

# **Corporate Governance in Privately held Firms:**

## **Evidence from Colombian M&As**

### **INTRODUCTION**

Corporate governance is generally expected to affect different aspects of company performance: operating performance, usually measured as return on assets (ROA), return on equity (ROE) or EBITDA margin defined as the ratio between EBITDA and sales; market values, measured as Tobin's q; stock returns measured as return on investment and internal financial indicators such as dividend payouts. Notably, changes in operating performance is expected to cause or correlate with changes in market value and stock returns (Love, 2011) and therefore are instrumental for understating the role of corporate governance for firms. Moreover, dividend payouts are found to be related to the quality of corporate governance (Jiraporn & Kim, 2011) while the direction of the relationship is subject to debates.

In general, better corporate governance practices are expected to lead to a more productive use of resources and increased firm efficiency. The expected benefits are anticipated to have a considerable economy-wide effect when the argument is extended to the case of privately held firms (Uhlener, Wright and Huse, 2007) that make the majority of companies nowadays, including some of the world's largest (La Porta, R., F. Lopez-de-Silanes and A. Shleifer, 1999). However, better governance is also expected to be associated with the additional cost of implementing stronger corporate governance mechanisms which may not be justified if imposed through mandatory rules (Chhaochharia and Grinstein, 2007). The net effect of improved corporate governance mechanisms when these are voluntarily adopted is arguably positive (Chhaochharia and Laeven, 2009).

In this paper we study the relationship between firm-level corporate governance and its association with the operating performance and dividend decisions of privately held firms in Colombia. While our dataset contains the population of all privately held firms, we specifically study those firms that take part in M&A operations as they are expected to exhibit higher sensitivity to governance levels than other companies because of the pressure to fulfill the expectations of M&As and the need to manage the integration of different organizations. In particular, we study the role of self-reported corporate governance mechanisms such as accountability and independence of board of directors; transparency; managerial accountability; and rules of general assembly.

We find that general assembly's role, enhanced managerial accountability and transparency indices are negatively correlated with EBITDA. While the board of directors and the combined index exhibit a U-shaped pattern association with EBITDA, giving some support to the theory of costly governance mechanisms should exceed a threshold to begin to produce tangible results. For the alternative measure of performance, ROA, relationships with our governance indices are mostly negative. Our results also suggest that the impact of governance indices for firms involved in M&A is stronger. We also analyze the governance practices in setting dividend policy. Our results overwhelmingly support the substitution theory (La Porta et al., 2000; Jiraporn et al., 2011), indicating that better governance practices do not increase dividend levels.

We address endogeneity issues by lagging all governance variables at least one period as any additional lags reduce the number of observations dramatically. This also reduces the power of our tests. Nevertheless, the main results are robust and statistical associations withstand sample reductions. In the light of the results, this paper provides insights about the different interpretation that voluntary adoption of corporate governance mechanisms shall be given

across different institutional contexts and ownership structures (public vs. private firms) for the case of firms that are exposed to the pressures inherent to M&A activity.

The rest of the paper is organized as follows. In the next section we present a succinct review of the relevant literature on the role of corporate governance, discuss voluntary and regulatory arrangements, incentives for public and private firms, and make the case for privately held firms' voluntary adoption of strong corporate governance mechanisms. Then we describe the data and method of the study and present its main results. Finally we conclude and discuss the implications and limitations of this research.

## **HYPOTHESES**

Different mechanisms of governance have impact on the operating performance. As a general rule we expect that those mechanisms, and the general index combining it, have a cost that can affect negatively performance; however, once a threshold has reached or surpassed, we can begin to observe positive outcomes. Additionally, given the higher demands for performance that we can expect from firms involved in M&A, the impact of the different mechanisms should be higher for those firms.<sup>1</sup>

### **Corporate governance and operating performance**

**H1:** There is a relationship between corporate governance measures and operating performance of privately held firms.

**H1a:** The effect of corporate governance on operating performance is stronger for privately held firms involved in M&As.

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<sup>1</sup> We skip a more thoroughly discussion for space limitation. The interested reader can ask the corresponding author for more precise arguments.

We expect the Board of Directors index (**H2**), Transparency index (**H3**), Management Accountability index (**H4**) and the Combined Index of corporate governance (**H5**) all exhibit a U-shaped relation with operating performance.

## **Corporate governance and dividends**

**H6:** For the case of privately held firms in Colombia, dividend levels exhibit a positive (outcome) or negative (substitute) relationship with corporate governance mechanisms.

