



Report on

The First 10 Years

of the Emerging Markets Corporate
Governance Research Network (EMCGN)

Melsa Ararat, Stijn Claessens, and B. Burcin Yurtoglu



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International Finance Corporation
2121 Pennsylvania Avenue, NW,
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Report on the First 10 Years of the Emerging Markets Corporate Governance Research Network (EMCGN)

by Melsa Ararat,¹ Stijn Claessens,² and B. Burcin Yurtoglu^{3*}

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* The views expressed do not necessarily represent those of the IMF, its board of directors, or its management or IMF policy.

1 Sabanci University School of Management
2 IMF and University of Amsterdam
3 WHU Otto Beisheim School of Management

Executive Summary

This paper provides an account of the Emerging Markets Corporate Governance Research Network (EMCGN) and its first 10 years of activities. The Network was established under the auspices of the Global Corporate Governance Forum (now incorporated into IFC's Corporate Governance Group). The paper describes the history of the EMCGN and its objective (to stimulate research focused on corporate governance in emerging markets as well as transition and developing countries); its structure, which is a joint undertaking of corporate governance research centers and internationally recognized scholars, with IFC Corporate Governance acting as its catalyst; and its modalities: organizing workshops, holding biennial conferences, and disseminating and communicating research.

The paper reviews the quantity and quality of EMCGN's output, based on objective research rankings, and its effects on countries in capacity building and policy changes and development, based on the experiences of participants and policymakers exposed to its work. Analysis of publication data shows that EMCGN has been successful in encouraging research on corporate governance in emerging markets in most areas of research identified as critical at the Network's inception and through its interactions with practitioners and policymakers. EMCGN also has been successful in stimulating collaborative research and facilitating dialogue between scholars and the larger corporate governance community. Its impact on policy and practice development, inherently difficult to pinpoint, seems to have been most effective when channeled through efforts of local corporate governance associations with professional members to influence relevant policymakers and when actively using media to communicate the need for key reforms.

It concludes that EMCGN has been highly instrumental in delivering quality research, encouraging empirical cross-country investigations and collaborations, and fostering local research capacity building. Successfully informing and influencing policy at the country and global levels has required institutional endorsements, engagement with complementary institutions, continuity in leadership, and involvement of high-profile scientists. Also, success in fostering policy changes has varied, depending on resources available and the quality of communication.

This review of EMCGN also provides lessons for other networks aimed at supporting research related to economic and social development in emerging markets and developing countries. Experience with research networks in emerging and developing countries is relatively new, and networks have met with mixed success. The case study of EMCGN shows that research networks in emerging markets can generate significant payoffs, provided that key success factors are in place and that barriers are recognized early on and addressed.

The EMCGN has been instrumental in encouraging cross-country research, and its experiences make it clear that developing countries are different in many ways. The work of the EMCGN also reveals the need for more and better research and for better dissemination of the research on individual countries. It underscores a great need to share methodologies and, to the extent possible, make the lessons generally applicable.

1. INTRODUCTION: EMCGN’s Purpose and History

The Emerging Markets Corporate Governance Network’s primary purpose is to stimulate research focused on corporate governance (CG) in emerging markets as well as transition and developing countries. The Network aims to raise the academic quality of CG-related research through fostering international exchanges among scholars in all regions, providing young and promising scholars with exposure to international experts, and exploring the common aspects of corporate governance issues across countries.

EMCGN began on April 5, 2002. Its formation was in large part motivated by research showing the role of CG deficiencies leading to the East Asian financial crises in the late 1990s as well as the subsequent CG failures in other emerging markets and major advanced countries.⁴ Furthermore, pioneering studies then available demonstrated that CG greatly matters for firm performance and sustainability and for countries’ growth and development.⁵ Since then, findings of other studies have reinforced the essentiality of CG for development in many ways (for a comprehensive review, see Claessens and Yurtoglu 2012 and 2013). Several channels have been identified through which CG affects development, as shown in Figure 1.

Figure 1: The Channels through which CG Affects Development

Increased access to external financing by firms	Can lead to greater investment, higher growth, and greater employment creation.
Lower cost of capital	Makes firms more attractive to investors, leading to growth and more employment.
Better operational performance	Through better allocation of resources and more effective management decision making.
Financial crises less likely	Important, as highlighted again recently, given the large economic and social costs of crises.
Better relationships with all stakeholders	Improves social and labor relationships and aspects such as environmental protection, and can help further reduce poverty and inequality.

Source: Adapted from Claessens and Yurtoglu (2013).

