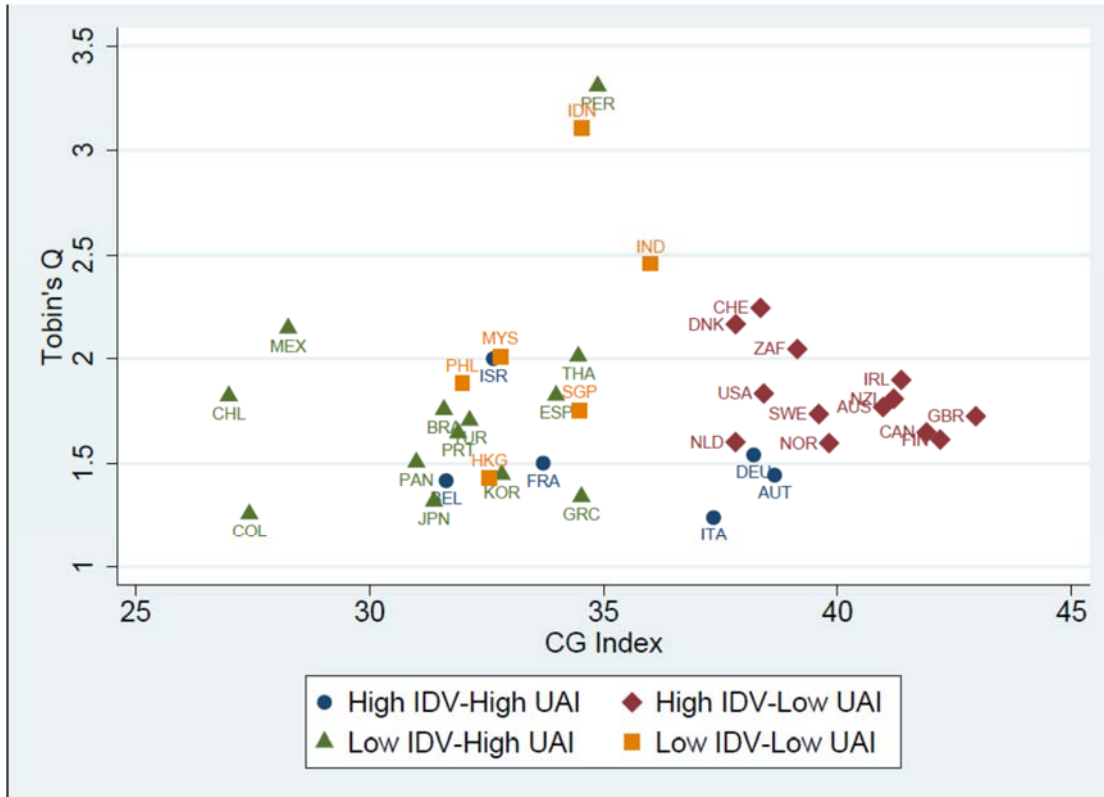


**Internet Appendix for  
“National Culture and the Value Implication of Corporate Governance”**

**Figure 1A. Scatterplot of country-level corporate governance scores and firm value**



**Table A1: Construction of the corporate governance index**

This appendix provides the scoring scheme as well as the original GMI questions. Mean score values are based on the full GMI sample, covering 4,457 firms in 50 countries (involving 22,650 firm-year observations) for the period 2006-2011.

Score item	Scoring scheme	GMI code	Question	Mean
<i>Board Accountability</i>				
BA1	BAindicator1=0; 1 if yes; 0 if missing	1.10a	Do the non-executive members of the board have a formal session without the executive members at least once a year?	0.624
BA2	BAindicator2=1 if no, 0.5 if yes & 1.10h no 0 if yes 0 if yes, ignore missing	1.10g	Do any of the board members serve on the boards of at least three other public companies?	0.762
		1.10h	Do 25% to 49.9% of directors serve on the boards of at least three other public companies?	
		1.10i	Do 50% or more of directors serve on the boards of at least three other public companies?	
BA3	BAindicator3=0; 1 if yes; 0 is missing	1.13d	Do all non-executive board members own shares after excluding options held?	0.515
BA4	BAindicator4=0, 1 if yes; 0 if missing	1.1c	Can the non-executive chair be classified as independent?	0.282
BA5	BAindicator5=1 if no; 0.5 if yes & 1.2h no 0 if yes	1.2g	Can 25% to 49.9% of the company's board members be classified as independent?	0.780
		1.2h	Can 0% to 24.9% of the company's board members be classified as independent?	
BA6	BAindicator6=0, 1 if yes; 0 if missing	1.6d	Are all or a majority of the governance or nomination committee members non-executive board members?	0.750
BA7	BAindicator7=1; 0 if yes; 0 if missing	1.6f	Does the CEO sit on the governance or nomination committee?	0.925
BA8	BAindicator8=0; 1 if yes; 0 if missing	1.9e	Did all members attend at least 75% of the board meetings and his or her committee meetings?	0.645
BA9	BAindicator9=0; 1 if 1.10e no	1.10e	Are there more than 15 board members?	0.933
BA10	BAindicator10=1, 0 if yes; 0 if missing	1.10m	Have any directors served on the board for 10 or more years?	0.317
BA11	BAindicator11=0.5, 1 if yes; 0 if missing or NULL	1.10o	If the board has a non-executive Chairman, does that Chairman have substantial industry knowledge?	0.341
BA12	BAindicator12=1, 0.5 if 1.12f yes 0 if 1.12g or 1.12h yes	1.12f	Have there been related-party transactions in the past three years?	0.606
		1.12g	Has there been a related-party transaction involving the Chairman, CEO, President, COO, or CFO, or a relative of the Chairman, CEO, President, COO, or CFO, or the controlling shareholder, if any, within the last three years?	
		1.12h	Did related-party transactions in the aggregate amount to at least one percent of this company's revenues for any single year within the last three years?	
BA13	BAindicator13=0, 1 if yes; 0 if missing	1.13e	Has the number of company shares held by officers and directors as a group increased by 10% or more over the last 12 months?	0.243
BA14	BAindicator14=1, 0 if yes; 0 if missing	1.13f	Has the number of company shares held by officers and directors as a group decreased by 10% or more over the last 12 months?	0.704
BA15	BAindicator15=1, 0 if yes; 0 if missing	1.14b	Within the last three years, has the company failed to adopt the specific recommendations (or a comparable alternative) of a shareholder proposal approved by a majority of the votes cast?	0.948