The alternative hypothesis (**H6a**) is that this effect is stronger for firms involved in M&As.

## **METHODOLOGY**

This section is divided in four parts. The first part contains the description of the sample used in the study. The second and third parts describe the financial and corporate governance data. Finally, we present the econometric model.

### **Sample**

We use information from the “Superintendencia de Sociedades”, a government agency in charge of supervising and controlling private business entities in Colombia. The financial statements are obtained from the Sistema de Información y Reporte Empresarial (SIREM), and information about corporate governance is obtained from the annual survey on governance and social responsibility practices. The data is available for 2009-2012.

Financial data contains information about the balance sheet, income statement and cash flow and exhibits a non-negligible number of inconsistencies. Inconsistencies and extreme values are eliminated.<sup>2</sup>

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<sup>2</sup> We skip the details of the cleaning procedure,

The corporate governance survey collects information about eight elements of governance: i) managerial control and accountability, ii) rules of general assembly, iii) board of directors, iv) conflict of interests, v) rules of disclosure, vi) family business arrangements, vii) conflict resolution mechanisms, and viii) mechanisms for preventing corruption. As the survey instrument for obtaining this information changed in 2011 we perform a careful homologation of the survey's results between 2009-2010 and 2011-2012. The process leads to a sample of 16.624 observations, corresponding to 6.132 firms. Table 1 presents the distribution of observation across the 4 years for which information is available.

**Table 1. Overview of years included in the sample**

Year	Observations	% of sample
2009	3,605	21.69%
2010	3,896	23.44%
2011	4,320	25.99%
2012	4,803	28.89%
Total	16,624	100.00%

## **Variables**

Performance, our dependent variable, is measured with two proxies: EBITDA margin and return on assets (ROA). EBITDA margin is calculated as the quotient of EBITDA on sales. ROA is defined as the ratio between net income and assets, and it is a standard measure of accounting performance. Dividend level is defined as cash dividends over sales. By using this ratio instead of dividends over net income or operating cash flows, cases of extreme or even negative ratios are mitigated. As a robustness check and endogeneity control, we also use lagged dividend payouts for one and two years.

The independent variables include the corporate governance sub-indices and the consolidated corporate governance index. In addition, we include a dummy variable for M&A activity that takes value of one if a firm participates in M&As in the period between 2009 and 2012 and zero, otherwise.

## *Corporate governance index and subindices*

In order to measure the quality of governance practices, we construct a corporate governance index and four subindices related to the rules of general assembly, managerial accountability and monitoring, board of directors, and transparency<sup>3</sup>. We build these indices for each of the four years for which data is available.

Within each subindex, we give equal weight to each attribute. Thus, to compute the index of Rules of General Assembly, we add one for each attribute, and then divide the sum by 6. To calculate the integrated corporate governance index, we add the four subindices and divide the sum by 4. Table 2 provides summary statistics for the integrated index and four subindices.

**Table 2. Summary statistics of corporate governance indices**

Index	Obs	Mean	Std. Dev.	Min	Max
Assembly	16,624	0.74	0.21	0.0	1.0
Administration	16,624	0.78	0.13	0.3	1.0
Board of directors	16,624	0.51	0.31	0.0	1.0
Transparency	16,624	0.62	0.32	0.0	1.0
Corporate governance	16,624	0.66	0.16	0.1	1.0

On average, Colombian privately-held companies score relatively high on Managerial accountability and Rules of General Assembly and significantly lower on the Board of Directors index. We include the lag of each measure of corporate governance in order to cope with the endogeneity problem between corporate governance and performance as there are several reasons to suspect of simultaneous relationship (Love, 2011).

## *Control variables*

Firm and industry level control variables are included. At firm level, we control for leverage, size, reliance on tangible assets, liquidity, family control and the lag of the dependent variable.<sup>4</sup>

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<sup>3</sup> The characteristics of the governance variables and the analysis of the survey is skipped, but are available from the corresponding author.

<sup>4</sup> The thoroughly justification for the inclusion of each variable is omitted, again to save space.

