This study examines corporate governance (CGs) and firm performance relationship before and after the crisis year of 2008 using GMM methodology. In this study, we employ panel data where our data comprises of yearly observations of firm level data from US, UK, Germany, Switzerland, France, Belgium, Sweden and Denmark from 2004-2015. The data from this study was collected from Thomson Reuters Aset4 ESG and DataStream Financials. We observed that after controlling for the Governance-performance relationship, no observable relationship was found and as such our study have policy implications for national governance codes.

Since the advent of the financial crisis, corporate governance has been a central topic of debate and discussion among researchers, practitioners and regulators worldwide. According to the agency theory literature strong corporate governance mechanisms helps in aligning the interests of both managers and shareholders and subsequently enhance firm’s performance. However, the impact of corporate governance measures on firm performance remains an open question. Prior empirical literatures has examined this relationship in great details with mixed and inconclusive findings. See Table 1. for BI and Performance relationship. Hermelin and Weisbach (1998), opined that board structure arises as a result of the bargaining process between the chief executive officer (CEO) and the board and as such the CEO ability is a function of past firm performance. Wintoki et al., (2012) argue that the relationship between governance and firm performance may be endogenously determined and as such not controlling for the endogeneity of governance-performance relationship, will lead to spurious inferences which is a common finding in the literature. Therefore, after controlling for the endogenous nature of governance-performance relationship, there will be no further impact on performance. This is the notion we advanced in this study.

The coefficients α0, α1, γ0, ω, θ, δ, δ0, δ1 are the estimated parameters in the multiple regression equation. μ represents the unobserved firm specific effect and ε represents the remaining disturbance term. PF represents our performance variables which is either ROA or ROE and CG comprises our corporate governance measures.

\[
(PF_{i,t}) = \alpha_0 + \alpha_1 (PF_{i,t-1}) + \alpha_2 (PF_{i,t-2}) + \sum_{j=1}^{9} (CG_{i,t} \beta_j + \sum_{j=1}^{7} (CG_{i,t} \gamma_j) + \sum_{j=1}^{8} (CG_{i,t} \delta_j) + \sum_{j=1}^{10} \alpha_{ccindp} + \sum_{j=1}^{20} \alpha_{acindp} + \sum_{j=1}^{4} \alpha_{lshare} + \mu_i + \epsilon_{i,t})
\]

The coefficients \(\alpha_0, \alpha_1, \gamma_0, \omega, \theta, \delta, \delta_0, \delta_1\) are the estimated parameters in the multiple regression equation. \(\mu\) represents the unobserved firm specific effect and \(\epsilon\) represents the remaining disturbance term. \(PF\) represents our performance variables which is either ROA or ROE and \(CG\) comprises our corporate governance measures.

### Methods & Data

Our main strategy is the GMM approach, which has been regularly adopted to control for all sources of endogeneity: Simultaneity, unobserved and dynamic endogeneity when correctly specified.

\[
\begin{align*}
\text{FINANCIAL CRISIS, CORPORATE GOVERNANCE AND FIRM PERFORMANCE: EVIDENCE FROM THE U.S. AND E.U} \\
\text{EJIRO ALBERT ESOHWODE} \\
\text{DEPARTMENT OF INTERNATIONAL BUSINESS AND ECONOMICS, UNIVERSITY OF GREENWICH BUSINESS SCHOOL} \\
\text{Results & Conclusion} \\
\text{Table 1:} \\
\text{Paper} & \text{Sample/Y} & \text{methodology} & \text{Result} \\
\text{Table 2: CG Variables} \\
\text{Board Independence} \\
\text{Board Size} \\
\text{CEO duality} \\
\text{Gender Diversity} \\
\text{Audit Committee independence and Financial Expertise, Nomination Committee independence and compensation committee independence} \\
\text{Large shareholder} \\
\text{We also include control variables, size, age, lev, capex, R&D,NetSales etc.} \\
\text{Conclusion} \\
\text{We examine the governance-performance relationship in US and EU firms using selected CG variables and ROA and find no relationship between CG mechanism and firm performance pre-post the recent financial crisis. Our study supports the argument as publicized by Wintoki et al., 2012 that most prior studies that do not appropriately control for the endogenous nature of governance performance relationship would lead to spurious inferences and as such the inconclusive nature of most studies. In general, our study have policy implications for national governance codes.}
\]