BA16	BAindicator16=0, 1 if yes	1.1f	Can the designated “lead” or senior non-executive board member be classified as independent?	0.328
BA17	BAindicator17=0, 1 if yes; 0 if missing	1.3d	Are some board members subject to nomination, election, or appointment by a constituency group?	0.115
BA18	BAindicator18=0, 1 if yes; 0 if missing	1.3g	Does the company accept shareholder nominations for board candidates?	0.756
BA19	BAindicator19=0, 1 if yes; 0 if missing	1.3h	Does the company use, or has it adopted, some form of majority voting in the election of directors?	0.594
BA20	BAindicator20=1, 0.5 if 1.9f yes; 0 if missing	1.9f	Have one or more members missed 25% or more of the board meetings and his or her committee meetings?	0.696
	0 if 1.9g yes; 0 if missing	1.9g	Have more than 25% of the board members missed 25% or more of the board meetings and his or her committee meetings?	

#### *Financial Disclosure and Internal Controls*

FD1	FDindicator1=0, 1 if yes; 0 if missing	2.10d	Has the board adopted a separate committee or subcommittee responsible for oversight of risk management?	0.043
FD2	FDindicator2=0, 1 if yes	2.1a	Is there an audit committee?	0.870
FD3	FDindicator3=0, 1 if yes; 0 is missing	2.1c	Is the audit committee wholly composed of non-executive board members?	0.842
FD4	FDindicator4=0, 1 if 2.2d yes or 2.2g yes; 0 if missing	2.2d	Is there at least one non-executive member of the audit committee who has general expertise in accounting or financial management?	0.798
		2.2g	Is there at least one non-executive member of the audit committee who has recent expertise in accounting or financial management?	
FD5	FDindicator5=0, 1 if yes; 0 if missing	2.2t	Does the audit committee have sole authority to approve any non-audit services from the company's outside auditor?	0.649
FD6	FDindicator6=1, 0 if yes; 0 if missing	2.4d	Does the company use its outside auditors for internal audit services?	0.864
FD7	FDindicator7=1, 0 if yes; 0 if missing	2.4j	Did the company pay its auditor less for audit and audit-related services than for other services in the last year reported?	0.891

#### *Shareholder Rights*

SR1	SRindicator1=1, 0 if yes; 1 if missing	3.3h	Must shares be deposited or blocked from trading in order to vote?	0.913
SR2	SRindicator2=0, 1 if yes; 0 if missing	3.4a	Do all common or ordinary equity shares have one-share, one-vote, with no restrictions?	0.823
SR3	SRindicator3=1, 0 if yes; 0 if missing	3.4b	If there are classes of stock with different voting rights, does the class that is widely held have lower voting rights than other classes held by insiders or other core shareholders?	0.930
SR4	SRindicator4=1, 0 if yes; 0 if missing	3.4d	Are voting rights capped at a certain percentage, no matter how many shares the investor owns?	0.963
SR5	SRindicator5=1, 0 if yes; 0 if missing	3.4f	Are voting rights different depending on the duration of ownership?	0.979
SR6	SRindicator6=1, 0 if yes; 0 if missing	3.4g	Does the company require a minimum amount of shares in order to vote?	0.897
SR7	SRindicator7=0, 1 if 3.8a yes; 0 if missing	3.8a	Do shareowners have a right to convene an EGM (or “Special Meeting”)?	0.746
SR8	SRindicator7b=0, 1 if 3.8b yes; 0 if missing	3.8b	Do shareholders have a right to convene an EGM with 10% or less of the shares requesting one?	0.566

#### *Remuneration*

MR1	MRindicator1=0, 1 if 4.1b yes; 0 if missing	4.1b	Is the remuneration committee wholly composed of non-executive board members?	0.766
MR2	MRindicator2=1, 0 if yes; 0 if missing	4.1e	Does the CEO/Managing Director sit on the remuneration committee?	0.964
MR3	MRindicator3=1, 0 if yes; 0 if missing	4.1h	Are there no independent board members on the remuneration committee?	0.963
MR4	MRindicator4=0, 1 if yes; 0 if missing	4.3b	Does the company disclose specific numeric performance targets for the upcoming fiscal year (not the prior fiscal year), for at least one of the performance objectives (not just a target award percentage of salary)?	0.170
MR5	Mrindicator5=1, 0 if yes; 0.5 if missing or Null	4.4o	If the company has a change of control or termination provision, does the CEO and/or do key executives receive three or more times annual salary at the time of a change of control or termination?	0.682
MR6	MRindicator6=1, 0 if yes; 0.5 if missing or Null	4.4v	For the last fiscal year, was total CEO compensation more than 2.99 times higher than that of the next highest compensated key executive?	0.549
MR7	MRindicator7=1, 0 if either 4.8s or 4.8t yes; 0.5 if missing	4.8s	Is total potential dilution as a result of stock options outstanding, plus stock options approved for grant but not yet granted, 20% to 24.99%?	0.803
		4.8t	Is total potential dilution as a result of stock options outstanding, plus stock options approved for grant but not yet granted, more than 25%?	
MR8	MRindicator8=1, 0 if yes; 0 if missing	4.8u	Does the company have an evergreen plan covering executives or members of senior management?	0.983
<i>The Market for Corporate Control</i>				
MC1	MCindicator1=1, 0 if 5.1a yes; 0 if missing 0.5 if either 5.1b or 5.1c or 5.1d yes	5.1a	Has the company adopted a shareholder rights plan (a “poison pill”)?	0.841
		5.1b	Has the company’s shareholder rights plan (a “poison pill”) been ratified by a shareholder vote?	
		5.1c	Does the company’s shareholder rights plan include a TIDE provision or a three-year sunset provision?	
		5.1d	Does the shareholder rights plan include a provision allowing it to be redeemed by a vote of the majority of shareholders other than the potential acquirer (a “chewable pill”)?	
MC2	MCindicator2=1, 0 if yes; 0.5 if missing	5.3b	Is the company involved in a series of cross-shareholdings with other (related or unrelated) companies?	0.961
MC3	MCindicator3=1, 0 if yes	5.3j	Are minority shareholders in the company’s home market historically at risk of not receiving “tagalong rights” in a major company transaction?	0.987
MC4	MCindicator4=1, 0 if 5.4b yes; 0 if missing	5.4b	Does the company have a staggered (“classified”) board?	0.515
MC5	MCindicator5=0, 1 if 5.4d yes; 0 if missing	5.4d	Can directors be removed without cause?	0.701
<i>Corporate Behavior- Employee Relationship</i>				
CBS1	CBSindicator1=0, 1 if 6.1c yes; 0 if missing	6.1c	Does the company have a policy addressing workplace safety?	0.530
CBS2	CBSindicator2=0, 1 if 6.1d yes; 0 if missing	6.1d	Does the company comply with an external workplace code such as the ILO Fundamental Conventions or SA 8000 or the U.N. Global Compact?	0.142
CBS3	CBSindicator3=0, 1 if 6.1e yes; 0 if missing	6.1e	Does the company disclose its workplace safety record in the annual report or in another form accessible to shareholders?	0.271

