

Setting Your Own Standards: Internal Corporate Governance Codes as a Response to Institutional Pressure

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This paper is concerned with organizational response to institutional pressure. We argue that when faced with externally imposed standards, organizations can sometimes respond by developing alternative standards for the same practices.

the OECD guidelines or the Combined Code are seen as “external” standards that impinge on organizations, documents with similar content and function developed by individual firms can be treated as “internal” standards that are voluntarily adopted. Internal standards can play a dual function—regulating practices within the firm and sending a signal to external observers.

Our empirical analysis focuses on the adoption of internal corporate governance codes (ICGCs) by Russian firms in response to new national standards. In 2002, the Federal Commission for Securities Markets (FCSM)¹ instituted a national code of corporate governance, endorsed by the Russian federal government. The FCSM code presents very specific and demanding requirements, and, as we explain below, deviations from these requirements are very common because of the high costs of compliance. ICGCs constitute a strategic response to this new institutional pressure and provide a means for firms to signal adherence to “good corporate governance” despite their deviations from the FCSM code. In this way, ICGCs are an attempt to substitute internally defined standards for externally defined ones. There is great variance in the kind of internal code that firms adopt for themselves. Firms can develop very detailed ICGCs with clear targets and measures; alternatively, they can adopt very general, superficial standards that would allow them substantial discretion while still claiming “compliance.” Such superficial standards do not provide tangible guidance for behavior and thus serve mainly ceremonial functions. Accordingly, we study both the adoption of ICGCs as well as their degree of ceremoniality.

In the next section, we provide the theoretical background that helps us understand firms’ responses to externally imposed standards. Subsequently, we describe our empirical context. Then we develop specific hypotheses about (1) factors that influence firms’ decisions to develop internal corporate governance codes and (2) factors that affect the ceremoniality of these codes. We proceed to describe our research methods and the results of our empirical analysis. In the final section, we discuss these results along with their implications for institutional theory, the study of standards, and research on corporate governance.

Alternative Standards as a Substitution Response

In her influential treatment of strategic response to institutional pressure, Oliver (1991) presented a typology of organizational responses to institutional pressure, ranging from acquiescence and compromise to avoidance, defiance, and manipulation. Many empirical studies have used Oliver’s (1991) typology and systematically studied the conditions under which organizations are more likely to resist institutional pressure (e.g., Goodstein 1994,

Ingram and Simons 1995, Clemens and Douglas 2005).

studies, Hoffman (1996) traces the development of environmental reporting standards by Amoco Corporation. Amoco was pressured to adopt strict environmental standards (Valdez Principles) developed by the Coalition for Environmentally Responsible Economies. Amoco was reluctant to make a commitment to follow the Valdez Principles and instead created a coalition with several other major corporations to develop alternative principles for public disclosure of environmental data that effectively represented a substitute for the Valdez Principles. Another example is the response of forestry companies and industry associations to the introduction of standards regulating the use of forestry resources (Bartley 2007). The transnational environment protection initiative, the Forestry Stewardship Council (FSC), developed strict standards of sustainable forestry and convinced important buyers (such as Home Depot) to give preference to wood produced by companies certified by the FSC; however, forestry companies were reluctant to support the FSC standards because they had no control over the certification process (McNichol 2006). Instead, associations of forestry companies in the United States, Canada, and Europe developed alternative standards that better accommodated their interests and presented these standards as legitimate alternatives (Cashore et al. 2003, Bartley 2007). Although the above-mentioned case studies about the development of alternative standards provide examples of substitution responses (even though they are not theorized as such in these studies), this phenomenon has not been studied systematically.

To study the likelihood of using a substitution response to original standards, we focus first on organizational visibility, because prior research suggests that more visible organizations are exposed to higher degrees of institutional pressure (Bansal 2005, Clemens and Douglas 2005, Julian et al. 2008). In addition to their visibility, however, organizations also have different sensitivity to institutional pressure as they can be more (or less) dependent on actors exercising this pressure (Edelman 1992, Sine et al. 2009). Below, we predict that visibility, or organizational exposure to institutional pressure, will increase the probability of adopting alternative standards; however, we argue that the content of the adopted standards—their substantive-ness versus ceremoniality—will be predicted by organizational sensitivity to institutional pressure as indicated by dependence on actors enforcing compliance with this institutional pressure. We reason that under conditions of low dependence, organizations are more likely to choose a less costly ceremonial response, whereas under conditions of high dependence, organizations may decide to incur the more significant costs associated with the adoption of substantive standards. We test these arguments in the context of corporate governance standards in Russia, a setting that we describe next.