We follow McNamara, Haleblan & Dykes (2008) and Andonova, Rodríguez & Sánchez (2010) to compute munificence and dynamism indexes as the average of two measures. For munificence index calculations, the first measure is the coefficient, which relates industry sales to time through an OLS regression, divided by the average value of industry sales. In this case we use a 5-year mobile window.<sup>5</sup> The second measure we use to calculate the munificence index is the coefficient, which relates industry assets to time through an OLS regression, divided by the average value of the industry assets. Again, we employ a 5-year mobile window. When computing the dynamism index we employ a similar procedure as for the munificence index. The difference is that with dynamism instead of using the coefficients, which relates industry sales and assets to time through an OLS regression, we take the standard error value for those coefficients. A summary of the employed variable definitions is given in Table 3.

**Table 3. Variables Definition**

Variable	Definition
Dividend levels	Cash dividends / Sales
EBITDA margin	Earnings before interest and taxes / Sales
ROA	Net income / assets
Leverage	Financial debt / (Financial debt + Equity)
Size	Ln (Assets)
Tangibility	(Property, plant and equipment + Current assets) / Assets
Liquidity	Cash and Equivalents / Assets
Family	1: If the firm is family controlled; 0 otherwise
Munificence	See Methodology section, Control Variables.
Dynamism	See Methodology section, Control Variables.
General Assembly	See Methodology section, Corporate governance index and subindices.
Management	See Methodology section, Corporate governance index and subindices.
Board of Directors	See Methodology section, Corporate governance index and subindices.
Transparency	See Methodology section, Corporate governance index and subindices.
Combined index	See Methodology section, Corporate governance index and subindices.

## Financial Data

<sup>5</sup> For instance, to calculate the munificence for the retail industry sector in 2009, we take the last 5 years for that industry thereby using data for the years between 2005 and 2009. The same methodology is used for each of the years between 2009 and 2012 included in this study.

The sample includes information of 6,132 companies, of which 2,436 correspond to family businesses, while 154 companies were involved in mergers and acquisitions during the period. On average the companies we study have assets of 32 million USD, annual sales of 27.8 million USD, profits of 1.3 million USD, and dividend payments of 0.63 million USD. In general, they exhibit low liquidity, high reliance on tangible assets and moderate levels of debt. In terms of size, a representative company has 34.4 million USD of assets and 20.8 million USD of book value equity<sup>6</sup>.

### Estimation procedure

We study whether better quality of corporate governance is associated with better performance of private companies involved in M&As in Colombia using a multivariate model. We use random effects panel data estimation of performance measures  $P_{i,t}$  (ROA, EBITDA margin and dividends) and five alternative governance indices taking into account the effect of a set of control variables ( $CV_{i,t,k}$ ). The model to estimate is given by:

$$P_{i,t} = \beta_0 + \beta_1 CG_{i,t-1} + \beta_2 M\&A * CG_{i,t-1} + \sum \beta_k * CV_{i,t,k} + \mu_{i,t} \quad (\text{Specification 1})$$

To test for U shaped relationships on all the variables we estimate a second specification<sup>7</sup>:

$$P_{i,t} = \beta_0 + \beta_1 CG_{i,t-1} + \beta_2 M\&A * CG_{i,t-1} + \beta_3 CG_{i,t-1}^2 + \beta_4 M\&A * CG_{i,t-1}^2 + \sum \beta_k * CV_{i,t,k} + \mu_{i,t} \quad (\text{Specification 2})$$

## RESULTS

Tables 4, 5 and 6 contain the empirical results for each of the dependent variables: EBITDA margin, ROA and dividend payout, respectively. All models in Table 4 have overall explained variance in excess of 0.44, which suggest a good level of fit. Results show that the coefficients

<sup>6</sup> The statistics of variables are skipped, due to space reasons, but are available for the interested reader.

<sup>7</sup> Robustness and subsample tests (ordered by size) are skipped.

for all proxies of corporate governance exhibit negative and statistically significant correlation with the EBITDA margin. Therefore, the results are supportive of Hypothesis 1 as corporate governance mechanisms are found to be relevant in the case of privately held firms. Support for Hypothesis 1a is not found only for the case of Transparency index, which does not exhibit a statistically significant correlation with the EBITDA margin. The data does not support the view that higher level of corporate governance rapidly translates in better accounting performance (higher EBITDA margin). In fact, greater corporate governance indices in firms engaged in M&As correlate with reduced accounting performance, with most interaction effects equal or greater than the direct effects.

