ABSTRACT

This study aimed to measure the impact of Corporate Governance on Firm Financial Performance of listed companies in France, Germany and UK. The study sample is composed of 214 listed companies between 2010 to 2019. The explanatory variables of the study are represented by some measures of corporate governance: board size, CEO/Chairman duality, board independence, board ownership and the largest five shareholders. The dependent variables are: LogROE, LogROIC and LogTobin´s Q, which represent Firm Performance. The study also considered two control variables, revenue and leverage, in order to help measuring the relationship between corporate governance and firm performance. Agency theory suggests that companies that comply with all measures of corporate governance perform better. We find that our measures of corporate governance are positively and significantly related with market performance.