Corporate Governance Standards in Russia

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Table 1 Examples of Board-Related Requirements from the FCSM Code and Two ICGCs

Board-related requirements	FCSM code	Substantive code (YuTK)	Ceremonial code (AvtoVaz)
Which directors should be considered independent	Detailed specification of seven criteria used to determine independence of directors	Detailed specification of eight criteria used to determine independence of directors (some of them are more strict than FCSM's criteria; some, less strict)	For directors to be considered independent, they should be able to make independent decisions; this requires avoiding circumstances that may bias their opinions
Proportion of independent directors on the board	At least one-fourth of the total number of board members should be independent (and no less than three directors)	At least 3 of 11 board members should be independent	AvtoVaz perceives as important having on the board independent directors and representatives of minority shareholders
Compensation of board members	Equal compensation of all board members is recommended	Compensation of directors is determined based on their involvement in work of the board	Not specified
Composition of board committees	Personnel and corporate conflict committees should be headed by independent directors and consist of nonexecutive directors	Not specified	Composition of board committees is determined to ensure comprehensive consideration that takes into account different points of view
Meeting in person to vote on important decisions	Nine decisions are specified that require directors to meet in person	Six decisions are specified that require directors to meet in person	Not specified
Frequency of meeting in person	Not specified	At least 15% of all board meetings should be meetings in person	Not specified
Shareholders who can request board meetings	A board meeting can be initiated by shareholders who control at least 2% of shares	A board meeting can be initiated by shareholders who control at least 5% of shares	Not specified
Preparing newly elected directors for serving on the board	Not specified	Program for newly elected directors to familiarize them with the company and its businesses	Not specified
Records of board meetings	Besides the proceedings, all board meeting discussions should be recorded verbatim	Proceedings of board meetings should include information about voting of each board member	The company will keep records required by the corporate law

attention to corporate governance in the late 1990s (Yakovlev 2004), Russian firms did not adopt ICGCs. Even though many firms made significant progress in improving their corporate governance practices, they did not perceive the need to develop explicit codes describing internal corporate governance policies. The adoption of ICGCs was triggered by the introduction of the FCSM code in 2002 (see Figure 1). The FCSM code, supported by the Russian federal government, provided a benchmark for evaluating actual governance practices. Although corporate governance was already an important issue before the FCSM initiative, investors and other stakeholders did not evaluate corporate governance practices against a particular standard. Before the FCSM

held firms (who do not have to be concerned about sustaining market value by sending the right signals to investors) to attempt to switch attention from the FCSM code to an internal code. By developing ICGCs, publicly traded firms can send a signal of good corporate governance to investors that is less costly than compliance with the FCSM code. Thus, we expect the following.

Hypothesis 1A. Firms with shares traded at stock exchanges are more likely to adopt an internal corporate governance code.

Second, in Russia, only some firms that are traded on stock exchanges are “listed.” Whereas at the New York Stock Exchange (NYSE) and most other stock exchanges, “listing” refers to being included in the list of stocks officially traded at these stock exchanges, at major Russian stock exchanges, Russian Trading System (RTS) and the Moscow Interbank Currency Exchange (MICEX), it refers to being included in quotation lists. More than half of the firms traded on the two largest Russian stock exchanges are officially admitted for trading without being listed on their quotation lists.¹⁰ The listing procedure imposes special requirements on share issuers over and above the requirements needed to have shares traded. One of these requirements is a disclosure of detailed information about corporate governance practices. In particular, firms on the quotation lists of RTS and MICEX have to disclose information about their compliance with key requirements of the FCSM code. Even though FCSM recommends that all firms report their degree of compliance with its code, it does not monitor whether firms actually disclose this information. As a result, firms on quotation lists usually provide more information about their corporate governance practices than nonlisted firms, and as such, their corporate governance practices are more visible than those of other publicly traded firms.

