**ABSTRACT**

**Objective:** This paper examines the extent to which different corporate governance mechanisms affect the recognition and measurement of goodwill impairment, considering that these decisions are affected by a complex set of factors such as variables associated with corporate governance, economic/financial variables, and the market.

**Methodology:** We used data from 110 companies, both Spanish (75) and Portuguese (35), with listed securities, in the period 2010–2016 (unbalanced panel), and the path analysis method to infer financial and non-financial data relationships.

**Findings:** The results support the hypothesis that attributes linked to management and internal and external control mechanisms, as well as economic/financial, market and location variables, are directly and indirectly associated with the recognition of goodwill impairment.

**Value Added:** This paper outlines a company behavioral profile where opportunity seems to prevail over timely recognition and measurement of goodwill impairment. Big bath practices appear to be well founded, as well as the alignment of this strategy with market signals.

**Recommendations:** To foster the adoption of accounting practices close to the interests of all stakeholders, regulators should be encouraged to incentivize corporate governance models that promote the periodic rotation of the chief executive officer/chairman, the independence of all members of the statutory audit board, and training in economic and financial areas.

**Key words:** Corporate governance, goodwill impairment, path analysis.

**JEL codes:** M10, M41, M42, M48, N24