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Book of Abstracts

Masters International R&D Center

MIRDEC 2023

MIRDEC 21th
International Academic Conference
Economics, Business and Contemporary Discussions in Social Science

CONFERENCE PROCEEDINGS
Barcelona 2023, Spain
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Editors

Kemal Cebeci
Irina Ana Drobot
Antonio Focacci

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ANA MARIA QUARESMA[1] AND SANDRA RIBEIRO[2]

PILLARS OF CORPORATE GOVERNANCE: A POSITIVE EXTERNALITY OR NOT?

Abstract

Corporate Governance is based on pillars of Transparency, Fairness, Responsibility and Accountability. Companies listed on the Stock Exchange are subject to high corporate governance requirements, which are reflected in their good, or bad, performance in their share prices. In Microeconomics, Externalities is the word used to describe the effects related to the production/consumption of a good/service that are not captured by the market, more specifically by the price system.

This exploratory study aims to review the literature to show whether the pillars of Corporate Governance can be considered as a positive externality. Regarding Transparency, Fairness and Responsibility it was not possible to verify that they represent a positive externality because their adoption is reflected in the share prices, however, and given that Accountability is mandatory in listed companies, it would be impossible for organizations to remain listed on the Stock Exchange if they did not comply with the requirements imposed. Thus, we conclude that this pillar can be considered a positive externality, allowing all economic agents to benefit from the financial information of the organizations.

Keywords: Corporate governance pillars, positive externalities, accountability

JEL Codes: M10, M16

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