As explained previously, all firms have some deviations from the FCSM code, and these deviations would be difficult to eliminate. Whereas nonlisted firms may be able to conceal these deviations by not reporting them, listed firms can be more closely monitored by investors because of strict disclosure requirements, and thus their deviations from the FCSM code would be more readily apparent. Development of an ICGC provides listed firms with an opportunity to demonstrate that, even though their corporate governance practices deviate in some respects from the FCSM requirements, these firms still value good corporate governance. By developing an internal code, a firm signals its commitment to a set of standards of good corporate governance, even though these substitute standards may differ somewhat from the standards in the FCSM code.

Hypothesis 1B. Firms included on the quotation lists of RTS and MICEX are more likely to adopt an internal corporate governance code.

Third, during the last several years, a significant number of Russian corporations have been able to access international financial markets by offering their securities on the NYSE, London Stock Exchange, and several other major stock exchanges (McCarthy and Puffer 2008). Entering these foreign stock exchanges facilitates access of Russian corporations to the financial resources of large institutional investors that have a limited presence on Russian stock exchanges. To initiate trading outside of Russia, Russian corporations deposit their shares in banks (most often, the Bank of New York or Deutsche Bank), which issue depository receipts that can be traded at foreign stock exchanges. American depository receipts (ADRs) are issued for trading in the United States, and global depository receipts (GDRs) are issued for trading in other countries, primarily in Europe. Investors in international capital markets are used to high standards of corporate governance, and Russian corporations that decide to initiate ADR/GDR programs—which indicates trading on foreign exchanges—attract the attention of these investors and have strong incentives to enhance legitimacy in their eyes.¹¹ The higher visibility of firms that initiate ADR/GDR programs, not only among domestic but also among international investors, creates pressure to demonstrate commitment to good corporate governance. We therefore posit the following.

Hypothesis 1C. Firms that issue ADRs or GDRs are more likely to adopt an internal corporate governance code.

In addition to the visibility of a firm’s governance practices, we also consider how its response to institutional pressure is affected by the responses of other organizations. DiMaggio and Powell (1983) described mimetic processes that lead to isomorphism in organizational fields. We bring this idea of mimetic isomorphism into our analysis of factors affecting the choice of strategic response to institutional pressure and suggest

enforce compliance are unlikely to produce changes in actual organizational behaviors (Sethi 2003). We consider such codes as ceremonial, in contrast with corporate codes (whether for corporate social responsibility, business ethics, or corporate governance) that provide specific guidelines and targets.

In Hypotheses 1A–1C we argued that organizational visibility, or *exposure* to institutional pressure, will predict the adoption of an alternative set of standards; however, we do not think that this exposure will predict the content (degree of ceremoniality) of these adopted standards. The existence of an audience that cares about good corporate governance and the visibility of the firm's corporate governance practices to that audience is likely to predict the act of adoption but not necessarily the kind of code that will be adopted—some firms will decide to develop rigorous codes, whereas others will adopt ceremonial codes. Instead, we argue that the ceremoniality of alternative sets of standards will be a function of organizational *sensitivity* to institutional pressure as indicated by dependence on the actors enforcing compliance with this institutional pressure.

Previous work has suggested a relationship between organizational dependence and the degree of compliance with institutional requirements (Salancik 1979, Tolbert 1985, Oliver 1991, Eden et al. 2001). However, existing empirical studies have not demonstrated how dependence on constituents affects the ceremoniality of responses or the likelihood that organizations adopt a symbolic response with little impact on actual operations. In other words, existing studies demonstrate how dependence affects the probability of partial implementation (Goodstein 1994, Ingram and Simons 1995, Sine et al. 2009) or implementation without embracing beliefs about the value of adopted practices (Kostova and Roth 2002), but the choice between a ceremonial and a substantive response as a function of dependence has not been explored.

ICGCs lie on a continuum that ranges from ceremonial to substantive. On the one hand, we interpret ICGCs with superficial, nonspecific provisions as a ceremonial response because they are likely to have minimal impact on actual corporate governance practices. Adoption of superficial ICGCs is associated with minimal constraints for the firm. On the other hand, ICGCs can specify detailed behaviors, targets, and limits. Such ICGCs are much more likely to influence actual practice. There is a significant variation in the content of ICGCs along this continuum, and we argue that organizational dependence on shareholders who highly value good corporate governance will predict whether the firm adopts an ICGC with superficial provisions or a detailed ICGC with specific requirements.

