Despite the regulatory efforts to promote a harmonized reporting regime, differences in local institutions often lead to heterogeneity in reporting outcomes. Our study focuses on corporate governance—a key institution—and examines whether the convergence of corporate governance increases accounting harmonization. Constructing governance convergence indexes based on both firm-level practices and country-level reforms, we find that the similarity in corporate governance increases the comparability of actual accounting practices. Exploring the underlying mechanism, we find that accounting harmonization is driven by increased contractual demand and reduced stakeholder conflicts associated with a harmonized governance regime. Furthermore, we show that accounting harmonization facilitates the role of governance convergence in increasing financial market integration. Additional analyses suggest that our results are not driven by the adoption of global accounting standards, the strength of corporate governance, or improvement in financial reporting quality. Overall, our findings suggest that governance convergence has a harmonizing effect on accounting practices, which, in turn, facilitates globalization.

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Date: 10 June 2021 (Thursday)
Time: 10:30 – 12:00 (HK Time)
Venue: Zoom meeting
Meeting ID: 982 0936 4567 Password: 40625682
Please join Zoom Meeting, link: https://lingnan.zoom.us/j/98209364567

Language: English

*** All are Welcome ***