Online-Appendix zu

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

Sebastian Hahn

Frankfurt School of Finance & Management

Appendix

Appendix A: Description of variables

Group of variables	Variable	Description	Source of data
Dependent variable	*Impair*	Dichotomous variable: Equals 1 if firm i reports an impairment of goodwill in year t, and 0 otherwise.	S&P Compustat
Economic controls	*Return*	Stock return for firm i in year t.	S&P Compustat
	ReturnLag	Stock return for firm i in in year $t-1$.	S&P Compustat
	Btm	Book-to-market ratio for firm i in year t.	S&P Compustat
Managerial and firm-level incentives	*Bonus*	Dichotomous variable: Equals 1 if CEO of firm i receives a cash bonus in year t, and 0 otherwise.	S&P ExecuComp
	CeoChange	Dichotomous variable: Equals 1 if there is a change in CEO of firm i in year t, and 0 otherwise.	S&P ExecuComp
	Smooth	Dichotomous variable: Equals 1 if income of firm i in year t is positive and the change in income is above the median among firms with a positive change, and 0 otherwise.	S&P Compustat
	Bath	Dichotomous variable: Equals 1 if income of firm i in year t 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	*Leverage*	Total liabilities divided by total assets before goodwill impairment of firm i in year t.	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	*AnalystFollow*	Logarithm of one plus the average number of analysts that follow firm i in year t. Analyst following is defined as the average number of estimates of financial year-end EPS.	Thomson Reuters I/B/E/S
	OS_Top1	Proportion of equity shares of firm i held by the top institutional owner in year t as reported on quarterly SEC Form 13F filings.	FactSet
	OS_Top3	Proportion of equity shares of firm i held by the top three institutional owners in year t as reported on quarterly SEC Form 13F filings.	FactSet
Firm-level controls	*Roa*	Net income (loss) divided by total assets of firm i in year t.	S&P Compustat
	Segment	Number of reported operating segments of firm i in year t.	S&P Compustat
	Size	Logarithm of total assets before goodwill impairment of firm i in year t.	S&P Compustat
	GW/TA	Goodwill before impairment of goodwill divided total assets before impairment of goodwill of firm i in year t.	S&P Compustat
	Year	Fiscal year t.	S&P Compustat
	Industry	Firm 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.