Although corporate governance is important for all shareholders, some shareholders have a greater interest in promoting “best practices” in corporate governance

through ICGCs than others. Basic corporate governance mechanisms provided by corporate law already give large shareholders (i.e., shareholders with large blocks of shares) the means necessary to protect their investments; for example, by using voting rights, these investors can initiate shareholder meetings, elect directors, and choose auditors. Minority shareholders, in contrast, are much more vulnerable because they do not have enough votes to use the mechanisms of corporate governance available to large shareholders. For this reason, the protection provided by corporate governance codes is especially important for minority shareholders. In other words, corporate governance standards that ensure transparency, accountability, and independent monitoring of strategic decisions made by the firm are generally more valued by minority shareholders who cannot use direct means of control over management. Similar to other national corporate governance codes, the FCSM code was developed primarily to protect minority shareholders, whose interests are often threatened in Russia by the opportunistic behavior of management and large shareholders

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owned by CEOs and about the length of CEO tenure were obtained from quarterly reports.¹³

The probability that a firm will adopt new practices may be affected by its centrality in the network of interorganizational ties (Burt 1982). For example, Davis (1991) found that centrality in the network of interlocking directorates was associated with a higher risk of adopting “poison pills.” We include a *centrality* variable to capture the centrality of each firm in the network of interlocking directorates among firms in our sample. Following previous studies about diffusion of management practices through board interlocks (Davis 1991, Fiss and Zajac 2004), we measure the Freeman degree centrality.

We also include a dummy variable for banks, because FCSM had limited authority over banks supervised by the Central Bank of Russia, and it is possible that banks responded differently to the introduction of the FCSM code. Finally, government agencies, professional associations, and other organizations promoting good corporate governance practices (e.g., the Russian Institute of Directors) are usually located in Moscow, where they run most of their workshops, conferences, and training programs. We have included a dummy variable to control for firms registered in Moscow (about one-fourth of our sample), because these firms are more likely to be influenced by the activities of organizations promoting high standards of corporate governance.

Analysis

Analysis of Adoption. Following previous studies of diffusion (e.g., Young et al. 2001, Edling and Sandell 2001, Connelly et al. 2011), we use a Cox proportional hazard model that does not specify a particular form of time dependence for the adoption rate and allows for both time-constant and time-varying covariates (Kalbfleisch and Prentice 2002):

$$r_{it} = h_{it} e^{\beta_1 X_{it} + \beta_2 Y_{it}}$$

where r_{it} is the hazard rate of adoption, h_{it} is an unspecified baseline hazard, X is a vector of covariates measuring time-invariant firm characteristics, Y is a vector of covariates measuring time-varying firm characteristics, and β_1 and β_2 are vectors of coefficients that measure shifts in the baseline hazard rate that are due to the covariates in X and Y , respectively.

Analysis of Ceremoniality of Response. The variable *code ceremoniality* is an ordinal dependent variable¹⁴ and can be modeled by using an ordered logit regression (Long and Freese 2003). In ordered logit regression, we estimate the probability that a linear function of independent variables is within the range of cut points for the outcome:

$$\Pr(\text{outcome}_j = i) = \Pr(k_{j-1} < b_1 x_{1j} + b_2 x_{2j} + \dots + b_n x_{nj} + u_j \leq k_j)$$

where k_1, k_2, \dots, k_{n-1} are cut points, n is the number of possible outcomes, u_j is a random error assumed to be logistically distributed, and b_1, b_2, \dots, b_n are estimated coefficients. Because we analyze ceremoniality of codes only for those firms who chose to adopt them, we also run a model that corrects for sample selection bias (Heckman 1979), a robustness check that we discuss in more detail in the next section.

Results

We report descriptive statistics and correlations in Table 2. The results of our analysis are summarized in Table 3 (for adoption of ICGCs) and Table 4 (for ceremoniality of ICGCs).

