

## Abstract Capital Allocation:

Companies frequently decide on the use of their capital – a process called capital allocation. This process covers two primary categories: investments, such as spending cash on capital expenditures and research and development, and financing, such as corporate payouts and debt repayments. While extant literature focuses on the individual components of the capital allocation process, this research agenda is concerned with the general strategic allocation of firms' capital, incorporating all its elements simultaneously. Data on capital allocation strategies and objectives is not available in standardized format. However, U.S. corporations increasingly report about capital allocation in their earnings calls and, to a lower extent, in their annual reports (10-Ks). As a starting point, we conduct a manual analysis of earnings call transcripts and 10-Ks to identify statements of capital allocation, translating them into statistically exploitable variables. To provide large-sample evidence, we employ a self-learning algorithm that annotates sentences within the aforementioned documents. The first paper of our research agenda aims to understand several questions that are at the heart of corporate finance and governance: (1) Which firms voluntarily disclose information about capital allocation and what information is reported? (2) How does capital allocation disclosure and strategy relate to corporate governance and CEO characteristics? (3) How does capital allocation vary in the cross-section of firms as well as over time? (4) Do firms with a capital allocation strategy exhibit superior accounting and stock-market performance?