**JCF Chong 2009**

**Variable definition**

rename a001000000 TA // total asset

rename a002000000 TD // total debt

gen cflow= c001000000/TA // operation cash flow/total asset

gen cash = a001101000/TA // cash / total asset

gen invt = c002006000/TA //investment / total asset

gen tl = TD / TA // total debt / total asset

gen sl = a002100000/TA // current liability / total asset

gen ll = a002206000/TA // long term debt / total asset

gen llr = a002206000/TD // long term debt / total debt

gen slr = a002100000/TD // current debt / total debt

gen bankd= (a002101000+a002201000)/TD // (notes payable + long term payable) / total debt

gen banklev = (a002101000+a002201000)/TA // (notes payable + long term payable) /total asset

gen tang = (a001212000+a001123000)/TA // (fixed asset + inventory)/ total asset

gen itang= a001218000/TA // intangible asset / total asset

gen liqui= ((a001100000-a002100000)-a001101000)/TA //(net working capital / total asset

gen crz = a001100000/a002100000 // current asset / current liability

gen size = ln(TA) // ln(total asset)

gen size2= ln(b001101000) // ln(main business income)

gen tshr = nshrn/nshrttl // shares outstanding/total shares

gen ndts = d000103000/TA // Depreciation / total asset

gen roa = b002000000/TA // net income / total asset

gen roe = b002000000/a003000000 // net income / total equity

 gen ros = b002000000/b001101000 // net income / main business income

gen eps = b002000000/nshrttl // net income/total shares

qui tsset id year

gen mpk1 = b001101000/L.a001212000 // revenue/ Beginning net fixed assets

gen mpk2 = b001300000/L.a001212000 // operating profit/ Beginning net fixed assets

gen sgr = D.b001101000/L.b001101000 // revenue growth rate

gen tagr = D.TA / L.TA // total asset growth rate

\*- Tobin Q

rename a16 tobin

\*- basic variable

gen ipo = 2008 - real(substr(ipodate,1,4))

\*- ownership structure variable

\* executive compensation

gen gpay= ln(d02) // total salary of the top three executives

\* Equity incentives

rename d17 magstk // stock ownership percentage by executives

\* Executives’ control

gen heyi = (d07==1) // When CEO and chairman are the same person, it takes 1，otherwise it is 0

\* ownership structure

rename d27 topone // Top one ownership percentage

rename d25 hhi5 // sum of the square of the top five stockholders ownership percentage

rename d26 hhi10 // sum of the square of the top ten stockholders ownership percentage

rename d24 zi2 // top one stockholder ownership percentage / that of the second stockholder

gen zi5 = topone/(d28+d29+d30+d31) // (top one stockholder ownership percentage) / (total of ownership percentages from the second shareholder to the fifth shareholder)

gen diff5 = topone-(d28+d29+d30+d31) //( top one stockholder ownership percentage) - (total of ownership percentages from the second shareholder to the fifth shareholder)

gen top9\_1 = (d28+d29+d30+d31+d32+d33+d34+d35+d36)/topone

// (total of ownership percentages from the second shareholder to the ten shareholder)/ ( top one stockholder ownership percentage)

gen top4\_1 = (d28+d29+d30+d31)/topone

// (total of ownership percentages from the second shareholder to the fifth shareholder) / (top one stockholder ownership percentage)

\* agency costs

gen ac = b001210000/b001101000 // management fee/revenue

\* ultimate cotroller

gen gfinal = 1 if finalcontrol == 0 // state owned

replace gfinal = 2 if finalcontrol == 1 // privately owned

 replace gfinal = 0 if finalcontrol >1 // other types

label var gfinal "1-state owned 2-privately owned, 0- others”

label define lab\_gfinal 1 " state owned " 2 " privately owned " 0 "others"

label value gfinal lal\_gfinal

gen dum\_my = gfinal==2

gen dum\_gy = gfinal==1

\*-Board of director variables

 gen id\_r = d09/d08 // board independence rate = # of independent directors / board size

rename d08 dshsize // board sizse

rename d11 dshshare // total directors’ ownership percentage

rename d12 jshsize // size of supervisory board

rename d14 jshshare // ownership by supervisory board

rename d04 av\_age // average age of directors, supervisors and executives

\* winsorize major variable

gen tl\_0 = tl // back up the original value o f tl, will be used for finding firms that is tl>1

foreach v of varlist cflow-tagr tobin gpay ac crz {

rename `v' `v'\_a

 winsor `v'\_a, gen(`v') p(0.01)

drop `v'\_a

}

order id year cflow-tagr tobin div\_\* pg\_yes zf\_yes magstk-ac ///

 gfinal dum\_my dum\_gy id\_r dsh\* jsh\* av\_age

label var cflow cash flow

label var cash cash holding

label var invt investment ratio

label var tl debt ratio

label var sl short term debt ratio

label var ll long term debt ratio

label var llr debt maturity structure \_ long term debt ratio

label var slr debt maturity structure \_ short term debt ratio

 label var bankd bank loan/total debt

label var banklev "bank loan / total asset"

label var tang asset structure

label var itang asset structure \_ intangible asset ratio

label var liqui cash substitute

label var crz liquidity ratio

label var size firm size \_ total asset

label var size2 firm size \_ main business revenue

label var tshr "shares outstanding percentage"

label var ndts "non-debt tax shield"

label var roa ROA

label var roe ROE

label var ros ROS

label var eps EPS

label var mpk1 "main business revenue / beginning net fixed asset"

label var mpk2 "main business net income / beginning net fixed asset "

label var sgr main business sales growth rate

label var tagr total asset growth rate

label var tobin "Tobin's Q"

label var ipo "2008-IPO year"

label var gpay "ln of total compensation of top three executives"

label var magstk "executives shareholder percentage"

label var heyi "if CEO and chairman are the same person, it is 1, otherwise, it is 0"

label var topone "top one shareholder’s ownership percentage"

label var hhi5 " sum of the square of the top five stockholders ownership percentage "

label var zi2 " top one stockholder ownership percentage / that of the second stockholder"

label var zi5 " (top one stockholder ownership percentage) / (total of ownership percentages from the second shareholder to the fifth shareholder)”

label var ac "agency costs = management fee / revenue"

label var dum\_my "dummy variable for privately owned firm"

label var dum\_gy " dummy variable for state owned firm"

label var id\_r "number of independent directors / board size"

label var diff5 "( top one stockholder ownership percentage) - (total of ownership percentages from the second shareholder to the fifth shareholder)”

label var top9\_1 "(total of ownership percentages from the second shareholder to the ten shareholder)/ ( top one stockholder ownership percentage)

label var top4\_1 "(total of ownership percentages from the second shareholder to the fifth shareholder)/ ( top one stockholder ownership percentage)