The coefficients reported in Table 3 represent hazard ratios with standard errors in brackets. In Model 1 we

Table 3 Results of Event History Analysis (Cox Proportional Hazard Models) for ICGC Adoption

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Size (log revenues)	10475*** 4001605	10379** 4001525	10131 4001375	10254* 4001375	10482*** 4001615	10529*** 4001635	10423*** 4001545	10132 4001415
Bank	10453 4005835	10584 4006175	10774 4007135	10854 4007495	10485 4006005	10800 4007295	10509 4006065	20456* 4100055
Moscow	00957 4003185	10287 4004215	00892 4002835	00883 4002805	10648 4008895	00806 4002715	00899 4002975	10384 4007365
State ownership	00582 4002315	00562 4002265	00586 4002245	00579 4002235	00581 4002315	00527 4002035	00639 4002465	00586 4002185
Foreign ownership	00835 4003205	00904 4003375	00725 4002745	00751 4002885	00842 4003235	00667 4002675	00823 4003145	00729 4002725
CEO ownership	00839	00993	00					

Table 4 Results of Ordered Logit Regressions for ICGC Ceremoniality

	Dependent variable: Code ceremoniality				
	Model 1	Model 2	Model 3	Model 4	Model 5
Size (log revenues)	0.0802** (0.02465)	0.0790** (0.02525)	0.1202*** (0.03235)	0.1196*** (0.03195)	0.0355*** (0.00955)
Bank	-0.1172 (0.02465)	-0.0221 (0.08855)	0.0811 (0.09915)	0.0845 (0.110135)	0.0225 (0.02895)
Moscow	-0.0898 (0.06605)	-0.0510 (0.06905)	-0.1730* (0.08065)	-0.1607* (0.08215)	-0.0473+ (0.02635)
State ownership	-0.0153 (0.08205)	0.0049 (0.08215)	-0.1983* (0.09565)	-0.1870+ (0.09595)	-0.0610+ (0.03345)
Foreign ownership	-0.0139 (0.06965)	-0.0154 (0.07355)	-0.0217 (0.08595)	-0.0264 (0.08815)	-0.0054 (0.02905)
CEO ownership	0.0611 (0.20695)	0.0953 (0.207455)	0.0324 (0.15035)	0.120248 (0.1612765)	0.0685 (0.16165)
CEO tenure	-0.0032 (0.00965)	-0.0017 (0.00975)	-0.0090 (0.01055)	-0.0082 (0.01065)	-0.0035 (0.00375)
Centrality	-0.0003 (0.00325)	-0.0017 (0.00335)	0.0019 (0.00365)	0.0014 (0.006915)	0.0015 (0.00145)
Ownership concentration		0.20643* (0.102995)		0.10307 (0.106105)	-0.0058 (0.04785)
Relative profitability			0.110775** (0.040055)	0.110417** (0.040665)	0.03087** (0.011715)
Mills lambda					0.0204 (0.02885)
No. of subjects (obs.)	72	72	64	64	62
Log likelihood	-830.264	-810.064	-610.822	-610.490	—
χ^2	170.61	220.01	360.03	360.70	530.43
df	8	9	9	10	20

Note. Standard errors are given in parentheses.
 +p < 0.1; *p < 0.05; **p < 0.01; ***p < 0.001.

ICGCs. Model 4 includes both independent variables and demonstrates that after including ownership concentration and relative profitability in the same model, the effect of relative profitability remains strong, whereas the effect of ownership concentration loses statistical significance (possibly because the number of observations is reduced as several firms lacking relative profitability data are excluded from the analysis).

It is possible that results reported in Models 1–4 are affected by sample selection bias (Heckman 1979), because the same factors may predict both ICGC adoption and ICGC ceremoniality. To account for this possibility, we use a two-stage model where we first predict ICGC adoption and generate a correction term (lambda). This correction term was then included in the second-stage model predicting the ceremoniality of ICGCs. The results are reported in Model 5, which shows that more profitable firms are more likely to develop ceremonial ICGCs, whereas no significant differences are associated with ownership concentration. In summary, our models demonstrate a significant positive association between relative profitability and ceremoniality of ICGCs, thus providing strong support for Hypothesis 3B. The effect of ownership concentration disappears in Models 4 and 5, thus weakening support for Hypothesis 3A.

To further investigate how ceremonial and substantive codes are different, we analyzed a subset of ICGCs with low and high ceremoniality scores in more detail. First, we found that substantive codes pay considerable attention to topics that are sensitive for minority shareholder121 T23(40 -12.125(v)15(e)-pics)elativeveve for tglership4(ef)2s

firms choose to publicize this information; others do not. Although our study is not focused on actual practices, we believe that the content of an ICGC is indicative of its impact on practice. In general, we expect correspondence between ICGC policies and actual practices because a firm that violates the policies described in its internal governance documents is subject to legal action (Drankina 2001, Ratnikov 2002); however, future research should investigate systematically the relationship between ICGC policies and actual governance practices (cf. Terlaak 2007). It is also important to study how stakeholders perceive internal codes and whether firms are able to achieve intended effects by emphasizing compliance with alternative standards. In-depth fieldwork on a small number of firms with ICGCs would be well suited to these avenues of inquiry.