CBS4	CBSindicator4=0, 1 if 6.1f yes; 0 if missing	6.1f	Does an independent outside body audit the company's workplace safety practices?	0.095
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*Corporate Behavior- Environment*

CBE1	CBEindicator1=0, 1 if 6.3e yes; 0 if missing	6.3e	Does the company disclose its environmental performance in its annual report, on its website, or in a special environmental report?	0.393
CBE2	CBEindicator2=0, 1 if 6.3f yes; 0 if missing	6.3f	Does the company follow the Global Reporting Initiative, Accounting for Sustainability, or other internationally recognized environmental reporting framework to disclose its environmental performance?	0.162
CBE3	CBEindicator3=0, 1 if 6.3i yes; 0 if missing	6.3i	Does the company adhere to a nationally or internationally recognized environmental code of conduct such as the International Chamber of Commerce (ICC) Business Charter for Sustainable Development, CERES, or something comparable?	0.167
CBE4	CBEindicator4=0, 1 if 6.3k yes; 0 if missing	6.3k	Does the company report to shareholders on its exposure to and management of climate change risks?	0.299
CBE5	CBEindicator5=0, 1 if 6.3l yes; 0 if missing	6.3l	Does the company specifically disclose its Greenhouse Gas (GHG) emissions?	0.110
CBE6	CBEindicator6=0, 1 if 6.3n yes; 0 if missing	6.3n	Are specific targets for reducing environmental exposures (e.g., GHG emissions, water use, hazardous waste, toxins, landfill, degradation, spills, etc.) disclosed?	0.078

*Corporate Behavior- Reputation*

CBP1	CBPindicator1=0, 1 if 6.5f yes; 0 if missing	6.5f	Does the company disclose its policy regarding corporate-level political donations?	0.413
CBP2	CBPindicator2=0, 1 if 6.5h yes; 0 if missing	6.5h	Is there a board committee responsible for environmental, health, and safety concerns?	0.146
CBP3	CBPindicator3=0, 1 if 6.5i yes; 0 if missing	6.5i	Does the company have a policy that prohibits money laundering, corruption, and bribery by company employees and agents of the corporation?	0.824

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**Table A2. Sample coverage across countries and over time**

This table reports the sample coverage in terms of the number of firms covered in each country-year.

Country Name	Year						All
	2006	2007	2008	2009	2010	2011	
Australia	54	61	69	134	153	153	624
Austria	11	11	12	14	17	19	84
Belgium	14	14	16	19	19	17	99
Brazil	12	19	29	35	50	57	202
Canada	75	76	85	92	86	99	513
Chile	9	11	11	11	13	13	68
Colombia	1	3	3	3	6	6	22
Denmark	16	16	18	19	19	20	108
Finland	23	23	24	24	25	25	144
France	70	75	80	82	83	85	475
Germany	51	50	55	56	59	63	334
Greece	4	7	9	8	13	14	55
Hong Kong	30	34	38	39	41	43	225
India	19	32	37	37	45	51	221
Indonesia	1	7	10	10	15	16	59
Ireland	11	12	15	15	16	17	86
Israel	4	6	8	9	10	11	48
Italy	19	21	24	29	34	36	163
Japan	304	316	338	346	348	351	2,003
Korea, Republic of	35	41	7	62	72	78	295
Malaysia	9	16	18	19	21	23	106
Mexico	0	1	10	14	7	16	48
Netherlands	21	21	23	25	25	33	148
New Zealand	8	9	10	10	10	10	57
Norway	13	13	14	14	18	18	90
Panama	0	0	1	1	1	1	4
Peru	0	0	1	1	1	1	4
Philippines	1	3	3	5	6	10	28
Portugal	6	7	7	7	8	8	43
Singapore	30	31	33	34	35	36	199
South Africa	23	27	29	30	32	35	176
Spain	25	28	29	32	33	30	177
Sweden	32	36	36	36	36	36	212
Switzerland	29	31	33	37	41	40	211
Thailand	4	5	9	9	10	13	50
Turkey	5	6	9	9	11	11	51
United Kingdom	210	233	253	276	286	283	1,541
United States	1,211	1,246	1,451	1,489	1,452	1,451	8,300
Total	2,390	2,548	2,857	3,092	3,157	3,229	17,273

**Table A3. Comparing firm characteristics between our sample and the Worldscope firms**

This appendix compares firm characteristics between our sample and the benchmark population of Worldscope firms. Our sample contains 17,273 firm-year observations from 38 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. ADR is an indicator variable that takes a value of one if a firm participates in the ADR program (including Rule 144a, OTC, and Levels II and III according to Worldscope), and zero otherwise. Other variable definitions are provided in Appendix. Panel A compares means and medians of firm characteristics between our sample and the Worldscope firms. Panel B presents the percentiles of our sample means/medians relative to the Worldscope firms.