Acknowledging these channels and recognizing the crucial importance of countries’ institutional environment for fostering “good” CG, the Network supports the communication of researchers with policymakers and the private sector to share the outcomes of research and their implications for policy development. This interaction also gives researchers a better understanding of real-world challenges, which helps them identify knowledge gaps and align research agendas accordingly. Furthermore, while substantial reforms have taken

4 See Claessens and Fan (2001) for a review of the role of CG in East Asian financial crises (2002).

5 Some key references from that period include Shleifer and Vishny (1997) and LLSV (1998). Also, La Porta, Lopez-de-Silanes, and Shleifer (2008 and 2013) provide an overview of this research.

place in many developing countries, the outcomes of these reforms have not yet been systematically captured by academic research. These outcomes are most efficiently captured by building global links, encouraging research collaboration, and facilitating outreach.

From the start, EMCGN was conceptualized as a joint undertaking of CG research centers and internationally recognized scholars, with the Global Corporate Governance Forum (GCGF) acting as catalyst.⁶ (The Forum

was later merged into IFC's Corporate Governance Group, which continues to support the Network's activities). The kick-off meeting at the World Bank in 2002 was attended by 50 participants, including leading researchers on CG, selected policymakers, practitioners, and staff from international institutions. The Network was formally launched in February 2004 in Tokyo by Stijn Claessens, then professor at the University of Amsterdam, and Florencio Lopez-de-Silanes, then professor at Yale University.⁷

Over the years, the Network has evolved. While it still works with IFC and builds on the work undertaken by leading scholars in developed countries (many are its members),

institutional capacity and research conducted in emerging markets on CG has increased substantially over the past decade. A number of regional and national CG research networks and centers have emerged, most often associated with premier developing/emerging country universities, boosting local research and policymaking capacity. AICG (Asian Institute of Corporate Governance)⁸ is the best example of this in Asia, and IBGC (Brazil Institute of Corporate Governance)⁹ is a good example in Latin America. These days, CG research in emerging markets is increasingly conducted by researchers associated with these regional and national centers, even when the researchers themselves are not based there.



EMCGN chair Stijn Claessens presents at the Fourth International Conference on Corporate Governance in Emerging Markets, Hyderabad, India, August 23–24, 2013.

6 The Global Corporate Governance Forum was an IFC multi-donor trust fund facility, co-founded by the World Bank and the Organisation for Economic Co-operation and Development (OECD) in 1999. The Forum promoted sustainable economic growth and poverty reduction within the framework of agreed international development targets.

7 In summer of 2005, Erik Berglof, then professor at Stockholm School of Economics, and Luigi Zingales, professor at University of Chicago, took over the co-chairmanship. The Network activities were stalled for a short period until 2007 when Claessens reassumed the role of the chair and a secretariat was established at Sabanci University Corporate Governance Forum.

8 Website: <http://www.aicg.org/>.

9 Website: <http://www.ibgc.org.br/English.aspx>.

Parallel to this development, the debate on what constitutes good CG outside developed markets has intensified. Notably, increasingly research by these centers and elsewhere has shown that models applicable to developed countries do not always readily translate from advanced to emerging markets and have to be adapted. More generally, research has demonstrated the need to revisit and adapt what constitutes good CG. And the work of these centers demonstrates that a dialogue at the country or regional level between researchers and practitioners are valued by both parties, as it can foster the right forms of adaption and adjustments.

2. NETWORK OBJECTIVES, ACTIVITIES, AND OUTPUT

Objectives of CG Research in Emerging Markets

The first meeting of the EMCGN in 2002 articulated the challenges for CG research in emerging markets as follows:

“...[E]vidence on the importance and impact of CG is still fragmented and not always in a form to support policy recommendations. Especially in developing countries, the full relationships between CG, financing and development has yet to be clearly articulated and tested. Ownership structures, and legal and economic environments in developing and emerging markets still pose challenges to reform, and the implications for effective strategies are not fully understood. While researchers are tackling some of these issues, there is limited synergy between efforts in terms of data collection, exchange of ideas and development of a broad research agenda that tackles the most urgent issues from a policy perspective in developing and emerging markets.” (Claessens 2002)

The meeting highlighted lack of data as the key obstacle for future research work and grouped data issues into the following themes: 1) data on institutional frameworks, 2) firm data, and 3) data on CG choices by firms. Discussions also covered the need for new empirical research to address important methodological issues, including the simultaneity and endogeneity that impede inferences about causality from correlations and new structural models at the micro and macro levels. Key areas of research identified included 1) the evolution of countries' institutional frameworks, 2) insider (family) ownership and control, 3) the role of first-stage financing and debt financing on CG, 4) the role of different types of owners and other stakeholders on CG, including banks, institutional investors, and employees, and 5) alternative mechanisms of CG such as changes in ownership structures and competition in factor markets.

“The conference and the meetings were a good opportunity to further my research with more confidence. I am grateful to all who have made it work! The Network and the conferences helped our school and our scholars to expand their exposure to international cooperation and widen its activities.”