Additionally, we find evidence that is consistent with Hypothesis 2 according to which Board of Directors index exhibits a U-shaped relation with operating performance in the case of privately held firms. For the case of firms engaged in M&As such an effect is not found. Statistically significant quadratic effects are not detected for the case of Transparency (Hypothesis 3) and Management accountability (Hypothesis 4). Nevertheless, for the case of the Combined Governance index a U-shaped relationship is found and a stronger and statistically significant effect for the case of companies engaged in M&As is confirmed (Hypothesis 5). Therefore, once a higher level of corporate governance is enforced firms begin to reap the benefits of better decision-making. More importantly, firms involved in M&As begin to exhibit improvements in performance at lower levels of corporate governance. For instance, while the threshold for firms engaged in M&A is 0.60, the threshold for firms that do not perform M&As 0.87, a 17% difference.<sup>8</sup> Firms involved in M&As get higher benefits from better governance than their counterparts, giving a solid argument to the advocates of improved governance practices.

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<sup>8</sup> The threshold is calculated as the ratio of  $\beta_{MCGI}/(-2.\beta_{MCGI}^2)$ . For the M&A firms  $\beta$  is the sum of  $\beta_{MCGI}$  and  $\beta_{M\&A.MCGI}$ ; the same applies for the quadratic term.

Regressions in Table 5 where the dependent variable is ROA have overall  $R^2$  exceeding 0.40, indicating again a good fit. The results in Table 8 do not support Hypothesis 1 of a correlation between corporate governance proxies and ROA probably because ROA gets influenced by many more forces than the EBITDA margin, besides being weighted by a larger denominator, which makes more difficult finding gains from corporate governance. Evidence, however, is consistent with H1a, with all coefficients for the interaction term with M&As being significant for Specification 1, suggesting that corporate governance effects correlate with ROA for firms involved in M&As. For the case of ROA, there is no support for Hypotheses 2, 3, 4 and 5, which conjecture U-shaped relationships between indices of corporate governance and performance. It is plausible to expect that the effect of corporate governance takes more time to manifest in the case of ROA than in the case of the EBITDA margin and therefore we estimated the same model specifications for the second lag of the corporate governance indices (Appendix 2). In spite of the reduction in the sample size, overall  $R^2$  exceeds 0.40 and most control variables remain significant and with the same sign. We find support for H3 (Transparency) and H5 (Combined index), and see these results as evidence for the slow pace with which corporate governance structures affect ROA.

Most control variables in Table 7 have statistically significant correlations with ROA and have the expected signs.

Regressions of dividend payouts are presented in Table 6. Models have  $R^2$  around 0.09, a lower fit than the previous models. Regression results are consistent with Hypothesis 6 and support the substitution argument. In general, dividends substitute for low levels of governance indices (H6), and this effect is stronger for firms involved in M&As (H6a). Specification 1 yields significant and negative coefficients for all indices of corporate governance, except for General Assembly. The interaction term is negative, but does not reach conventional levels of significance for indices of Management accountability, Board of Directors and the Combined

index. The evidence of stronger correlation between governance proxies and performance for firms involved in M&As is weaker in the case of dividend payouts.

All control variables in Table 6 have the expected signs. Two do not reach significant levels: the lagged dividend payouts and munificence. Lack of statistical significance for the lagged dividend payouts suggests that Colombian firms set dividend policies disregarding prior levels, contrary to the widespread notion of sticky dividends associated with the pecking order theory (Frank and Goyal, 2003). While the negative association of munificence with dividends stands, the lack of significance possibly suggests that additional considerations in setting dividend levels rather than considerations t firms face. Leverage and dividends are negatively associated as more leverage reduces cash available for dividends. Large firms pay more dividends, arguably because large, older, firms have less growth opportunities. Capital intense firms and firms in mature industries pay less dividends because of their lower returns and low risk profiles. Liquidity is clearly associated with more resources available to pay dividends. Finally, family firms pay more dividends than non-family firms, a pattern consistent with reliance on dividend cash flows as regular family income.

## **CONCLUSION**

Corporate governance has been heralded as a sure remedy for improving firm performance. Countless papers haven been devoted to test this hypothesis on publicly listed firms (Love, 2011; Chhaochharia and Grinstein, 2007; Cruces and Kawamura, 2007; Bebczuk, 2007; Leal and Carvahal-da-Silva, 2007; Lefort andWalker; 2007; Gutierrez and Pombo, 2007; Chong and Lopez-de-Silanes, 2007; Bhagat and Bolton, 2008 and 2009; among others). For our research we developed different governance indices based on the yearly survey answered by privately held Colombian firms. To the best of our knowledge, this is the first attempt to measure the impact of corporate governance on non-public firms in a developing nation context. Non-public

firms arguably are subject to different governance conditions than public firms. First, disclosure requirements are much lower than those applied to public firms; and second, firms get funds mainly from banks and private sources, to which firms are able to arguably better convey credible information reducing the information asymmetries that characterizes public markets. Still, it is plausible to expect that better governance practices produce a better allocation of resources and translate to firm performance. It is clear that the cost of implementing such measures can be high and that costs could outweigh benefits, especially for private firms, to which the advantages of more transparency, stricter rules and potential access to capital markets can be indeed smaller.

