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Article

The Role of Large Institutional Ownership on Goodwill Impairment under the SFAS 142 Regime

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Online-Appendix zu

„The Role of Large Institutional Ownership on Goodwill Impairment under the SFAS 142 Regime“

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Appendix

Appendix A: Description of variables

Group of variables	Variable	Description	Source of data
Dependent variable	<i>Impair</i>	Dichotomous variable: Equals 1 if firm <i>i</i> reports an impairment of goodwill in year <i>t</i> , and 0 otherwise.	S&P Compustat
Economic controls	<i>Return</i>	Stock return for firm <i>i</i> in year <i>t</i> .	S&P Compustat
	<i>ReturnLag</i>	Stock return for firm <i>i</i> in in year <i>t</i> – 1.	S&P Compustat
	<i>Btm</i>	Book-to-market ratio for firm <i>i</i> in year <i>t</i> .	S&P Compustat
Managerial and firm-level incentives	<i>Bonus</i>	Dichotomous variable: Equals 1 if CEO of firm <i>i</i> receives a cash bonus in year <i>t</i> , and 0 otherwise.	S&P ExecuComp
	<i>CeoChange</i>	Dichotomous variable: Equals 1 if there is a change in CEO of firm <i>i</i> in year <i>t</i> , and 0 otherwise.	S&P ExecuComp
	<i>Smooth</i>	Dichotomous variable: Equals 1 if income of firm <i>i</i> in year <i>t</i> is positive and the change in income is above the median among firms with a positive change, and 0 otherwise.	S&P Compustat
	<i>Bath</i>	Dichotomous variable: Equals 1 if income of firm <i>i</i> in year <i>t</i> is negative and the change in income is below the median among firms with a negative change, and 0 otherwise.	S&P Compustat
Debt contracting	<i>Leverage</i>	Total liabilities divided by total assets before goodwill impairment of firm <i>i</i> in year <i>t</i> .	S&P Compustat

This table describes the variables of the multivariate linear probability model of equation (1).

Appendix A (continued): Description of variables

Group of variables	Variable	Description	Source of data
Monitoring and governance	<i>AnalystFollow</i>	Logarithm of one plus the average number of analysts that follow firm <i>i</i> in year <i>t</i> . Analyst following is defined as the average number of estimates of financial year-end EPS.	Thomson Reuters I/B/E/S
	<i>OS_Top1</i>	Proportion of equity shares of firm <i>i</i> held by the top institutional owner in year <i>t</i> as reported on quarterly SEC Form 13F filings.	FactSet
	<i>OS_Top3</i>	Proportion of equity shares of firm <i>i</i> held by the top three institutional owners in year <i>t</i> as reported on quarterly SEC Form 13F filings.	FactSet
Firm-level controls	<i>Roa</i>	Net income (loss) divided by total assets of firm <i>i</i> in year <i>t</i> .	S&P Compustat
	<i>Segment</i>	Number of reported operating segments of firm <i>i</i> in year <i>t</i> .	S&P Compustat
	<i>Size</i>	Logarithm of total assets before goodwill impairment of firm <i>i</i> in year <i>t</i> .	S&P Compustat
	<i>GW/TA</i>	Goodwill before impairment of goodwill divided total assets before impairment of goodwill of firm <i>i</i> in year <i>t</i> .	S&P Compustat
	<i>Year</i>	Fiscal year <i>t</i> .	S&P Compustat
	<i>Industry</i>	Firm <i>i</i> 's sector affiliation according to the GICS.	S&P Compustat

This table describes the variables of the linear probability model of equation (1).

Appendix B: Sample breakdown by sectors

Sector	GICS Code	Number of firms	Number of observations	Impairments	Percentage
Energy	10	17	125	15	4.34%
Materials	15	19	183	17	6.36%
Industrials	20	63	552	55	19.19%
Consumer Discretionary	25	42	327	42	11.37%
Consumer Staples	30	23	172	44	5.98%
Health Care	35	57	539	57	18.73%
Information Technology	45	70	614	40	21.34%
Communication Services	50	19	168	22	5.83%
Utilities	55	17	95	7	3.30%
Real Estate	60	16	102	3	3.55%
Total		343	2877	302	100%

This table shows a split of the sample by sector.