Kyung Suh Park

Korea University Business School
(Presenter, member of the

Third Conference's Organizing Committee)

Network Activities

The Network activities over the past decade have concentrated on organizing workshops and biennial conferences and on the dissemination and communication of research.

EMCGN's Workshop and Conferences

In the first few years, the Network organized several regional workshops with participation by researchers from the regions: Chile in December 2002, South Africa in January 2003, Korea in May 2003, Hungary in July 2003, India in December 2003, Turkey in May 2004, and Shanghai in March 2005. The *International Conference Series on Corporate Governance in Emerging Markets* has become a key activity for the Network. Now the top global academic conference dedicated to corporate governance, it provides a venue for identifying the prevailing issues in CG and drawing broad lessons of CG in developing countries. The conferences typically involve policymakers and practitioners in special sessions, and can include a separate day for local market participants and investors' community. The keynote speakers are carefully selected from among internationally acknowledged scholars and reflective practitioners.

The *First International Conference on Corporate Governance in Emerging Markets*, held November 16–19, 2007, in Istanbul, involved more than 100 researchers from 30 countries. The conference took stock of ongoing research on CG in emerging markets and the expanding research in developing countries. More than 40 academic papers, including those specifically focused on Turkey, were presented and discussed, and two keynote speeches were delivered. It attracted researchers from all key emerging markets and brought them together with internationally acknowledged senior researchers in the Network and GCGF's Private Sector Advisory Group (PSAG) members as reflective practitioners. This broad-range participation led scholars and practitioners to engage in a lively debate on the board's role in CG, which also led to a publication on the topic.¹⁰

The *Second Conference on Corporate Governance in Emerging Markets*, held in São Paulo, Brazil, July 2–3, 2009, was a similar success. In September 2008, between the first two conferences, Yale University's Millstein Center for Corporate Governance and Performance hosted a workshop that included presentations on a number of Network-supported research projects. The third conference took place in Seoul, Korea, June 28–29, 2011, and the fourth in Hyderabad, India, August 23–24, 2013. Preparations for the fifth conference, planned for Cape Town, South Africa, were under way at the time this paper was written.

Dissemination

A key task for any network is dissemination of activities, new research, and publications. The EMCGN research newsletter, electronically distributed by IFC to more than 1,000 addresses around the world, is the main vehicle for informing the CG community about state-of-the-art CG research in emerging markets. This information is also featured prominently in IFC's Corporate Governance Network Bulletin, distributed to more than 8,000 practitioners in emerging markets, thus enhancing the dialogue of researchers with policymakers and the private sector. EMCGN, with the support of and in collaboration with IFC, published 14 quarterly newsletters from 2011 to March 2014. Each newsletter features an interview with a well-known scholar within the Network. The interviews effectively communicate the most recent thinking in CG through the words of interviewees.

IFC also hosts and manages the EMCGN webpage,¹¹ which serves as a knowledge repository and is the institutional backbone of the Network. It provides links to the conference websites and newsletters, facilitates downloading of publications, and features a calendar of Network events. Conference websites also provide video recordings of keynote speeches as well as panels that feature interaction between scholars and practitioners.

New Research

The Network is not envisioned to commission research, given the understanding that scholars themselves need to ensure academic quality and independence, and that other forms of peer review must oversee any research. From time to time, however, the Network organizes workshops where a smaller number of senior, international researchers can interact with a small group of researchers based in emerging markets. For a workshop at Yale University, for example, the scientific committee selected eight research projects from an initial list of 63 proposals in May 2007, and the chosen projects received a small grant to cover data collection. Researchers from eight countries presented their work in September 2008 at Yale's Millstein Center for Corporate Governance and Performance. The Network also had commissioned a review of the empirical literature on CG in emerging markets to serve as background information for the workshop as well as to highlight future areas of research that should be particularly encouraged to address research gaps. (An updated version of this review is the EMCGN's most popular resource, based on the number of downloads from the IFC website.)

¹⁰ See Ararat and Dallas (2010).

¹¹ See the webpage at: <http://bit.ly/1pgx45W>.

One other way for scholars to support the mission of IFC, the Network’s main sponsor, is to contribute to its publications. Many members of the Network have authored articles and reports, which are disseminated to the IFC Corporate Governance Group’s global network of policymakers and practitioners. Table 1 provides a list of such publications.

