



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■

## Department of Accounting

### **The Determinants of Firm-Specific Corporate Governance Arrangements and the Informativeness of Accounting Reports: Evidence from Brazil<sup>1</sup>**

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#### **Abstract**

This study provides evidence on the determinants of corporate governance quality and financial accounting quality in Brazil. Using a specially constructed corporate governance index - Brazilian Corporate Governance Index (BCGI) - we show that the quality of corporate governance is linked to the growth opportunities firms face. Consistent with the argument that accounting numbers are essential elements of corporate governance arrangements, we show that improvements in corporate governance are associated with economically material and statistically significant improvements in indicators of accounting quality. We also show that corporate governance quality and accounting quality are also positively affected by cross-listing, but cross-listing is not the only driver of either of these quality choices.