

# Accounting and Corporate Governance Literature Review in Hellas 1991-2017

Yiannis K. Yiannoulis

TEI of Crete, School of Economics and Business

HERAKLEION – CRETE

The purpose of this paper is to examine and review the literature regarding Corporate Governance and Delisting in Hellas – Athens Stock Exchange (ASE). Hellas has different characteristics from other Continental Europe countries (such as Italy, Spain) and that is why is an interesting case to investigate. This literature review gathers all relevant, reliable and timely information and could help researchers in order to exploit gaps in the empirical literature and focus there their research. In addition, this report is beneficial to market participants (i.e. individual and potential investors, both foreign and domestic) in order to reach more reliable conclusions and market decisions.

*Keywords:* Hellas, Athens Stock Exchange, accounting, auditing

## Introduction

The purpose of this paper is to examine the accounting literature regarding Athens Stock Exchange (ASE); specifically we will examine corporate governance (CG) issues, earnings management, delisting, initial public offerings (IPO) underpricing, and the effect of International Financial Reporting Standards (IFRS) adoption. These topics are up-to-date and cover most of the accounting research in the Hellenic context.

But why we focus in Hellenic environment (ASE)? Hellenic firms are family-owned, with low free float, and underdeveloped market for corporate control. In addition, members of the family are actively involved in management and there is no separation between management and ownership. In that case, the agency problem is the following: “large dominant shareholders usually control managers and expropriate minority shareholders, in order to extract private benefits” (Lazarides, 2009, p. 16). Duality in roles of board president and chief executive officer (CEO) is not the case in Hellas: “Only 38.95% (years 2001-2002) and 33.64% (years 2003-2006) of the firms are applying this practice” (Lazarides, 2009, p. 17).

Traditionally, Hellenic listed (or not) companies are mainly family-owned; family members are also members of the board, so there is no separation of management and control. However, (i) the significant use of initial public offerings (especially the period 1996-2002 as means of raising capital; (ii) international (i.e., Enron, Arthur Andersen) corporate scandals; and (iii) the “speculative” events in the Hellenic Capital Market (Athens

---

Yiannis K. Yiannoulis, Lecturer of Accounting and Finance, TEI of Crete, Department of Accounting and Finance, School of Economics and Business, , Herakleion, CRETE, HELLAS.

Stock Exchange, see <http://www.helex.gr>) during 1999 till 2000 led the Hellenic Capital Market Commission (see <http://www.hcmc.gr>) to introduce CG regulations and codes through the publication of “Principles of Corporate Governance in Greece”<sup>1</sup> on October 1999 (Mertzanis, 2001, pp. 92-97; Xanthakis, Tsipouri, & Spanos, 2003; Tsipouri & Xanthakis, 2004; Spanos, 2005).

In May 2002, Law 3016/2002 amended Corporate Law (Law 2190/1920) and introduced (for the first time in Hellas) *mandatory* CG elements, in line with European Union (EU) guidelines and directives, and Organisation for Economic Co-operation and Development (OECD) Principles on corporate governance (OECD, 1999; Neratzidis & Filos, 2014, p. 286). The main purpose was to protect shareholders’ rights (Dimitropoulos & Asteriou, 2008).

After that in 2010, Law 3873/2010 requires listed companies to disclose an annual CG Statement on the Annual Report and Law 3883/2010 included more obligations regarding the disclosure of information to shareholders prior to General Meetings (Neratzidis & Tsamis, 2017, p. 367; Koutoupis, 2012, p. 456; Neratzidis, 2015, p. 379; Neratzidis & Filos, 2014, pp. 287-288). It is worth noting that the Hellenic Federation of Enterprises (SEV in Greek) issued a CG code based on the “comply or explain” principle (Neratzidis & Tsamis, 2017, p. 367).

This paper is organized as follows: (a) in the next section, we will examine the evolution of CG laws in Hellenic capital market and (b) in third section, we will show the CG studies in the Hellenic context.

In next sections, we will discuss: (a) accounting and auditing environment in Hellas; (b) earnings management; (c) delisting; (d) IPO underpricing; (e) effect of IFRS adoption; and lastly (f) research on family firms.

These topics cover most of the accounting research in the Hellenic context and show its evolution during different periods. Before the application of IFRS in Hellas, Greek Accounting Standards were criticized because: (i) they allowed firms to use a lot of discretion; (b) were based to comply with tax rules and not accounting standards and principles; and (c) empirical studies of international comparison between European countries have shown that Greece exhibits the highest level of earnings management (Bhattacharya, Daouk, & Welker, 2003; Leuz, Nanda, & Wysocki, 2003).

