

Cross national comparison of the
system of corporate governance:
An institutional perspective.

by

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The issue

What shapes the interaction between the firm and the financier?

Is this „technology” transferable across countries?

Its relevance

- Capital supply
- Liquidity
- Competitiveness
- Efficiency of financial market
- Regional, country competitiveness

What should be assessed?

- Behavior of the individual actors
- Ownership structure
- Legal background
- ...

...or ...

“the body that the blood – agents and groups of agents – circulates in” (Ingrem et al., 1998:526)

Definition

“Corporate governance describes the structures, processes, and institutions within and around organizations that allocate power and resource control among participants.” (Davis, 2005:1)

The institutional framework (VoC)

- **Business environment, the labor market and social conditions** (Soskice, 1999; Hall and Soskice, 2001; Hall and Gingerich, 2004)
- **Complementarities** (Amable, 2003)
- **The financial system** (Amable, 2003)

Sample and methodology

- Sample:
 - EU 27 and Switzerland, Norway
 - 2006 – 2008
 - 87 panel data
 - 15 independent variables
 - 1 dependent variable
- Methodology
 - Factor analysis
 - Period SUR panel regression

| | | <i>Factors</i> | | | |
|------------------|----------------------|----------------|----------------------|---------|---------------|
| | | Labor market | Business environment | Ethical | Psychological |
| <i>Variables</i> | Corruption | | | | |
| | Social benefit | | | | |
| | Suicide | | | | |
| | Alcoholic abuse | | | | |
| | School expectancy | | | | |
| | DH | | | | |
| | RHI | | | | |
| | DRI | | | | |
| | REI | | | | |
| | Tax on labor | | | | |
| | Starting a business | | | | |
| | Registering property | | | | |
| | Legal rights index | | | | |
| | Enforcing contracts | | | | |
| | Total tax rate | | | | |

Results

- Inverse relationship
 - Bank passivity
 - Labor market rigidity
 - Business environment**
 - Psychology*
- Positive relationship
 - Ethical*

Conclusion

- Institutional approach is valid
- Complementarity is present but not significant
- Determining nature of financial system is present but not significant

Discussion

- Transferability?
- Superiority?
- Mobility?

Thank you for your
constructive criticism.