Relative Target Setting and Cooperation

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Compliance with Data Policy for the Journal of Accounting Research

1. *A description of which author(s) handled the data and conducted the analyses.*

   Nick Hoffmeister collected the proprietary data discussed in Section 3 of the paper. Nick Hoffmeister and Stephan Kramer collected geographical information on business units. Martin Holzhacker and Stephan Kramer collected public macroeconomic data necessary to construct some of the control variables. Martin Holzhacker, Stephan Kramer and Nick Hoffmeister were involved in the data handling and analysis.

2. A *detailed description of how the raw data were obtained or generated, including data sources, the specific date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments). We recommend that more than one author is able to vouch for the stated source of the raw data.*

   Proprietary data used in the study were obtained from the following data sources:

   1) Nick Hoffmeister obtained data on actual and targeted business unit earnings as well as further financial and operational information related to business units and business groups for the financial years 2012-2014 from the company on February 14, 2014. Multiple rounds of interactions with company representatives took place around this time to help the authors understand the data structure.

   2) Nick Hoffmeister and Stephan Kramer obtained data on business units' geolocations from the intranet site of the company on September 24, 2014. The data contains addresses of individual business units, which were transformed into latitude and longitude coordinates with the help of google maps (maps.google.com).

   3) Martin Holzhacker and Stephan Kramer obtained historical data on macroeconomic indicators per country for years 2012-2014. The following data was collected from the website of the World Bank and the European Central Bank.

a. Foreign currency exchange rates collected on June 24, 2015. (https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html)

b. National gross domestic product deflators collected on October 7, 2015. (http://data.worldbank.org/indicator/NY.GDP.DEFL.ZS)

c. National gross domestic product per capita collected on November 17, 2015. (http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD)

Martin Holzhacker, Stephan Kramer, and Nick Hoffmeister vouch for the stated sources of the data.

3. *If the data are obtained from an organization on a proprietary basis, the authors should privately provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors. The editors would not make this information publicly available. The authors should also provide information to the editors about the data sharing agreement with the organization (e.g., non-disclosure agreements, any restrictions imposed by the organization on the authors, such as restrictions to publish certain results).*

   The cover letter includes contact information of a company representative's who can verify the data collection process. Although the findings of our study are not subject to a written non-disclosure agreement, we have agreed not to disclose the identity of the company or any sensitive descriptive information. The company representative has reviewed the manuscript and classified the information in the current version paper as not confidential.

4. *A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental and survey papers, we require information about the instructions and instruments used to generate the data, subject eligibility and/or selection, as well as any exclusion criteria. The full set of instructions and instruments can be provided in the online appendix.*

   Step 1: Obtaining access to proprietary company data
   After approval of the data collection by the company's CFO, the raw data was gathered by Nick Hoffmeister as part of a research project based at Erasmus University Rotterdam where three of the co-authors were based at the initial phase of the project.

   Step 2: Processing of proprietary company data
   The raw data was used to obtain a dataset consisting of business unit-year observations with available data on target revisions and past own and peer performance in 2013 and 2014.

   Step 3: Sample selection
   As described in Section 4.1 of the paper, we discard abnormal observations affected by one of the following: (i) a merger with another BU, (ii) a restructuring into multiple BUs, (iii) other

acquisitions or divestitures resulting in abnormal target revisions or performance relative to target, which we operationalize as 1% of outlying observations in terms of target revisions or performance relative to target, (iv) a business group manager acting as an interim BU manager, in which case the usual target-setting process does not apply.

Step 4: Presentation to company CFO
The authors presented the findings of the research project to the company's CFO of the company.

5. *The computer programs or code used to convert the raw data into the final dataset used in the plus a brief description that enables other researchers to use this program. The purpose of this requirement is to facilitate replication and to help other researchers understand in detail how the raw data were processed, the final sample was formed, variables were defined, outliers were treated, etc. This code or programming is in most circumstances not proprietary. However, we recognize that some parts of the code or data generation process may be proprietary, including from the authors' perspective. Therefore, instead of the code or program, researchers can provide a detailed step-by-step description of the code or the relevant parts of the code such that it enables other researchers to arrive at the same final dataset used in the analysis. In such cases, the authors should inform the editors upon initial submission, so that the editors can consider an exemption from the code sharing requirement. Whenever feasible, authors should also provide the identifiers (e.g., CIK, CUSIP) for their final sample. Authors should consult our FAQ Sheet on the JAR website for further details.*

   A code file used to generate the dataset and tables presented in the paper has been uploaded to the Journal's Online Supplements and Datasheet web page.

6. *An assurance that the data and programs will be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.*

   Martin Holzhacker and Stephan Kramer will maintain all data and program files for at least six years.