Panel A: Comparing means and median of firm characteristics

Variable	Our sample		Worldscope firms		P-value	
	Mean	Median	Mean	Median	T test	Wilcoxon test
Tobin's Q	1.729	1.394	1.787	1.382	0.000	0.551
ROA	0.087	0.080	0.083	0.074	0.000	0.000
Size	15.12	15.08	15.08	15.01	0.009	0.000
Sales growth	1.115	1.075	1.168	1.095	0.000	0.000
Leverage	0.528	0.538	0.562	0.564	0.000	0.000
Cash holdings	0.140	0.091	0.149	0.093	0.000	0.129
Dependence on external finance	-2.897	-0.892	-3.833	-1.131	0.000	0.000
Tangibility	0.318	0.252	0.289	0.219	0.000	0.000
Closely-held shares	24.07	17.85	26.26	20.39	0.000	0.000
ADR	0.119	0.000	0.113	0.000	0.040	0.080

Panel B: The percentiles of our sample means/medians in Worldscope firms

	Percentile of our sample mean in Worldscope	Percentile of our sample median in Worldscope
Tobin's Q	63.25	48.02
ROA	54.70	51.12
Size	51.19	50.34
Sales growth	52.06	39.64
Leverage	42.84	44.53
Cash holdings	55.37	43.19
Dependence on external finance	52.70	49.72
Tangibility	59.57	51.97
Closely-held shares	50.26	41.58

**Table A4. Country-level descriptive statistics**

This table presents descriptive statistics for key country-level variables in our analyses. Our sample contains 17,273 firm-year observations from 38 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A reports country-level summary statistics for corporate governance measures, national cultural dimensions, and other country-level variables. Panel B reports pairwise correlations between the country-level variables and country-year means of the firm-level variables based on 38 countries in 2011. Superscripts a, b, and c indicate significance at the 1%, 5%, and 10% levels, respectively.



Panel A: Country-level summary statistics

	CG index	Board account.	Minority share. protect.	Corp. behavior stand.	Ind.	Uncert. avoid.	Rule of law	Comm. law	Anti-director rights	Creditor rights	Ln(GDP per capita)	Financial structure
Australia	40.8	25.0	12.0	3.9	9	5.1	1.7	1	4	3	10.8	1.6
Austria	38.7	21.2	11.5	5.9	5.5	7	1.9	0	4	3	10.7	0.0
Belgium	31.7	19.7	10.0	2.0	7.5	9.4	1.3	0	2	2	10.7	0.7
Brazil	31.5	16.3	11.0	4.3	3.8	7.6	-0.2	0	5	1	9.2	1.7
Canada	41.8	24.6	12.3	4.9	8	4.8	1.8	1	4	1	10.7	1.9
Chile	27.0	14.7	10.0	2.3	2.3	8.6	1.3	0	5	2	9.3	0.4
Colombia	27.4	13.4	9.8	4.3	1.3	8	2.2	0	4	0	8.7	0.9
Denmark	37.8	20.6	12.0	5.2	7.4	2.3	1.9	0	4	3	11.0	0.8
Finland	42.1	24.1	12.3	5.8	6.3	5.9	1.9	0	4	1	10.7	1.5
France	33.7	19.6	9.9	4.2	7.1	8.6	1.5	0	5	0	10.6	1.3
Germany	38.2	20.8	11.7	5.7	6.7	6.5	1.7	0	4	3	10.6	1.1
Greece	34.5	17.5	11.7	5.3	3.5	11.2	0.7	0	3	1	10.2	0.3
Hong Kong	32.6	19.2	11.9	1.5	2.5	2.9	1.5	1	4	4	10.4	3.3
India	36.0	21.2	11.6	3.2	4.8	4	0	1	4	2	7.1	2.0
Indonesia	34.5	20.6	10.9	3.0	1.4	4.8	-0.6	0	4	2	7.9	1.5
Ireland	41.5	25.7	12.1	3.8	7	3.5	1.7	1	4	1	10.9	-0.8
Israel	32.6	19.3	11.7	1.7	5.4	8.1	0.9	1	4	3	10.2	1.5
Italy	37.3	20.6	11.4	5.3	7.6	7.5	0.4	0	4	2	10.5	0.7
Japan	31.4	14.5	10.8	6.1	4.6	9.2	1.3	0	5	2	10.6	1.6
Korea, Republic of	32.8	17.5	11.3	4.0	1.8	8.5	1.0	0	6	3	9.9	2.1
Malaysia	32.8	21.1	9.8	1.9	2.6	3.6	0.5	1	4	3	9.0	1.2
Mexico	28.3	15.3	10.9	2.0	3	8.2	-0.6	0	3	0	9.1	1.2
Netherlands	38.2	22.2	10.8	5.2	8	5.3	1.9	0	4	3	10.8	1.2
New Zealand	41.2	24.6	12.0	4.6	7.9	4.9	1.8	1	5	4	10.3	0.0
Norway	39.8	22.3	12.3	5.2	6.9	5	1.9	0	4	2	11.4	1.7
Panama	31.0	19.5	10.0	1.5	1.1	8.6	-0.1	0	3	4	8.9	-1.9
Peru	34.9	19.9	12.0	3.0	1.6	8.7	-0.7	0	5	0	8.5	0.5
Philippines	32.0	19.3	11.4	1.2	3.2	4.4	-0.5	0	5	1	7.6	1.2
Portugal	31.9	17.3	10.6	4.0	2.7	10.4	1.0	0	4	1	10.0	0.2
Singapore	34.5	20.3	12.0	2.1	2	0.8	1.7	1	4	3	10.5	2.0
South Africa	39.1	22.4	10.9	5.8	6.5	4.9	0.1	1	5	3	8.8	2.5
Spain	34.0	17.7	11.6	4.8	5.1	8.6	1.1	0	6	2	10.4	1.4
Sweden	39.6	23.2	11.6	4.8	7.1	2.9	1.9	0	4	1	10.8	1.9
Switzerland	38.4	21.8	11.0	5.6	6.8	5.8	1.8	0	3	1	11.1	2.4
Thailand	34.5	20.6	11.0	2.8	2	6.4	-0.2	1	4	2	8.3	1.3
Turkey	32.1	16.6	11.3	4.2	3.7	8.5	0.1	0	4	2	9.2	1.8
United Kingdom	42.4	26.2	12.0	4.1	8.9	3.5	1.7	1	5	4	10.6	1.7
United States	38.4	25.4	10.1	2.9	9.1	4.6	1.6	1	2	1	10.7	3.2

Panel B: Correlations between country-level variables and country-means of firm-level variables

