Corporate governance and firm value during the global financial crisis: Evidence from China

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Abstract

Chinese firms that adopt a reputable accounting auditor experience a small reduction in firm value during the global financial crisis. High managerial ownership also results in a small decline in firm value for state-owned enterprises (SOEs). These results provide additional evidence that good corporate governance mitigates the expropriations of minority shareholders that become severe during a crisis period. We also find that SOEs that show poor performance during the pre-crisis period experience better performance during the crisis, especially when they rely on bank debt. The result suggests that state ownership mitigates financial constraints during times of financial crisis.

\textit{JEL Classification Codes:} G01; G30; G32; G38

\textit{Keywords:} Financial crisis; Corporate governance; Information disclosure quality; State-owned enterprises; China

\textsuperscript{*} This paper is financially supported by the JSPS Grants-in-Aid for Scientific Research and the Kyushu University Interdisciplinary Programs in Education and Projects in Research Development.

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