Table 1: IFC Publications by EMCGN Members as of December 31, 2013

Authors	Year	Title	GCGF Publication
Stijn Claessens B.Burcin Yurtoglu	2012	Corporate Governance and Development, an Update	Focus 10
Melsa Ararat George Dallas	2011	Corporate Governance in Emerging Markets: Why It Matters to Investors—and What They Can Do About It	PSO 22
Melsa Ararat B.Burcin Yurtoglu	2008	Novo Mercado and Its Followers: Case Studies in Corporate Governance Reform	Focus 5
Ira Millstein Shri G.N. Bajpai Erik Berglof Stijn Claessens	2003	Enforcement and Corporate Governance: Three Views	Focus 3
Eric Berglof Stijn Claessens	2003	Enforcement and Corporate Governance	Discussion Paper 5
Florencio Lopez-de-Silanes	2003	A Survey of Securities Laws and Enforcement	Discussion Paper 4
Ross Levine	2003	The Corporate Governance of Banks	Discussion Paper 3
Enrico Perotti	2003	State Ownership: A Residual Role	Discussion Paper 2
Randall Morck	2003	Corporate Governance and Family Control	Discussion Paper 1

3. CONTRIBUTIONS TO RESEARCH AND POLICY

Research Focus

Consistent with the channels by which CG is thought to affect development and with the key topics in CG in emerging markets identified during the first and subsequent meetings, research has largely focused on a select group of issues. These include dynamics of ownership and control structures; the role of family-controlled firms, with special focus on the governance of business-group firms; the role of the board of directors; the role of institutional investors; and the effects of institutional environment, capital market regulations, and related legal issues. These are common topics that researchers have explored in all biennial conferences and are recurring themes in all work. Table 2 provides an overview of the specific issues of each conference.

Table 2: Conference Themes

Conferences	Key Notes	Conference Call Themes	Session Themes	Number of Countries Represented
Istanbul Conference (2007)	<ol style="list-style-type: none"> 1. Mark Roe: Political Instability and Financial Development 2. Randall Morck: The Mystery of the Great Pyramids 	<ol style="list-style-type: none"> 1. Political power and corporate control in emerging markets 2. Relationship between financial sector development and corporate governance 3. Determinants of board compositions and the role of the board in emerging markets and implications for corporate performance 4. The role of stakeholders in emerging markets and sustainable development 5. Corporate governance and enforcement mechanisms in emerging markets 	n.a.	30
Sao Paulo Conference (2009)	<ol style="list-style-type: none"> 1. Randall Morck: Corporatism and the Ghost of the Third Way 2. Vikramaditya Khanna: Corporate Governance in India: Past, Present, and Future 	<ol style="list-style-type: none"> 1. Dynamic aspects of ownership and control structures 2. Inside the emerging-markets companies 3. The role of external and voluntary mechanisms of governance 4. The role of stakeholders in emerging markets and sustainable development 5. Corporate governance and enforcement mechanisms in emerging markets 	<ol style="list-style-type: none"> 1. Corporate Governance and Value Creation 2. Foreign Listings 3. Stakeholders and Cultural Values 4. Institutional Shareholders 5. Issues of Control 6. Corporate Control 7. Ownership and Control 	19
Seoul Conference (2011)	<ol style="list-style-type: none"> 1. Bernard Black: Causal Inference Strategies in Corporate Governance Research 2. Joseph Fan: Corporate Governance in Emerging Markets: Lessons from China and Brazil 	<ol style="list-style-type: none"> 1. Dynamic aspects and effects of ownership and control structures in emerging-market corporations 2. Political economy and institutional aspects of corporate governance in emerging economies 3. Corporate social responsibility, the role of stakeholders and sustainable development 	<ol style="list-style-type: none"> 1. Agency Problem and Managerial Incentive 2. Capital Markets and Corporate Governance 3. CEO and the Board of Directors 4. Corporate Governance Mechanisms and Corporate Decisions 5. Family-Controlled Firms 6. Green Financing and CSR 7. Institutions and Corporate Governance 8. Shareholder Rights and Corporate Control 9. Market for Control 10. Governance of Business Groups 	18

Table 2: Conference Themes (continued)

Conferences	Key Notes	Conference Call Themes	Session Themes	Number of Countries Represented
Hyderabad Conference (2013)	<ol style="list-style-type: none"> 1. Viral Acharya: Private Firms, Public Firms, and the Financing of Innovation 2. Steve Lydenberg: Emerging Trends in CSR data and Disclosure 3. Vladimir Atasanov: Shock-Based Causal Inference in Corporate Finance Research 	<ol style="list-style-type: none"> 1. Dynamic aspects of ownership and control structures 2. New dimensions of firm-society interactions and governance implications 3. Public and private enforcement and dynamic changes 	<ol style="list-style-type: none"> 1. Corporate Governance and Disclosure 2. Debt and Corporate Governance 3. Management Behavior and Dominant Shareholders 4. Managerial Labor Market 5. Debt, Equity, and Corporate Governance 6. Board of Directors 7. Law and Enforcement 8. External Monitoring 	22

Quality and Impact of Research

Evaluation of research quality used to be somewhat subjective, but more recently the quality of research produced can be assessed objectively by publication performance of accepted papers (Arnold et al. 2003; Currie and Pandher 2011). There is also some indication that rankings of scholars are used in tenure decisions (Glover et al. 2006). Table 3 shows the publication records of accepted papers in the four global conferences organized by the Network.