	CG index	Board account.	Minority share. protect.	Corp. behavior stand.	Tobin's Q	Size	Sales growth	Lev.	Cash hold.	Depend. on ext. fin.	Tang.	Closely-held shares	U.S. cross-list	Ind.	Uncert. avoid.	Rule of law	Comm. law	Anti-director rights	Creditor rights	Ln(GDP per capita)	
CG index	1.000																				
Board accountability	0.911 <sup>a</sup>	1.000																			
Minority share. protect.	0.635 <sup>a</sup>	0.453 <sup>a</sup>	1.000																		
Corp. behavior stand.	0.541 <sup>a</sup>	0.183	0.304 <sup>c</sup>	1.000																	
Tobin's Q	0.049	0.148	0.131	-0.256	1.000																
Size	-0.421 <sup>a</sup>	-0.572 <sup>a</sup>	-0.242	0.175	-0.462 <sup>a</sup>	1.000															
Sales growth	-0.304 <sup>c</sup>	-0.235	0.019	-0.370 <sup>b</sup>	0.290 <sup>c</sup>	-0.051	1.000														
Leverage	0.164	0.073	0.001	0.312 <sup>c</sup>	-0.555 <sup>a</sup>	0.280 <sup>c</sup>	-0.436 <sup>a</sup>	1.000													
Cash holdings	-0.190	-0.085	-0.043	-0.339 <sup>b</sup>	0.471 <sup>a</sup>	-0.137	0.198	-0.330 <sup>b</sup>	1.000												
Depend. on ext. fin.	0.279 <sup>c</sup>	0.213	0.160	0.252	0.089	-0.234	-0.279 <sup>c</sup>	0.250	0.085	1.000											
Tangibility	-0.190	-0.103	-0.133	-0.250	-0.101	-0.304 <sup>c</sup>	0.211	0.103	-0.237	0.256	1.000										
Closely-held shares	-0.666 <sup>a</sup>	-0.603 <sup>a</sup>	-0.223	-0.474 <sup>a</sup>	0.148	0.227	0.421 <sup>a</sup>	-0.152	0.025	-0.223	0.286 <sup>c</sup>	1.000									
U.S. cross-list	-0.100	-0.029	-0.047	-0.201	-0.079	-0.149	0.006	0.275 <sup>c</sup>	-0.008	0.230	0.434 <sup>a</sup>	-0.160	1.000								
Individualism	0.752 <sup>a</sup>	0.691 <sup>a</sup>	0.284 <sup>c</sup>	0.496 <sup>a</sup>	-0.210	-0.133	-0.446 <sup>a</sup>	0.343 <sup>b</sup>	-0.411 <sup>b</sup>	0.144	-0.323 <sup>b</sup>	-0.630 <sup>a</sup>	-0.038	1.000							
Uncertainty avoidance	-0.528 <sup>a</sup>	-0.631 <sup>a</sup>	-0.394 <sup>b</sup>	0.076	-0.221	0.377 <sup>b</sup>	-0.098	0.134	-0.016	0.167	0.040	0.178	0.171	-0.291 <sup>c</sup>	1.000						
Rule of law	0.591 <sup>a</sup>	0.503 <sup>a</sup>	0.331 <sup>b</sup>	0.423 <sup>a</sup>	-0.407 <sup>b</sup>	-0.020	-0.580 <sup>a</sup>	0.354 <sup>b</sup>	-0.365 <sup>b</sup>	0.163	-0.144	-0.591 <sup>a</sup>	-0.090	0.669 <sup>a</sup>	-0.321 <sup>b</sup>	1.000					
Common law	0.369 <sup>b</sup>	0.547 <sup>a</sup>	0.245	-0.273 <sup>c</sup>	0.120	-0.455 <sup>a</sup>	0.161	-0.127	-0.044	-0.179	0.107	-0.149	-0.097	0.224	-0.558 <sup>a</sup>	0.155	1.000				
Anti-director rights	-0.021	-0.171	0.228	0.196	0.098	0.148	0.118	-0.017	-0.019	0.114	0.026	0.128	-0.136	-0.181	0.014	-0.079	-0.056	1.000			
Creditor rights	0.216	0.264	0.192	-0.059	-0.172	-0.265	0.058	0.203	-0.070	0.068	0.336 <sup>b</sup>	-0.048	0.197	0.109	-0.334 <sup>b</sup>	0.299 <sup>c</sup>	0.379 <sup>b</sup>	0.136	1.000		
Ln(GDP per capita)	0.489 <sup>a</sup>	0.359 <sup>b</sup>	0.282 <sup>c</sup>	0.470 <sup>a</sup>	-0.489 <sup>a</sup>	0.094	-0.607 <sup>a</sup>	0.365 <sup>b</sup>	-0.258	0.103	-0.255	-0.611 <sup>a</sup>	-0.021	0.653 <sup>a</sup>	-0.096	0.887 <sup>a</sup>	-0.028	-0.186	0.145	1.000	
Financial structure	0.131	0.110	0.127	0.067	0.077	0.219	0.212	-0.166	0.072	-0.427 <sup>a</sup>	-0.382 <sup>b</sup>	-0.039	-0.396 <sup>b</sup>	0.181	-0.370 <sup>b</sup>	0.105	0.293 <sup>c</sup>	0.054	-0.023	0.065	

**Table A5. Instrumental variables regressions**

This table presents the estimation results of the instrumental variables regression. Our sample contains 17,273 firm-year observations from 38 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A reports the first-stage regression results, where the cultural dimensions of individualism and uncertainty avoidance are instrumented with the genetic distance to U.S. and two linguistic variables (pronoun-drop and politeness distinctions). Panel B reports the second-stage regression results where the instrumented cultural dimensions from the first stage are used. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

**Panel A: First-stage regression: Instrumenting cultural dimensions**

	Individualism	Uncertainty avoidance
Genetic distance	-0.222*** [0.084]	-0.077 [0.133]
Pronoun-drop	-1.785*** [0.719]	1.304 [1.134]
Politeness distinctions	-1.259 [0.782]	1.254 [1.254]
Rule of law	-0.832 [0.689]	-2.042* [1.092]
Common law	0.285 [0.634]	-1.163 [1.004]
Anti-director rights	0.121 [0.281]	0.072 [0.446]
Creditor rights	0.313 [0.266]	-0.154 [0.421]
Ln(GDP per capita)	0.034 [0.598]	1386 [0.948]
Financial structure	0.639* [0.326]	-0.496 [0.516]
Intercept	1.404 [0.647]	-0.785 [1.025]
F-test of IVs	6.78***	0.91
p-value of F-test	0.002	0.45
No. of observations	38	38
Adj. R-sq	0.844	0.588

