

Accepted Manuscript

Title: Voluntary corporate governance structure and financial Distress:
evidence from australia

Author: Seema Miglani, Kamran Ahmed, Darren Henry

PII: S1815-5669(14)00042-3
DOI: <http://dx.doi.org/doi: 10.1016/j.jcae.2014.12.005>
Reference: JCAE 67

To appear in: *Journal of Contemporary Accounting & Economics*

Received date: 9-7-2012
Revised date: 14-11-2014
Accepted date: 14-11-2014

Please cite this article as: Seema Miglani, Kamran Ahmed, Darren Henry, Voluntary corporate governance structure and financial Distress: evidence from australia, *Journal of Contemporary Accounting & Economics* (2015), <http://dx.doi.org/doi: 10.1016/j.jcae.2014.12.005>.

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.



Voluntary Corporate Governance Structure and Financial Distress: Evidence from Australia

Seema Miglani^a, Kamran Ahmed^{a, *}, Darren Henry^b

^aDepartment of Accounting, La Trobe University, Australia

^b Department of Finance, La Trobe University, Australia

ABSTRACT

We examine the role of voluntary adoption of corporate governance mechanisms in mitigating the financial distress status of firms. Using a sample of 171 financially distressed and 106 healthy listed Australian firms over the five-year period prior to the introduction of the ASX Corporate Governance Council Code in 2003, we find support for the argument that the adoption of certain corporate governance mechanisms is beneficial for firms, as reflected in a reduced likelihood of financial distress. In particular, greater levels of blockholder and director ownership and the existence of a separate audit committee are associated with lower financial distress likelihood. We also find causal evidence that the voluntary adoption of particular corporate governance structures leads to lower levels of financial distress, rather than financial distress recognition leading to corporate governance structural reform.

Keywords: Corporate Governance; Financial Distress; Ownership; Voluntary Adoption; Agency Theory

JEL classification codes: G32, G34

Acknowledgements: Helpful comments and suggestions from an anonymous referee, seminar participants at La Trobe University and discussant and participants at the AFAANZ Annual Conference, 2010 in Christchurch, are gratefully appreciated. All remaining errors are ours.

* Corresponding author. Address: Professor Kamran Ahmed, Department of Accounting, Faculty of Business, Economics and Law, La Trobe University, Melbourne, Victoria, 3086, Australia; Telephone: +61 3 9479 1125; Fax: +61 3 9479 2356; E-mail: k.ahmed@latrobe.edu.au.

Download English Version:

<https://daneshyari.com/en/article/5092887>

Download Persian Version:

<https://daneshyari.com/article/5092887>

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