Table 3: Number of Accepted and Published Papers

Conference	Year	Number of Submitted Papers	Number of Accepted Papers*	Number of Published Papers**
Istanbul	2007	108	30	23
Sao Paulo	2009	138	28	15
Seoul	2011	107	38	12
Hyderabad	2013	133	27	1

*Total number of papers accepted for presentation in the four EMCGN conferences.

**As of December 31, 2013.

Of the papers presented at the four conferences, 103 were empirical and only a small fraction (9) theoretical. Of the 103 empirical papers, 72 focused on a single country and 31 of them were multi-country corporate governance studies. With the exception of a handful of papers that analyzed developed countries (three on the United States and one each on Sweden and Australia), all empirical papers have focused on one or more emerging markets.

Table 4 classifies the papers presented in the four EMCGN conferences according to their broad orientation (theory papers versus empirical papers). It also documents the number of multi-country empirical papers and single-country empirical papers.

Table 4: Topics

	Istanbul	Sao Paulo	Seoul	Hyderabad	Total
Theory Papers	5	1	2	1	9
Empirical Papers	23	24	33	26	106
Empirical: Multi-Country Studies	6	9	10	6	31
Empirical: Single-Country Studies	17	15	23	20	75
Australia	0	0	0	1	1
Bangladesh	0	0	0	1	1
Brazil	2	6	0	1	9
Bulgaria	1	0	0	0	1
China/Hong Kong	6	2	6	5	19
India	2	0	3	6	11
Iraq	0	0	1	0	1
Israel	0	0	1	0	1
Korea, Rep.	4	3	5	3	15
Malaysia	0	0	0	1	1
Pakistan	1	0	1	0	2
Poland	1	0	0	0	1
Russia	0	1	1	0	2
Sweden	0	1	0	0	1
Taiwan, China	0	0	1	0	1
Thailand	0	1	0	0	1
Turkey	0	0	2	1	3
United States	0	1	1	1	3
Ukraine	1	0	1	0	2
Total	28	25	35	27	115

The top outlet for the conference papers is *Journal of Corporate Finance*, followed by *Review of Financial Studies*, *Journal of Financial Economics*, *Corporate Governance*, *Journal of Financial Intermediation*, and *Pacific-Basin Finance Journal*. Table 5 presents the positive trend in the quality of the journals that publish the conference papers. These are the top-tier journals in finance and have the highest impact factors in the field. They also fare disproportionately well on other factors, such as awareness and importance (Currie and Pandher 2011). According to Table 5, 73 percent of the papers of the first conference are already published and only 27 percent are working papers, whereas the same proportions are 54 percent and 36 percent for the second conference and 32 percent and 66 percent for the third conference.

Table 5: List of Journals where Conference Papers are Published

Journal Title	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Impact Factor*	5-Year Impact Factor**	Immediacy Index***
Accounting Review			1		1	2.32	3.2	0.6
Asia Pacific Journal of Financial Studies			2		2	0.42	0.35	0.1
China Accounting and Finance Review		1			1			
Chinese Business Review			1		1			
Comparative Economic Studies	1				1			
Corporate Governance	1		2		3	1.4	1.58	0.16
Emerging Markets Review		1		1	2	1.17		0.36
India Macroeconomics Annual 2008	1				1			
International Journal of Business Governance and Ethics	1				1			
Journal of Accounting and Economics			1		1	3.91	4.02	0.29
Journal of Banking & Finance	1				1	1.29	1.72	0.21
Journal of Business Research		1			1	1.48	2.2	0.22
Journal of Business Venturing		1			1	2.98	3.95	0.39
Journal of Comparative Economics	1	1			2	0.66	1.55	0.38
Journal of Corporate Finance	2	1	2		5	1.03	1.77	0.16
Journal of Economic Literature	1				1	6.67	10.16	1.08
Journal of Empirical Finance	1				1	0.93		0.12
Journal of Empirical Legal Studies	1				1	1.07		0.14
Journal of Financial Economics	2	1			3	3.42	5.09	0.67
Journal of Financial Intermediation	2	1			3	2.21	2.46	0.11
Journal of Financial and Quantitative Analysis		1			1	1.64	2.13	0.21
Journal of International Economics	1				1	2.09	3.27	0.37
Northwestern Journal of International Law		1			1			
Pacific-Basin Finance Journal	1	1	1		3	0.57		0.07
Post-Communist Economies	1				1	0.49	0.5	0.03
Review of Accounting Studies	1				1	1.36	1.9	0.22
Review of Finance	1		1		2	1.44		0.36
Review of Financial Studies	2	1			3	3.26	5.37	0.42
Risk Governance and Control: Financial Markets & Institutions	1			1				