Panel B: Second-stage regression: Explaining firm-level corporate governance scores

	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	0.936*** [0.023]	0.857*** [0.285]
Leverage	1.109*** [0.149]	3.244* [1.781]
Cash holdings	0.0677 [0.218]	-11.57*** [2.777]
Sales growth	-2.003*** [0.147]	-3.969*** [1.127]
Dependence on external finance	0.014*** [0.004]	0.141*** [0.043]
Closely-held shares	-0.025*** [0.001]	0.058*** [0.010]
U.S. cross-list	2.188*** [0.116]	-3.114** [1.402]
<b><u>Country Characteristics</u></b>		
Individualism		1.286*** [0.371]
Uncertainty avoidance		-1.743*** [0.526]
Rule of law		-2.429*** [0.637]
Common law		0.063 [1.597]
Anti-director rights		0.613 [0.578]
Creditor rights		-0.223 [0.506]

Ln(GDP per capita)	1.723*** [0.417]
Financial structure	-1.728*** [0.139]
Sargan $\chi^2$ test	1.097
p-value of Sargan $\chi^2$ test	0.295
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	38
No. of observations	17,273

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**Table A6. Using Schwartz' cultural dimension**

This table presents the estimation results using Schwartz' cultural dimension of affective autonomy. Our sample contains 17,273 firm-year observations from 38 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A presents the estimation results when the dependent variable is the CG index. Panel B presents the estimation results when the dependent variable is Tobin's Q. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Explaining the firm-level CG index

	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	0.936*** [0.023]	0.888*** [0.288]
Leverage	1.110*** [0.149]	2.562 [1.808]
Cash holdings	0.070 [0.218]	-12.03*** [2.796]
Sales growth	-2.003*** [0.147]	-3.971*** [1.134]
Dependence on external finance	0.014*** [0.004]	0.139*** [0.043]
Closely-held shares	-0.025*** [0.001]	0.061*** [0.010]
U.S. cross-list	2.188*** [0.116]	-2.706* [1.461]
<b><u>Country Characteristics</u></b>		
Affective autonomy		5.744*** [1.606]
Rule of law		-1.676*** [0.644]
Common law		5.786***

	[1.417]
Anti-director rights	0.319 [0.737]
Creditor rights	0.216 [0.604]
Ln(GDP per capita)	1.857*** [0.407]
Financial structure	-1.726*** [0.140]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	38
No. of observations	17,273

Panel B: The relation between the firm-level CG index and Tobin's Q

	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
CG index	1.802*** [0.199]	-1.344* [0.816]
Size	-17.97*** [0.598]	4.535 [6.180]
Leverage	-12.68*** [3.705]	-152.0*** [39.63]
Tangibility	-22.80*** [3.880]	-62.74 [40.49]
Sales growth	78.26*** [3.762]	-28.35 [27.82]
Closely-held shares	0.175*** [0.0365]	-0.232 [0.227]
U.S. cross-list	18.20***	55.47**

[3.023] [26.39]

**Country Characteristics**

Affective autonomy	9.511 [15.91]
Rule of law	12.29 [10.39]
Common law	1.444 [13.36]
Anti-director rights	-1.124 [6.437]
Creditor rights	0.411 [5.601]
Ln(GDP per capita)	-24.85*** [7.410]
Financial structure	13.21*** [3.273]

**Cross-Level Interactions**

*Within-country × Cross-country*

CG index × Affective autonomy	-0.662 [0.567]
CG index × Financial structure	0.991*** [0.187]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	38
No. of observations	17,273



**Table A7. Using an alternative corporate governance score: ASSET4 CG score**

This table presents the estimation results when the dependent variable is the firm-level CG score from the Thomson Reuters' ASSET4 database. Our sample contains 14,024 firm-year observations from 47 countries for the period 2006-2011, for which we have corporate governance data from ASSET4 and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

## Panel A: Explaining the firm-level CG score

	CG score	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	0.392*** [0.013]	-0.518*** [0.160]
Leverage	-0.210** [0.092]	1.148 [1.141]
Cash holdings	0.025 [0.124]	-10.23*** [1.651]
Sales growth	-0.312*** [0.040]	-0.147 [0.257]
Dependence on external finance	-0.014*** [0.003]	0.053** [0.022]
Closely-held shares	-0.022*** [0.001]	0.006 [0.005]
U.S. cross-list	0.661*** [0.050]	1.254 [0.949]
<b><u>Country Characteristics</u></b>		
Individualism		0.219** [0.094]
Uncertainty avoidance		-0.208** [0.086]
Rule of law		-0.211 [0.298]
Common law		1.256** [0.501]

Anti-director rights	-0.096 [0.198]
Creditor rights	-0.497*** [0.169]
Ln(GDP per capita)	0.885*** [0.276]
Financial structure	0.086 [0.216]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	47
No. of observations	14,024

Panel B: The relation between the firm-level CG score and Tobin's Q

<b><u>Firm Characteristics</u></b>	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
CG score	1.416*** [0.498]	1.104 [2.100]
Size	-30.87*** [0.733]	-34.76*** [6.660]
Leverage	-49.07*** [5.204]	-173.8*** [55.63]
Tangibility	-15.84*** [4.561]	-78.70* [45.43]
Sales growth	30.69*** [2.281]	99.20*** [14.17]
Closely-held shares	0.237*** [0.043]	0.264 [0.273]
U.S. cross-list	23.08*** [2.867]	64.72** [32.28]

**Country Characteristics**

Individualism	-3.739 [2.653]
Uncertainty avoidance	-1.200 [2.400]
Rule of law	12.42 [10.50]
Common law	-16.92 [13.78]
Anti-director rights	5.730 [5.089]
Creditor rights	-4.716 [4.710]
Ln(GDP per capita)	-27.28*** [9.038]
Financial structure	7.810 [6.026]

**Cross-Level Interactions**

*Within-country × Cross-country*

CG index × Individualism	-0.156 [0.209]
CG index × Uncertainty avoidance	0.107 [0.226]
CG index × Financial structure	-0.501 [0.623]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	47
No. of observations	14,024

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**Table A8. Using a composite index of formal institutions**

