

Table 3: **Panel B. Regression of Investment Measures (continued).** DRAFT.

Automated output. The version in the submitted thesis was manually adjusted due to style and space constraints.

	Change in CAPEX/ Average assets				Change in R&D/ Assets			
	(9) I	(10) II	(11) III	(12) IV	(13) I	(14) II	(15) III	(16) IV
New financial covenant violation	-0.009*** (0.002)	-0.007*** (0.002)	-0.006*** (0.002)	-0.006*** (0.002)	-0.003** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
One-time violator				0.002** (0.001)				-0.000 (0.001)
Frequent violator				-0.000 (0.000)				-0.000 (0.001)
Operating cash flow/ Average assets		0.012*** (0.001)	0.013*** (0.002)	0.013*** (0.002)		0.004*** (0.001)	0.006 (0.003)	0.006 (0.003)
Leverage		-0.013*** (0.002)	-0.009* (0.004)	-0.009* (0.004)		0.006*** (0.001)	0.008*** (0.003)	0.008*** (0.003)
Interest expense/ Average assets		0.072*** (0.015)	0.084*** (0.029)	0.084*** (0.029)		0.014* (0.007)	0.013 (0.022)	0.014 (0.022)
Net worth/ Assets		-0.008*** (0.002)	-0.003 (0.002)	-0.003 (0.002)		0.004*** (0.001)	0.005** (0.003)	0.005* (0.003)
Current ratio		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)		0.001*** (0.000)	0.001*** (0.000)	0.001*** (0.000)
Market-to-book ratio		0.000* (0.000)	0.000 (0.000)	0.000 (0.000)		-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
Ln(Assets)		0.001*** (0.002)	-0.000 (0.000)	-0.000 (0.000)		-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
PPENT/ Assets		-0.018*** (0.001)	-0.029*** (0.003)	-0.029*** (0.003)		-0.004*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)
First differences (Assets)		-0.068*** (0.002)	-0.070*** (0.005)	-0.070*** (0.005)		0.009*** (0.001)	0.008*** (0.002)	0.008*** (0.002)
First differences (PPENT/Assets)		-0.532*** (0.008)	-0.526*** (0.036)	-0.526*** (0.036)		-0.013** (0.005)	-0.014 (0.009)	-0.014 (0.009)
Constant	-0.004*** (0.000)	0.002 (0.002)			0.000** (0.000)	-0.002*** (0.001)		
FE	No	No	Yes	Yes	No	No	Yes	Yes
Clustered SE	No	No	Yes	Yes	No	No	Yes	Yes
R <sup>2</sup>	0.000	0.048			0.000	0.015		
Adj. R <sup>2</sup>	0.000	0.048			0.000	0.014		
Num. obs.	141290	100944	100944	100944	73715	48854	48854	48854
Num. groups: quarter		44	44	44			44	44
Num. groups: ffi		36	36	36			35	35
Num. groups: eqtr		4	4	4			4	4
R <sup>2</sup> (full model)		0.053	0.053	0.053			0.022	0.022
R <sup>2</sup> (proj model)		0.048	0.048	0.048			0.015	0.015
Adj. R <sup>2</sup> (full model)		0.052	0.052	0.052			0.020	0.020
Adj. R <sup>2</sup> (proj model)		0.048	0.048	0.048			0.014	0.014

\*\*\* $p < 0.01$ ; \*\* $p < 0.05$ ; \* $p < 0.1$