This study provides the first evidence as to whether governance practices are associated with some measures of accounting performance and dividend payouts in the context of private firms in a developing nation. The results show a negative association with governance levels, which points out that for our sample costs exceed the benefits of better governance. Additionally, the negative effect is magnified for the case of firms involved in M&A indicating that these firms might be willing to bear the price of adopting strict governance mechanisms.

However, we find evidence that the studied relationship is not linear. Moreover, for the case of EBITDA margin greater indices of governance practices are associated with decreased operating performance and the effect is stronger for firms involved in M&As. This evidence is consistent with the proposed hypotheses and suggests that there is arguably a need of well-organized control structures as prerequisites for participation in M&As even though they might be costly. For the case of ROA, there is no evidence of a positive correlation with governance practices, a result similar to the one obtained by Bhagat and Bolton (2009). If a longer-term perspective is taken, statistically significant correlation is present suggesting that corporate governance mechanisms need time to manifest in ROA levels. Finally, the study of the correlation between governance indices and dividends supports the substitute hypothesis. Low

governance levels are associated with higher dividends. Firms compensate investors with cash in exchange for accepting low levels of governance; given that improvements in governance could outweigh benefits, a second best solution (higher dividends) seem to fit within the pattern of the other empirical results.

Interestingly the family control variable we include is always significant and positive. Family influence seems to be an important management tool for the firms in our sample and we intent to study the role of corporate governance for family owned firms in the future.

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**Table 4. Estimation of the proposed econometric models for EBITDA margin**

The dependent variable is EBITDA margin (EBSA). The table reports the results of OLS panel regressions with random effects and robust standard errors. The panel consists of privately-held Colombian firms and it covers four years (2009–2012). Specifications include as control variables leverage, size, tangibility, liquidity, family and the first lag of the dependent variable at firm level, and munificence and dynamism at industry level (defined in the methodology section). Specification (1) denote the estimation results for the model proposed with: different measures of corporate governance (MCGi; general assembly, management, board of directors, transparency and the combined index of corporate governance) and its interact with the merger and acquisition variable (M&A); Specification (2) additionally includes the quadratic effect of measures of corporate governance interacted with the merger and acquisition variable (M&A). We report the number of observations, number of groups and the r-squared for the within, overall and between models by each specification. The significance levels are denoted by \*\*\*, \*\* and \* at 1%, 5% and 10% of significance respectively.

Variable	General Assembly		Management		Board of Directors		Transparency		Combined Index	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
MCGi	-0.019519**	-0.034556	-0.042225***	-0.115383	-0.012952**	-0.073324***	-0.009318**	-0.009615	-0.042809***	-0.175157**
M&A * MCGi	-0.040127**	-0.098631	-0.036860**	-0.150857*	-0.034660*	-0.109824	-0.015401	-0.070062	-0.041263**	-0.205183***
MCGi <sup>2</sup>		0.010984		0.046280		0.065120***		0.000013		0.100549*
M&A * MCGi <sup>2</sup>		0.065427		0.132314		0.093953		0.060084		0.211903**
Leverage	-0.091077***	-0.091266***	-0.091692***	-0.091892***	-0.090837***	-0.090175***	-0.090931***	-0.091083***	-0.090392***	-0.090653***
Size	0.022445***	0.022536***	0.022675***	0.022761***	0.022418***	0.022923***	0.021816***	0.021888***	0.022984***	0.023266***
Tangibility	-0.169246***	-0.169215***	-0.168794***	-0.168711***	-0.168441***	-0.166887***	-0.169763***	-0.169670***	-0.168859***	-0.168320***
Liquidity	0.114004***	0.114055***	0.113522***	0.113356***	0.113552***	0.112954***	0.113770***	0.113739***	0.113368***	0.112711***
Family	0.018737***	0.018636***	0.017595***	0.017522***	0.017903***	0.018529***	0.018687***	0.018618***	0.017522***	0.017397***
L.EBSA	0.211619***	0.211653***	0.210846***	0.210780***	0.211388***	0.210986***	0.211273***	0.211265***	0.211259***	0.211096***
Munificence	0.109848***	0.110260***	0.105025**	0.105763**	0.109834***	0.111783***	0.108100**	0.108154**	0.103980**	0.105808**
Dynamism	0.269448***	0.269697***	0.266927***	0.266891***	0.267262***	0.265921***	0.270750***	0.270701***	0.268911***	0.269167***
_cons	-0.156728***	-0.153545***	-0.141309***	-0.114487*	-0.164608***	-0.166983***	-0.154713***	-0.155617***	-0.151869***	-0.115828**
Obs.	13042	13042	13042	13042	13042	13042	13042	13042	13042	13042
Number of groups	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814
R-squared within model	0.0014	0.0014	0.0012	0.0012	0.0015	0.0014	0.0013	0.0013	0.0014	0.0013
R-squared overall model	0.4448	0.4448	0.4443	0.4442	0.4451	0.4456	0.4434	0.4435	0.4450	0.4455
R-squared between model	0.5040	0.5040	0.5029	0.5026	0.5042	0.5046	0.5019	0.5020	0.5037	0.5040