Table 5: List of Journals (continued)

Journal Title	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Impact Factor*	5-Year Impact Factor**	Immediacy Index***
Strategic Management Journal			1		1	3.37	6.39	0.4
Studies in Economics and Econometrics	1				1			
University of Illinois Law Review		1			1	0.81	0.84	0.66
Published	23	15	12	1	51			
Working Paper (as of November 2013)	7	10	25	26	68			
Paper does not exist with its conference title		3	1		4			
Total	30	28	38	27	123			

*The impact factor is a measure of the frequency with which the "average article" in a journal has been cited during a particular year or period and is calculated by dividing the number of current-year citations by the source items published in that journal during the previous two years.

**The 5-year impact factor is the average number of times articles from the journal published in the past five years have been cited in the given Journal Citation Report (JCR) year. It is calculated by dividing the number of citations in the JCR year by the total number of articles published in the five previous years.

***The immediacy index is calculated based on the papers published in a journal in a single calendar year to measure how topical and urgent work published in a journal is.

Another measure of the quality and impact of EMCGN's work is the number of times the papers are downloaded and cited. Table 6 shows an increase in the average number of downloads over the years. For example, the average number of downloads of papers presented in the first conference is 103 per year per paper, whereas the same figure is 128 for the third conference. However, it is more difficult to gauge the improvement in citations, because papers are cited more, as they get older. For example, the average citation of papers presented in the first conference is 1.8 per year over a period of seven years, and for the third conference it is a comparable 1.6 per year for three years.

Table 6 presents the publication years of published papers accepted in the four EMCGN conferences and in total. The last three rows indicate the average number of downloads and citations at the Social Science Research Network (SSRN) website and the average number of Google Scholar citations of all papers accepted for presentation.

Table 6: Average Downloads and Citations of Published EMCGN Conference Papers

Published in	Conference				Total
	Hyderabad	Seoul	Sao Paulo	Istanbul	
2007				1	1
2008				2	2
2009			1	5	6
2010			5	6	11
2011		2	3	4	9
2012		6	2	4	12
2013		4	2	1	7

Table 6: Average Downloads and Citations of Published EMCGN Conference Papers (continued)

Published in	Conference				
	Hyderabad	Seoul	Sao Paulo	Istanbul	Total
Forthcoming	1		2		3
Total	1	12	15	23	51
SSRN* Downloads	199.75	384.95	443.11	724.68	498.45
SSRN Citations	0.25	4.85	5.50	12.56	7.21
Google Scholar** Citations	1.00	9.46	18.05	45.82	22.51

*The **SSRN** is a website devoted to the rapid dissemination of scholarly research in the social sciences and humanities. Ranking Web of Repositories ranked SSRN the top open-access repository in the world in 2013. Academic papers in PDF can be uploaded directly to the site by authors and are then available for worldwide free downloading. **SSRN downloads** and **SSRN citations** refer to the number of downloads through the SSRN website and citations of the EMCGN papers by papers published in SSRN e-journals.

****Google Scholar** is a freely accessible Web search engine that indexes the full text of scholarly literature. The Google Scholar index includes most peer-reviewed online journals, plus scholarly books and other non-peer-reviewed journals.

One of the EMCGN's objectives is to enhance the links of young researchers with international scholars and help with capacity building in emerging markets. Table 7 shows that the leading roles of U.S.-based researchers have been gradually reduced and the ratio of papers with first, second, and third authors affiliated with an emerging market institution has increased. The analysis of the data also shows that collaboration between members has increased over time.

Table 7 presents the geographic distribution of first, second (if available), and third (if available) authors of accepted papers in the EMCGN conferences. The affiliation of authors refers to the location of the institution with which the authors are affiliated.

Table 7: Geographic Distribution of the Affiliation of Authors

	Affiliation of the First Authors					Affiliation of the Second Authors					Affiliation of the Third Authors				
	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Istanbul	Sao Paulo	Seoul	Hyderabad	Total
Australia								2	1	3			1	1	2
Argentina		1			1										
Australia		1		3	4										
Austria	1				1							1			1
Bangladesh				1	1										
Brazil	1	7			8	1	4	1	2	8	1	1	1	1	4
Canada	1	1	1		3								1		1
China	2	2	5		9		2	5	2	9		1	2	4	7
Colombia							1			1					
Denmark	1				1	1				1					
Egypt				1	1										
France		1	1		2										
Germany							1	1		2	1		1	1	3

Table 7: Geographic Distribution of the Affiliation of Authors (continued)

