). The explanatory variables are the AAA corporate bond spread, the high-yield (junk) spread, and yield curve steepness, defined as the difference between the 10-year and 2-year Treasury yields. Specifications include industry (FF-12) fixed effects and financial controls. All variables are defined in Table A.1. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Average Investment Horizon			Average Financial Horizon		
	(1)	(2)	(3)	(4)	(5)	(6)
Corporate spread AAA	-0.173***			-0.110***		
	(0.034)			(0.022)		
Corporate spread high yield		-0.058***			-0.034***	
		(0.011)			(0.010)	
Yield-curve steepness (2–10)			-0.213***			-0.120***
			(0.044)			(0.028)
N	59889	59889	59889	60071	60071	60071
R^2	0.018	0.018	0.019	0.012	0.012	0.012
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Financial controls	Yes	Yes	Yes	Yes	Yes	Yes

Table 4
Uncertainty and Horizons
This table reports regressions of firms' average planning horizons on measures of uncertainty. The dependent variable is the firm-level average horizon, measured in quarters. Columns (1)–(2) examine the economic policy uncertainty index from Baker et al. (2016). Columns (3)–(4) examine firm-level implied volatility from Alfaro et al. (2024). Fixed effects and controls are noted in the table. All variables are defined in Table A.1. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Average Horizon			
	(1)	(2)	(3)	(4)
Economic Uncertainty	-0.006***	-0.005**		
	(0.002)	(0.002)		
Implied Vol.			-0.330***	-0.286***
			(0.062)	(0.077)
N	86648	70285	40610	34127
R^2	0.013	0.022	0.055	0.072
Industry FE	No	Yes	No	Yes
Year FE	No	No	Yes	Yes
Financial controls	No	Yes	No	Yes

Table 5
Financial Risk and Debt Structure and Horizons
This table reports regressions of firms' average planning horizons on measures of financial risk and debt structure. The dependent variable is the firm-level average horizon, measured in quarters. Columns (1)–(2) examine the Z-Score, columns (3)–(4) examine long-term debt, and columns (5)–(6) examine short-term debt. Even-numbered columns include industry fixed effects and financial controls, while odd-numbered columns exclude financial controls. All specifications include year fixed effects. All variables are defined in Table A.1. Standard errors are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Average Horizon					
	(1)	(2)	(3)	(4)	(5)	(6)
Z-Score	0.003**	0.003***				
	(0.001)	(0.001)				
Long-Term Debt			0.352***	0.345***		
			(0.066)	(0.062)		
Short-Term Debt					-0.241**	-0.275**
					(0.107)	(0.104)
N	82834	70354	73530	73101	73765	73342
R^2	0.043	0.048	0.036	0.047	0.035	0.047
Industry FE	No	Yes	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Financial controls	No	Yes	No	Yes	No	Yes

Table 6
Horizons and Firm Investment
This table reports regressions of firms' capital expenditures (Capex) and research and development (R&D) expenditures on current and lagged measures of planning horizons. The dependent variable is Capex in columns (1)–(2) and R&D in columns (3)–(4). The explanatory variables are the firm-level average horizon measured in quarter t, t-1, and t-2. Even-numbered columns include industry fixed effects and financial controls, while odd-numbered columns exclude financial controls. All specifications include year fixed effects. All variables are defined in Table A.1. Standard errors are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Capex		R&D	
	(1)	(2)	(3)	(4)
Average Horizon (t)	-0.000**	-0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Average Horizon (t-1)	-0.000**	-0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Average Horizon (t-2)	-0.001***	-0.000**	0.003***	0.001
	(0.000)	(0.000)	(0.001)	(0.000)
N	62871	50875	63063	51005
R^2	0.025	0.255	0.006	0.562
Industry FE	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes
Financial controls	No	Yes	No	Yes

