SESSION: GENERAL ISSUES OF CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AS A PERFORMANCE DRIVER: PANEL DATA EVIDENCE FROM GREEK LISTED FIRMS DURING THE 2010–2017 CRISIS PERIOD

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Abstract

This study explores the influence of corporate governance practices on the financial performance of firms listed on the Athens Stock Exchange (ASE) during the period 2010–2017, a timeframe that captures the aftermath of the Greek sovereign debt crisis and precedes the disruptions caused by the COVID-19 pandemic. The research focuses on understanding whether the adoption of sound governance structures can act as a driver of firm profitability, particularly in times of heightened economic and institutional uncertainty.

Drawing on the framework established by the Cadbury Report, the study operationalizes corporate governance through measurable board and audit committee characteristics, including board size, board independence, audit committee size, and the frequency of audit committee meetings. These factors reflect the principles of transparency, accountability, responsibility, independence, and fairness that underpin modern governance systems. Firm performance is assessed primarily through return on assets (ROA), supplemented by traditional

profitability indicators such as return on equity (ROE) and Tobin's Q to capture both accounting-based and market-based perspectives.

The analysis utilizes panel data from 120 non-financial firms listed on the ASE, spanning diverse industries, with financial institutions excluded due to their unique regulatory frameworks. Employing panel regression techniques, the study demonstrates a statistically significant and positive relationship between corporate governance variables and firm profitability. Specifically, board independence emerges as the strongest determinant of improved performance, highlighting the importance of independent directors in safeguarding shareholder interests and providing objective oversight. Board size also shows a positive effect, suggesting that larger boards, when effectively structured, can enhance decision-making through diverse expertise. Similarly, both the size of the audit committee and the frequency of its meetings are positively correlated with profitability, underscoring the role of active financial monitoring in reducing risks and ensuring the integrity of reporting. Firm size, included as a control variable, further confirms that larger firms tend to exhibit stronger financial performance, likely due to economies of scale, market influence, and greater institutional capacity. The above results are in accordance with the relevant literature (Xanthopoulou et al., 2021; Kalantonis et al., 2022; Skordoulis et al., 2022; Sotiropoulos et al., 2023).

The findings contribute to the growing body of empirical evidence that positions corporate governance not only as a regulatory or ethical requirement but as a strategic asset capable of enhancing firm value and resilience (Delegkos et al., 2022; Balios & Zaroulea, 2020; Kalanotnis et al., 2021; Balios et al., 2022). In the specific context of Greece, the results suggest that the adoption of robust governance mechanisms can provide firms with a buffer against external shocks, reinforcing stability and operational efficiency during crisis periods (Xanthopoulou et al., 2024; Kalantonis et al., 2023).

The study concludes that strengthening corporate governance practices is essential for improving the competitiveness and long-term sustainability of Greek firms. While the results are robust, the research acknowledges certain limitations, including reliance on ROA as the primary profitability metric, potential selection bias due to data availability, and the exclusion of external governance factors such as ownership structure or shareholder activism. Future studies could extend the analysis to the post-2020 period, incorporating the impacts of updated Greek governance legislation and the COVID-19 pandemic, as well as exploring additional performance indicators and ESG-related governance dimensions.

Overall, the evidence presented here reinforces the critical role of corporate governance as both a stabilizing and performance-enhancing mechanism, particularly in environments marked by economic turbulence and institutional transformation.

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