

# Accepted Manuscript

Title: Reporting incentives, ownership concentration by the largest outside shareholder, and reported goodwill impairment losses

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PII: S1815-5669(15)00024-7

DOI: <http://dx.doi.org/doi: 10.1016/j.jcae.2015.07.002>

Reference: JCAE 76

To appear in: *Journal of Contemporary Accounting & Economics*

Received date: 30-8-2013

Revised date: 6-7-2015

Accepted date: 14-7-2015

Please cite this article as: Jamaliah Abdul Majid, Reporting incentives, ownership concentration by the largest outside shareholder, and reported goodwill impairment losses, *Journal of Contemporary Accounting & Economics* (2015), <http://dx.doi.org/doi: 10.1016/j.jcae.2015.07.002>.

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**Reporting Incentives, Ownership Concentration by the Largest Outside Shareholder,  
and Reported Goodwill Impairment Losses**

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**ABSTRACT**

This paper examines the determinants of reported goodwill impairment losses by Malaysian listed companies from 2006 to 2010. The results show managers' reporting incentives are significantly associated with the reported impairment losses. The results also show that the effect of "big bath" reporting on the reported impairment losses was moderated by the largest outside shareholder ownership concentration. Further analyses reveal that "big bath" reporting is not found in companies with a controlling outside shareholder. These findings suggest that increased ownership by the largest outside shareholder is associated with increased shareholder monitoring of the managers' "big bath" reporting.

*JEL classification:* M41

*Keywords:* Largest outside shareholder, Goodwill impairment, Accounting discretion, Ownership concentration, Emerging economy, Mandatory accounting change

**ACKNOWLEDGMENTS**

I would like to thank co-editor Professor Ferdinand A. Gul and an anonymous reviewer for their insightful comments and suggestions. The paper has also received useful comments

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