	Affiliation of the First Authors					Affiliation of the Second Authors					Affiliation of the Third Authors				
	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Istanbul	Sao Paulo	Seoul	Hyderabad	Total	Istanbul	Sao Paulo	Seoul	Hyderabad	Total
Ghana	1				1										
Hong Kong	2		2	2	6	3	2	1	4	10	4		1	2	7
India	1		2	5	8			1	4	5			2		2
Israel			2		2		1	1		2		1			1
Italy	1				1	1				1					
Japan												1			1
Korea, Rep.	3	1	6	3	13	5	2	7	3	17	1	2	3		6
Lebanon			1		1				1	1					
Malaysia									1	1					
Netherlands			1		1			1		1					
New Zealand				1	1										
Pakistan			1		1										
Poland	1				1	1				1					
Russia								1		1		1	1		2
Singapore			2		2			1		1		1	1		2
Slovakia			1		1										
Sweden	1				1	1	1			2					
Switzerland			1		1			1		1			1		1
Turkey			2	1	3			2		2					
United Kingdom		3	3		6			1	1	2					
United States	13	10	6	10	39	12	7	5	3	27	8	6	5	2	21
Ukraine	1		1		2										
Venezuela		1			1							1			1
United States	13	10	6	10	39	12	7	5	3	27	8	6	5	2	21
Europe	5	4	7		16	3	2	5	1	11	1	2	3	1	7
Can / Aus / NZ	1	2	1	4	8			2	1	3			2	1	3
Emerging Markets	11	12	24	13	60	10	12	19	17	58	6	7	10	7	30
Total	30	28	38	27	123	25	21	31	22	99	15	15	20	11	61

One other objective of EMCGN is to help authors revise papers. Analysis of the publication records of papers presented at the Istanbul conference shows the publication performance reached its peak two to three years after the conference. The period between conference presentation and publication also seems to be narrowing since reaching a peak in the fourth year after the first conference, and in the second year for the second and third conferences. This demonstrates that the Network has had increasing success with helping authors revise their papers and guiding them to the right journals.

Contributions to Policy Changes

It is inherently difficult to demonstrate a direct causal affect of research outcome on, say, new CG rules and regulations that may come into effect after publication of the results. Therefore, we solicited Network members' views on the impact of their research on policy development. The responses show that the CG centers that the researchers are affiliated with are more instrumental in promoting improvements in regulations and other elements of the institutional environment. Policymakers relied more and more on research inputs.

Anecdotal evidence also suggests that in all countries where there is collaboration between researchers and CG associations, the CG agenda is more informed by research outcomes. A recent example of collaboration inspired by EMCGN is the appointment of CGFT (Sabanci University CG Forum) as the academic advisor to TKYD (CG Association of Turkey).¹² And in general, awareness of CG is greater in those countries with more established researchers, including those connected to the EMCGN.

"EMCGN provided a great opportunity for our faculty and students to become aware of the extant research and policy imperatives related to corporate governance. It also provided a platform to India and its institutions to display their seriousness in implementing higher standards of governance in the country."

Subrata Sarkar

Indira Gandhi Institute of Development Research
(Presenter, member of the Fourth Conference's
Organizing Committee)

¹² See Ararat and Karacar, "One size does not fit all, but one network can serve all," in ICGN Year Book 2013.

4. OVERALL LESSONS

Based on our analyses, and complemented by observations and discussions with members, the key success factors for EMCGN to continue to pursue its mission are:

- *Institutional endorsement and financial support by IFC* has been critical in the early days reviving the Network. Financial support gradually has become less important as local hosts managed to raise local funding. The contribution from IFC has been reduced from \$134,000 for the first conference to \$32,000 for the fourth conference. The credibility of the host universities and the involvement of IFC in identifying potential sponsors made it easier to raise funds locally.
- *Involvement of senior international scholars as discussants or keynote speakers* has attracted and will continue to attract scholars working on CG in emerging markets to EMCGN conferences. *Continuity of coordination* capacity, albeit minimal, led to *standardization of conference processes*, which in turn help the host organizations be more efficient.
- *The knowledge management and dissemination support provided by IFC* has formed the institutional backbone of the Network. Dissemination would have suffered if left to researchers, whereas IFC Corporate Governance Group had the capacity and the expertise to support the dissemination. The Network remained largely informal, while the local CG research centers the EMCGN is associated with evolved into more formal structures. The informal nature of the Network eliminated the need for costly administration; however, this was only possible thanks to IFC Corporate Governance Group and its donors. The Network is now more of a joint undertaking of CG research centers with internationally recognized scholars. CG advocacy centers are collaborating with and supporting the research centers, as it was envisaged during the initial stages of the Network.

Despite the burgeoning research on CG in emerging markets, there remain knowledge gaps. These are issues requiring continued work, as explained in the box below.