Even given its limitations, our work contributes to institutional theory in two main ways. First, we develop the idea of substitution as a possible response to institutional pressure. Organizations operating in an environment with nonmandatory standards may be able to (at least partially) justify deviations from one standard by highlighting their compliance with an alternative. We see this strategy as related to, but distinct from, the responses (acquiescence, compromise, avoidance, defiance, and manipulation) suggested by Oliver (1991). Russian firms do not fully acquiesce to the FCSM code but do not simply avoid or defy it either. In some respects, ICGCs can be seen as a form of compromise strategy, which Oliver (1991, pp. 153–154) described as “partial conformity” and “bargaining”; indeed, all Russian firms, with or without an ICGC, are partial conformers in that they comply with some of the FCSM requirements but not with others. ICGCs, however, go beyond partial conformity. With an ICGC, firms elaborate an explicit alternative to the FCSM code. As we discussed previously, ICGCs are more than simply a subset of the FCSM requirements: in many cases, ICGCs fundamentally alter the nature of FCSM stipulations and/or present stipulations not mentioned in that code. Finally, individual ICGCs are not intended to manipulate national or field-level standards (for examples of such a process, see Garud et al. 2002, Sine et al. 2007, Lee 2009). Although ICGCs might collectively influence the national standards embodied in potential 03(in)]i7l

whereas policies regulating corporate governance practices are rarely presented as internal codes.

⁶We note, however, that if we were to include in this table all board-related requirements from these codes, the list of requirements from the FCSM code would be much longer than the list of requirements from the substantive YuTK code. Moreover, instances where the YuTK code exceeds the FCSM requirements tend to be in areas that are not particularly sensitive, such as those related to training and orientation of board members.

⁷Because all ICGCs are less stringent than the FCSM code (and the vast majority are significantly less stringent), the costs (broadly conceived) of complying with an ICGC are always lower than the costs of complying with the FCSM code.

⁸For example, YuTK, a leader in introducing good corporate governance practices in Russia, reports noncompliance with 12% of the FCSM code requirements (YuTK 2006). Another firm with highly rated corporate governance, JSFC Sistema, reports that it does not comply with 20% of the FCSM requirements (JSFC Sistema 2006).

⁹This is consistent with Zattoni and Cuomo (2008), who note that in many countries, especially those with civil law, national corporate governance codes target both publicly traded and nontraded firms.

¹⁰Being included in the quotation lists is a next step after being officially admitted for trading. Securities can be included in the quotation lists if their monthly volume of trading exceeds a threshold level specified by a stock exchange. If firms meet the minimum volume of trading requirement, they can apply to be included in the quotation lists.

¹¹For example, VimpelCom and Yukos improved their corporate governance in anticipation of launching ADR at the NYSE and were rewarded by a steep growth in their market value (McCarthy and Puffer 2004, p. 401).

¹²State ownership is transparent because the state does not use nominal shareholders. Determination of foreign ownership is more complicated because some “foreign” shareholders are, in fact, offshore firms controlled by Russian beneficiaries, who minimize taxes and expropriation risks by using these intermediary shareholders. To take into account a possible bias created by foreign shareholders from offshore territories, we use two foreign ownership variables—one that includes ownership by firms registered in Cyprus, Bahamas, or other “tax havens” and another that excludes ownership by firms from these offshore territories. Models with different foreign ownership variables produce similar results, and we report only those for “true” foreign ownership.

¹³In Russia, the most senior executive officer usually has a title of president or general director, but we call these executives CEOs to use the term that is more conventional in the management literature.

¹⁴Ordinal variables are categorical variables that can be ordered in a logical sequence of the increasing prominence of some property, e.g., a variable that takes values “poor,” “satisfactory,” “good,” and “excellent.”

¹⁵Besides estimating effects of control variables included in Model 1, we also checked whether variables associated with higher visibility among investors (*RTS/MICEX trading*, *RTS/MICEX listing*, and *ADR/GDR*) have any impact on the

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