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Which Does More to Determine the Quality of Corporate Governance in Emerging Economies, Firms or Countries?

by Andrea Hugill and Jordan Siegel

Abstract

Scholars of corporate governance have debated the relative importance of country and firm characteristics in understanding corporate governance variation across emerging economies. Using panel data and a number of model specifications, we shed new light on this debate. We find that firm characteristics are as important as and often meaningfully more important than country characteristics in explaining governance ratings variance. These results suggest that over recent years firms in emerging economies had more capability to rise above home-country peer firms in corporate governance ratings than has been previously suggested. In fact, 16.8% percent of firms in emerging economies have been able to exceed the 75th percentile of corporate governance ratings in developed economies and 45.5% of firms in emerging economies have been able to exceed the 50th percentile of corporate governance ratings in developed economies.

Keywords: Quality; Corporate Governance; Developing Countries and Economies;

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