Table 7
Horizons and Firm Performance
This table reports regressions of firm performance on current and lagged measures of planning horizons. The dependent variable is return on assets (ROA). The explanatory variables are the firm-level average horizon measured in quarters t, t-1, and t-2. All specifications include year fixed effects. Column (2) also includes industry fixed effects and financial controls. All variables are defined in Table A.1. Standard errors are reported in parentheses. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Profitability	
	(1)	(2)
Average Horizon (t)	0.001	0.000
	(0.001)	(0.001)
Average Horizon (t-1)	-0.000	0.000
	(0.001)	(0.001)
Average Horizon (t-2)	-0.005***	-0.001**
	(0.001)	(0.001)
N	62990	50875
R^2	0.011	0.596
Industry FE	No	Yes
Year FE	Yes	Yes
Financial controls	No	Yes

Appendix

Table A.1
Variable Definitions

Variable	Definition
Average Horizon	Average horizon in quarters
Average Investment Horizon	Average horizon pertaining to investment in quarters
Average Financial Horizon	Average horizon pertaining to financing in quarters
Corporate Spread AAA	AAA corporate bond yield spread over Treasuries
Corporate Spread High Yield	High-yield (junk) corporate bond yield spread over Treasuries
Yield-curve steepness (2–10)	Difference between the 10-year and 2-year Treasury yields
Economic Uncertainty	Economic Policy Uncertainty (EPU) index of Baker, Bloom, and Davis (2016)
Implied Vol.	Firm-level implied stock return volatility following Alfaro, Bloom, and Lin (2024)
Capex	Capital expenditures scaled by total assets (Compustat: capx/at)
R&D	Research and development expenditures scaled by total assets (Compustat: xrd/at)
Profitability	Operating income scaled by total assets (Compustat: oibdp/at)
Tobin's Q	Market value of assets divided by book value of assets (Compustat: (at - ceq + mv)/at)
Leverage	Total debt scaled by assets (Compustat: (dlc+dltt)/at)
Long-Term Debt	Long-term debt scaled by total assets (Compustat: dltt/at)
Short-Term Debt	Debt due within one year scaled by total assets (Compustat: dlc/at)
Tangibility	Net property, plant, and equipment divided by total assets (Compustat: ppent/at)
Z-Score	Altman Z-score measure of firm distress risk constructed from Compustat accounting variables

Table A.2
Example Horizon Statements

Statement	Horizon mapping
On the development front, for 2016 we still expect to open as many new facilities as originally planned.	Short Term
We plan to complete this year's development goals as scheduled.	Short Term
For 2016, we expect to be at or above the $2.6 million result we delivered in 2015.	Short Term
We received approximately $127 million in early April and anticipate three additional payments throughout 2018.	Short Term
These declines are continuing late in 2016, and we believe that for 2016 they will probably reach about 1.1 million barrels of oil per day.	Short Term
By 2020, lithium hydroxide is expected to ramp significantly.	Medium Term
We expect this business to deliver revenues of approximately $875 million in 2018	Medium Term
Our medium-term targets call for at least 12% in fiscal 2018.	Medium Term
North [project] will come on in 2020, representing an additional 30,000 barrels per day.	Medium Term
Over the next 2 years, we expect to execute on this plan.	Medium Term
We are executing against a long-term strategy, not a one-year plan.	Long Term
By mid-2022, we expect this project to be fully ramped.	Long Term
We see this pipeline as a long-term development opportunity.	Long Term
We are planning on fiscal 2022 as the year when the full economics of this investment will be evident.	Long Term
Our decisions here are being made with a long-term horizon in mind.	Long Term
Our long-term targets for the business remain unchanged.	Long Term

Table A.3
Distribution of LLM horizon classifications across 10-K and earnings-call statement samples. Percent short/medium/long are conditional on classified horizon statements.

Sample	N stmts	N horiz	% short	% med	% long	% spec(all)
10-K only	13,792,642	2,564,177	66.31	17.39	16.30	15.13
Calls only	5,261,355	2,549,393	75.70	17.19	7.11	43.72
10-K + calls pooled	19,053,997	5,113,570	70.99	17.29	11.72	23.02