General Corporate Governance Research Gaps

A paper by EMCGN's chair and co-coordinator summarizes the current status of CG research in emerging markets (Claessens and Yurtoglu 2012). According to the paper, based on a survey, research has documented the role of CG for access to financing, cost of capital, valuation, and performance across the countries. Various other papers document differences in institutional features and their role in the effectiveness of CG mechanisms. But many issues remain to be researched, notably three:

The first is *ownership structures and relationships with performance*. Much research in this field establishes that more concentrated ownership can be beneficial unless there is a disparity of control and cash flow rights. Too little is known, however, on ownership structures in complex groups, the role of multiple shareholders, and the dynamics of ownership structures. The role of institutional investors in emerging markets is not clearly understood. Finer studies, which analyze the links between outside shareholders such as institutional investors and their board representation, deserve further analysis. An equally important question is the role of banks



EMCGN coordinator Melsa Ararat, Director of Corporate Governance Forum of Turkey and professor at Sabanci University.

in emerging markets. While there is some research on state ownership of banks and on the group banks, the full impact of their governance in emerging markets—and in developed markets for that matter—is not yet documented.

The second area is *internal CG mechanisms and stakeholders' roles*. More research focused on how CG actually takes place would be very useful, even though data are hard to get. Most evidence shows that truly independent boards clearly contribute to better firm performance and higher valuations, but independence in essence is hard to establish. Relatively little evidence exists on executive compensation and managerial labor market mechanisms. A similarly under-researched area is the role of other stakeholders and the role of CG on environmental and social performance. This is an area that suffers from data issues such as CG research had in the early days. The analysis of employee representation, interactions with suppliers and civil society institutions, and issues related to corporate social responsibility are almost empty research fields in emerging-market countries. The *role and governance of institutional investors* is an under-researched area in emerging economies, a topic closely related to the local saving capacity and channels for encouraging savings to be invested in stock markets. This topic is closely related to pension fund development and has potential to contribute to the dynamics of institutional frameworks.

The third area is *enforcement, both private and public*. There is some evidence that when a country's overall CG and property-rights system are weak, voluntary and market CG mechanisms have limited effectiveness. But there are only a few studies that analyze how to enhance enforcement in such environments. The degree of public-private partnership in enhancing enforcement is presumably important, but insufficiently studied from both a theoretical and empirical perspective. More evidence is needed on how voluntary mechanisms (such as cross-listings, adopting codes of best practices, or international accounting standards) can be valuable. The interaction of cross-listings with domestic financial development is a further potentially useful research area.

5. CONCLUSION

Experiences with research networks in emerging markets and in developing and transition countries are relatively new but already point to significant payoffs. The African Economic Research Consortium (AERC), the Global Development Network (GDN), and Bureau for Research and Economic Analysis of Development (BREAD) are some successful examples. The experience of EMCGN has confirmed once again the general value of global networks focused on emerging-markets and developing countries.

Networks are effective in expanding and disseminating knowledge. They also often lead to the inception of new research projects between nodal members, and can particularly favor the participation and mentoring of young, inexperienced researchers. EMCGN has been successful in facilitating collaboration between senior international scholars and emerging-market-based scholars.

EMCGN experience confirmed that incentives still are of limited power in affecting the research agendas. Academics are agents largely driven by curiosity, not necessarily by the needs of the societies or policymakers. Interactions with policy makers and practitioners can have some affect on the research agendas, but the best incentive to encourage research on specific issues is access to data and interaction with senior scholars.

The Future

Much of the work on CG to date, both empirical and analytical, has taken off from models of CG that exist in stable and mature economies. However, the CG challenges in many developing countries are quite different from those facing more advanced markets. Evidence shows that best practices derived from developed-market experiences are not always effective in an emerging-market context. The differences are not necessarily related to deficiencies or institutional weaknesses, but rather are largely related to ownership and control structures that are unlike those in most developed countries. These structures seem to be persistent and also have emerged in transition countries.

As various crises reveal, CG is a work in progress, not only in emerging markets but also in developed markets, and it will remain so in the foreseeable future. It is thus all the more important that the transfer of knowledge, which has been largely unidirectional to date, traveling from developed to emerging markets, should flow both ways. First of all because emerging markets have come of age where governance is concerned. They have accumulated significant know-how and experience in improving corporate governance. They have developed novel approaches to CG issues. Second, there were and continue to be many failures in the oversight and performance roles of regulatory and supervisory agencies in advanced countries. There is much to be learned from CG research in general, and specifically from emerging markets, which can offer useful lessons for advanced countries.

Best practices in CG will evolve around the world and expand in response to changing contexts, changing priorities, and new experiences and knowledge coming from emerging markets. Emerging-market networks such as EMCGN can be instrumental toward this end.

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**International
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WORLD BANK GROUP

2121 Pennsylvania Avenue, NW
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Telephone: +1 (202) 458 8097
Facsimile: +1 (202) 974 4800

cgsecretariat@ifc.org
www.ifc.org/corporategovernance