

# Real options awareness and its antecedents

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## Abstract

This paper studies the antecedents of text-based real options awareness from three distinct dimensions: (1) firm characteristics, (2) managerial traits and corporate governance, and (3) behavioural sentiment. Using a dataset of all U.S.-listed firms over the period 1988 to 2020 and a novel and time-varying proxy for managerial real options awareness from 10k reports, we identify significant drivers and what increases the level of real options awareness within firms. Our findings extend real options research by providing an intuitive way to assess the real options orientation of corporations and help to explain heterogeneity of real options practice across firms.