**Table 5. Estimation of the proposed econometric models for ROA**

The dependent variable is Return on Assets (ROA). The table reports the results of OLS panel regressions with random effects and robust standard errors. Structure is the same as in Table 4. Control variables are omitted.

Variable	General Assembly		Management		Board of Directors		Transparency		Combined Index	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
MCGi	-0.003413	0.007357	-0.003597	-0.001271	0.000162	-0.001025	-0.004364***	0.003275	-0.007470**	-0.002563
M&A * MCGi	-0.007316*	-0.047294*	-0.010120***	-0.007443	-0.010795**	-0.019668	-0.011186**	-0.017187	-0.011072**	-0.029441
MCGi <sup>2</sup>		-0.008831		-0.001488		0.001321		-0.007036		-0.004164
M&A * MCGi <sup>2</sup>		0.046997		-0.003221		0.011907		0.006956		0.024913

**Table 6. Estimation of the proposed econometric models for Dividend Levels**

The dependent variable is Dividend Levels (DIVOV). The table reports the results of OLS panel regressions with random effects and robust standard errors. The panel consists of privately-held Colombian firms and it covers four years (2009-2012). Specifications include as control variables leverage, size, tangibility, liquidity, family and the first lag of the dependent variable at firm level, and munificence and dynamism at industry level (defined in the methodology section). Specification (1) denote the estimation results for the model proposed with: different measures of corporate governance (MCGi: general assembly, management, board of directors, transparency and the combined index of corporate governance) and its interact with the merger and acquisition variable (M&A). We report the number of observations, number of groups and the r-squared for the within, overall and between models by each specification. The significance levels are denoted by \*\*\*, \*\* and \* at 1%, 5% and 10% of significance respectively.

Variable	General Assembly (1)	Management (1)	Board of Directors (1)	Transparency (1)	Combined Index (1)
MCGi	-0.000077	-0.012448*	-0.013557***	-0.015879***	-0.035569***
M&A * MCGi	-0.015687**	-0.009596	-0.002380	-0.018432**	-0.014920
Leverage	-0.034741***	-0.034731***	-0.034015***	-0.034044***	-0.033756***
Size	0.003342**	0.003391**	0.003692***	0.003355**	0.003959***
Tangibility	-0.088227***	-0.088161***	-0.087486***	-0.088829***	-0.087910***
Liquidity	0.090376***	0.090309***	0.090166***	0.090189***	0.090048***
Family	0.008803***	0.008488***	0.008044***	0.008388***	0.007780***
L.DIVOV	0.001740	0.001741	0.001702	0.001690	0.001689
Munificence	-0.009955	-0.011552	-0.011503	-0.014436	-0.015410
Dynamism	0.059354***	0.058851***	0.057490***	0.061374***	0.058781***
_cons	0.036091	0.044974*	0.036295	0.046022*	0.048993*
Obs.	13042	13042	13042	13042	13042
Number of groups	5814	5814	5814	5814	5814
R-squared within model	0.0008	0.0008	0.0007	0.0000	0.0002
R-squared overall model	0.0940	0.0946	0.0967	0.0951	0.0973
R-squared between model	0.1251	0.1254	0.1285	0.1243	0.1274