This table presents the estimation results using a composite index of a country's formal institutions. We apply a principal component analysis on the six WGIs from the World Bank, corruption and law and order from the International Country Risk Guide, and property rights and freedom from corruption from the Heritage Foundation Index of Economic Freedom to obtain a composite index of a country's formal institutions—formal institution index. Our sample contains 17,273 firm-year observations from 38 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A presents the estimation results when the dependent variable is the CG index. Panel B presents the estimation results when the dependent variable is Tobin's Q. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

## Panel A: Explaining the firm-level CG index

	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	0.936*** [0.023]	0.856*** [0.282]
Leverage	1.109*** [0.149]	2.059 [1.772]
Cash holdings	0.068 [0.218]	-10.33*** [2.741]
Sales growth	-2.004*** [0.147]	-4.163*** [1.125]
Dependence on external finance	0.014*** [0.004]	0.081* [0.045]
Closely-held shares	-0.025*** [0.001]	0.069*** [0.009]
U.S. cross-list	2.189*** [0.116]	-2.668* [1.405]
<b><u>Country Characteristics</u></b>		
Individualism		0.831*** [0.246]
Uncertainty avoidance		-0.646** [0.258]
Formal institution index		0.403*** [0.082]
Common law		2.366* [1.315]
Anti-director rights		0.484

	[0.604]
Creditor rights	-0.454 [0.496]
Ln(GDP per capita)	0.061 [0.447]
Financial structure	-1.658*** [0.139]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	38
No. of observations	17,273

Panel B: The relation between the firm-level CG index and Tobin's Q

	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
CG index	1.691*** [0.198]	-1.686* [0.865]
Size	-17.72*** [0.596]	1.658 [6.002]
Leverage	-12.51*** [3.709]	-127.1*** [38.76]
Tangibility	-22.55*** [3.883]	-53.47 [39.56]
Sales growth	77.86*** [3.765]	-29.63 [27.55]
Closely-held shares	0.174*** [0.037]	-0.272 [0.219]
U.S. cross-list	15.63*** [2.991]	55.13** [25.51]
<b><u>Country Characteristics</u></b>		
Individualism		1.010 [2.895]
Uncertainty avoidance		-6.089** [2.662]
Formal institution index		-0.603 [1.616]
Common law		-9.920 [13.08]

Anti-director rights	0.014 [5.911]
Creditor rights	-0.786 [5.088]
Ln(GDP per capita)	-15.87** [7.834]
Financial structure	11.12*** [3.298]
<b><u>Cross-Level Interactions</u></b>	<u><i>Within-country × Cross-country</i></u>
CG index × Individualism	-0.089 [0.100]
CG index × Uncertainty avoidance	-0.466*** [0.111]
CG index × Financial structure	0.657*** [0.221]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	38
No. of observations	17,273

**Table A9. Excluding U.S. firms**

This table presents the estimation results excluding U.S. firms. Our sample contains 8,973 firm-year observations from 37 countries (excluding the U.S.) for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A presents the estimation results when the dependent variable is the CG index. Panel B presents the estimation results when the dependent variable is Tobin's Q. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Explaining the firm-level CG index

<b><u>Firm Characteristics</u></b>	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
Size	1.003*** [0.038]	0.775** [0.314]
Leverage	1.785*** [0.235]	6.013*** [1.964]
Cash holdings	-0.187 [0.378]	-5.199* [3.066]
Sales growth	-1.543*** [0.205]	-1.824 [1.310]
Dependence on external finance	0.005 [0.006]	0.108** [0.047]
Closely-held shares	-0.021*** [0.002]	-0.022* [0.012]
U.S. cross-list	1.943*** [0.131]	-0.953 [1.377]
<b><u>Country Characteristics</u></b>		
Individualism		1.175*** [0.205]
Uncertainty avoidance		-0.824*** [0.194]
Rule of law		-0.786 [0.586]

Common law	1.242 [1.018]
Anti-director rights	0.339 [0.489]
Creditor rights	0.103 [0.390]
Ln(GDP per capita)	-0.059 [0.428]
Financial structure	-1.029*** [0.181]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	37
No. of observations	8,973

Panel B: The relation between the firm-level CG index and Tobin's Q

	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
CG index	1.575*** [0.368]	-0.356 [0.955]
Size	-27.90*** [0.830]	-2.570 [6.071]
Leverage	-4.712 [4.943]	-88.24** [38.44]
Tangibility	-15.48*** [4.538]	-57.73 [37.95]
Sales growth	43.78*** [4.393]	-35.79 [27.24]
Closely-held shares	0.388*** [0.043]	-0.208 [0.245]
U.S. cross-list	23.88***	44.82*



[2.819] [24.75]

**Country Characteristics**

Individualism	-2.211 [2.985]
Uncertainty avoidance	-3.944 [2.643]
Rule of law	16.99* [9.719]
Common law	-7.445 [13.39]
Anti-director rights	-4.820 [6.420]
Creditor rights	-2.546 [5.233]
Ln(GDP per capita)	-26.37*** [7.345]
Financial structure	12.21*** [3.618]

**Cross-Level Interactions**

*Within-country × Cross-country*

CG index × Individualism	-0.065 [0.104]
CG index × Uncertainty avoidance	-0.398*** [0.104]
CG index × Financial structure	-0.297 [0.331]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	37
No. of observations	8,973

**Table A10. Excluding firms from the U.S./Japan/the U.K.**

This table presents the estimation results excluding firms from the U.S., Japan, and the U.K. Our sample contains 5,429 firm-year observations from 35 countries (excluding the U.S., Japan, and the U.K.) for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A presents the estimation results when the dependent variable is the CG index. Panel B presents the estimation results when the dependent variable is Tobin's Q. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

## Panel A: Explaining the firm-level CG index

	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	1.079*** [0.054]	0.983*** [0.364]
Leverage	1.519*** [0.360]	3.762 [2.320]
Cash holdings	0.089 [0.546]	-9.327*** [3.592]
Sales growth	-1.562*** [0.265]	-0.648 [1.472]
Dependence on external finance	-0.007 [0.008]	0.058 [0.056]
Closely-held shares	-0.018*** [0.003]	-0.016 [0.013]
U.S. cross-list	2.152*** [0.170]	0.265 [1.539]
<b><u>Country Characteristics</u></b>		
Individualism		1.242*** [0.240]
Uncertainty avoidance		-0.847*** [0.221]
Rule of law		-0.359 [0.711]
Common law		0.863 [1.146]
Anti-director rights		0.325

