

Moderation Effects of Legal Origin on Corruption and Corporate Performance

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Abstract : This study examines whether the legal origin of a country alters the association between corruption and corporate performance in the East Asia and South East Asia Region. A total of 18,286 companies from 14 countries in the East Asia and South East Asia Region are tested using Generalized Least Square (GLS) panel and pool data analysis with the cross-section being the income level. The data is further analyzed in terms of high income, upper middle income and low-income countries within the East and South Asia region. The empirical results indicate that legal origin positively moderates the relationship between a country's corruption level and firm performance. As for the sub-analysis, legal origin positively moderates only in the high and upper middle-income countries. As for the low-income countries, no significance is documented in both the common and civil law.

Keywords : corruption, performance, legal origin, East Asia and South East Asia Region

Conference Title : ICFMA 2019 : International Conference on Financial Management and Accounting

Conference Location : London, United Kingdom

Conference Dates : January 21-22, 2019