

Accepted Manuscript

Does corporate governance matter in competitive industries?
Evidence from China

Jie Li, Jian Yang, Zhuangxiong Yu

PII: S0927-538X(16)30267-0
DOI: doi: [10.1016/j.pacfin.2017.04.008](https://doi.org/10.1016/j.pacfin.2017.04.008)
Reference: PACFIN 929

To appear in: *Pacific-Basin Finance Journal*

Received date: 23 November 2016
Revised date: 4 April 2017
Accepted date: 25 April 2017

Please cite this article as: Jie Li, Jian Yang, Zhuangxiong Yu , Does corporate governance matter in competitive industries? Evidence from China. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Pacfin(2017), doi: [10.1016/j.pacfin.2017.04.008](https://doi.org/10.1016/j.pacfin.2017.04.008)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Does corporate governance matter in competitive industries? Evidence from China

Jie Li

Institute of Industrial Economics & Institute of Industrial Organization and Regulation,
Jinan University

Jian Yang*

Center for China Financial Research, Business School, University of Colorado Denver

Zhuangxiong Yu

Institute of Industrial Economics, Jinan University

Abstract

Using the data of Chinese listed firms from 2003 to 2013, this study examines how product market competition affects the impact of corporate governance on firm value. In sharp contrast with the overwhelming empirical evidence based on the US and European developed markets that product market competition acts as a substitute for corporate governance and good governance matters only in non-competitive industries, we document that good governance of Chinese firms significantly increases firm value only in competitive industries, primarily through less empire building. The evidence is significant particularly after the recent global financial crisis and far stronger for state-owned firms than for non-state-owned firms.

Keywords: product market competition, corporate governance, firm value, emerging markets

JEL classifications: G34, G38, L1

We thank the referee for extensive and insightful comments. We also gratefully acknowledge helpful comments on earlier versions from John Byrd, Woody Eckard, Yufeng Han, Takeshi Nishikawa and session/seminar participants at 2015 Chinese Economists Society annual conference and University of Colorado Denver. Li acknowledges the support from the key project of the National Natural Science Foundation of China (71333007), the National Social Science Foundation of China (15BJL087), and the Guangdong Provincial Natural Science Foundation (2014A030313395). Yang acknowledges the support from the National Natural Science Foundation of China (71571106). Yu acknowledges the support from Guangdong Education Bureau (2015WTSCX007), the Fundamental Research Funds for the Central Universities (15JNQM008), and Guangdong Transformation and Upgrading of Collaborative Innovation Center.

*Corresponding author. Business School, University of Colorado Denver, Denver, CO 80217-3364. Email: Jian.Yang@ucdenver.edu. Tel: (303) 315-8423; Fax: (303) 315-8084.

Download English Version:

<https://daneshyari.com/en/article/5102324>

Download Persian Version:

<https://daneshyari.com/article/5102324>

[Daneshyari.com](https://daneshyari.com)