	[0.562]
Creditor rights	0.089 [0.445]
Ln(GDP per capita)	-0.520 [0.554]
Financial structure	-1.277*** [0.211]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	35
No. of observations	5,429

Panel B: The relation between the firm-level CG index and Tobin's Q

	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
CG index	1.452*** [0.445]	-0.472 [1.002]
Size	-30.84*** [1.144]	-12.58** [6.335]
Leverage	-15.16** [7.378]	-49.97 [40.52]
Tangibility	-9.105 [6.058]	-45.90 [36.92]
Sales growth	38.14*** [5.475]	-35.91 [28.98]
Closely-held shares	0.478*** [0.054]	-0.192 [0.251]
U.S. cross-list	19.22*** [3.537]	36.88 [23.74]
<b><u>Country Characteristics</u></b>		
Individualism		-2.696 [2.693]

Uncertainty avoidance	-3.904*	[2.346]
Rule of law	13.46	[9.846]
Common law	-9.397	[11.41]
Anti-director rights	-3.089	[5.581]
Creditor rights	-3.411	[4.545]
Ln(GDP per capita)	-25.17***	[7.644]
Financial structure	10.61***	[3.783]

**Cross-Level Interactions**

*Within-country × Cross-country*

CG index × Individualism	-0.098	[0.119]
CG index × Uncertainty avoidance	-0.417***	[0.136]
CG index × Financial structure	-0.543	[0.362]
Intercept	Yes	
Industry FEs	Yes	
Year FEs	Yes	
No. of countries	35	
No. of observations	5429	

**Table A11. Using cross-listed firms**

This table presents the estimation results using only cross-listed firms. Our sample of cross-listed firms is identified from Worldscope/Datastream, Bloomberg, and Sarkissian and Schill (2016), and contains 2,695 firm-year observations from 36 countries for the period 2006-2011, for which we have corporate governance data from GMI and firm characteristics data from Worldscope/Datastream and Bloomberg. All firm-level variables are winsorized at the 1% level in both tails of the distribution. Variable definitions are provided in the Appendix. Panel A provides sample coverage of cross-listed firms across countries. Panel B presents the estimation results when the dependent variable is the CG index. Panel C presents the estimation results when the dependent variable is Tobin's Q. Two-digit SIC industry fixed effects and year fixed effects are included but not reported. Standard errors are in parentheses. \*\*\*, \*\*, and \* indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Distribution of cross-listed firms across countries

Country name	No. of cross-listed firm-years	No. of firm-years	% cross-listed
Australia	124	624	20%
Austria	20	84	24%
Belgium	17	99	17%
Brazil	44	202	22%
Canada	221	513	43%
Chile	23	68	34%
Colombia	0	22	0%
Denmark	24	108	22%
Finland	36	144	25%
France	128	475	27%
Germany	94	334	28%
Greece	19	55	35%
Hong Kong	54	225	24%
India	101	221	46%
Indonesia	11	59	19%
Ireland	61	86	71%
Israel	34	48	71%
Italy	48	163	29%
Japan	340	2,003	17%
Korea, Republic of	71	295	24%
Malaysia	17	106	16%
Mexico	16	48	33%
Netherlands	83	148	56%
New Zealand	27	57	47%
Norway	30	90	33%
Panama	4	4	100%
Peru	0	4	0%
Philippines	13	28	46%
Portugal	6	43	14%
Singapore	9	199	5%
South Africa	61	176	35%
Spain	24	177	14%

Sweden	54	212	25%
Switzerland	62	211	29%
Thailand	4	50	8%
Turkey	5	51	10%
United Kingdom	249	1,541	16%
United States	561	8,300	7%
All countries	2,695	17,273	15.6%

Panel B: Explaining the firm-level CG index

	CG index	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
Size	1.492*** [0.062]	0.669 [0.505]
Leverage	1.589*** [0.421]	3.643 [3.181]
Cash holdings	-0.517 [0.744]	-6.909 [5.253]
Sales growth	-1.126** [0.443]	-2.156 [2.127]
Dependence on external finance	0.004 [0.016]	0.131 [0.095]
Closely-held shares	-0.024*** [0.004]	-0.007 [0.021]
U.S. cross-list	1.025*** [0.191]	-1.387 [1.764]
<b><u>Country Characteristics</u></b>		
Individualism		1.246*** [0.286]
Uncertainty avoidance		-0.754*** [0.262]
Rule of law		-0.639 [0.879]
Common law		0.146 [1.348]
Anti-director rights		0.632 [0.615]

Creditor rights	0.059 [0.532]
Ln(GDP per capita)	0.389 [0.649]
Financial structure	-1.110*** [0.256]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	36
No. of observations	2,695

Panel C: The relation between the firm-level CG index and Tobin's Q

	Tobin's Q	
	<i>Within-country</i>	<i>Cross-country</i>
<b><u>Firm Characteristics</u></b>		
CG index	1.417*** [0.444]	-0.946 [1.073]
Size	-14.67*** [1.425]	-18.10*** [6.429]
Leverage	-50.31*** [8.525]	10.23 [47.83]
Tangibility	-35.06*** [10.16]	-41.30 [33.09]
Sales growth	74.78*** [9.214]	-23.11 [37.25]
Closely-held shares	-0.021 [0.079]	-0.076 [0.280]
U.S. cross-list	25.32*** [3.911]	46.22** [18.37]
<b><u>Country Characteristics</u></b>		
Individualism		1.988 [2.213]
Uncertainty avoidance		-2.160 [1.927]
Rule of law		14.15* [8.233]

Common law	3.609 [8.599]
Anti-director rights	-6.092* [3.690]
Creditor rights	-1.795 [2.987]
Ln(GDP per capita)	-25.68*** [6.085]
Financial structure	4.661 [3.479]

**Cross-Level Interactions**

*Within-country × Cross-country*

CG index × Individualism	-0.086 [0.223]
CG index × Uncertainty avoidance	-0.697*** [0.228]
CG index × Financial structure	-0.055 [0.401]
Intercept	Yes
Industry FEs	Yes
Year FEs	Yes
No. of countries	36
No. of observations	2,695