In Hofstede’s (1980; 1991) research, Hellas appears as an outlier in terms of uncertainty avoidance and also has high scores in power distance and masculinity (Ballas, Skoutela, & Tzovas, 2010). Hellas’s entry in the European Monetary Union (EMU) in 2001 resulted in the establishment of a macroeconomic environment of low interest rates and limited foreign currency risk. In this new environment, Hellenic economy sustained its high growth rate for the subsequent years despite the slowdown of the other European countries.

### **Evolution of Corporate Governance (CG) in Hellas**

Agency theory is fundamental in CG; the agency problems vary, depending on the ownership characteristics of each country. Specifically, in countries with widespread and dispersed ownership structure (i.e., UK and USA) the separation of ownership and control (Berle & Means, 1932) refers to the inherent conflicting interests of

---

<sup>1</sup> There were 44 recommendations in the following categories: (i) the rights and obligations of shareholders; (ii) the equitable treatment of shareholders; (iii) the role of stakeholders in corporate governance; (iv) transparency, disclosure of information and auditing; (v) the board of directors; (vi) the non-executive members of the board; and (vii) executive management.

opportunistic managers and owners (Fama & Jensen, 1983; Williamson, 1985; Grossman & Hart, 1986).

In these countries, where capital markets are developed, investors use their exit options if they disagree with management or if they are not satisfied with company's financial performance; this stocks' selling causes stock price to fall, which increases the possibility of the company to be acquired by another. In that case, management tries to improve firm's performance (Hirschman, 1970).

Most managers have significant control on how to allocate investors' funds; Jensen (1986) argued that a manager would undertake a project that could give him/her personal benefits, against investors' interests in the case he/she has the opportunity not to return money to investors. This is the *free cash flow* problem, where a manager chooses to reinvest free cash rather than return it to investors.

In addition, Shleifer and Vishny (1997) argued that managers are able to retain their position even when they are no longer competent or qualified to run the company. A better solution to this agency problem is owners to agree with management a long-term incentive contract that aligns management's interest with shareholders. These contracts can be share ownership, stock options, or the risk of dismissal (Jensen & Meckling, 1976; Fama, 1980; Davis, Schoorman, & Donaldson, 1997).

On the contrary, in countries with concentrated (mainly family) ownership, like countries in Continental Europe (Italy, Germany, France, Spain, and Hellas), owners of the company are also involved in management and expropriate minority shareholders, in order to extract private control benefits. The agency problem in that situation is between strong (mainly family) blockholders and minority shareholders (Becht, 1997).

Research has mainly focused on:

- (a) the role of ownership structure (i.e., managerial ownership);
  - (b) management compensation (Abowd, 1990; Gerhart & Milkovich, 1990; Beatty & Zajac, 1994);
  - (c) board of directors
    - board composition [Dalton, Daily, Ellstrand, & Johnson, 1998; Baysinger & Hoskisson, 1990; Fosberg & Nelson, 1999];
    - board independence [Rosenstein & Wyatt, 1990; Cotter, Shivdasani, & Zemer, 1997; Bhagat & Black, 1996]<sup>2</sup>;
    - frequency of board meetings [Vafeas, 1999; Vafeas & Theodorou, 1998]<sup>3</sup>;
    - leadership structure/duality of CEO and chairman of the board [Bagila, Moyer, & Rao, 1996; Berg & Simth, 1978; Brickley, Coles, & Jarell, 1997; Rechner & Dalton, 1999]<sup>4</sup>.
- as the main corporate governance mechanisms.

According to agency theory, these are the main *internal* mechanisms that reduce the agency costs arising from the conflicts of interest between management and shareholders.

In general, Hellenic companies are governed by a unitary board of directors, which has the disadvantage to increase agency costs. Bekiris (2013) examined the interrelationships between ownership structure and board characteristics; he followed the studies of Agrawal and Knoeber (1996), Mak and Li (2001), and Belkhir (2009).

<sup>2</sup> The widespread requirement of independence of some directors was met with serious skepticism on the part of stakeholder representatives: independence may be combined with ignorance, while if someone wants to combine strict independence and competence, there is a risk of not having enough people to be board members in small countries.

<sup>3</sup> Both the frequency of board meetings and their structure were examined.

<sup>4</sup> The literature on the impact of the duality of CEO and chairman of the board on CG/performance remains ambiguous.

The main finding of his study is that companies with no duality in the roles of CEO and chairman of the board (i.e., companies where the CEO acts additionally as chairman of the board) tend to have fewer outside directors and reduced blockholder ownership; boards with more independent members are found in companies with higher external blockholder shareholdings. In addition, there is a negative relationship between the size of the board and: (a) managerial ownership; and (b) board independence and a positive relationship between the size of the board and firm's size; lastly, there is a negative relationship between external blockholder ownership and leadership structure.

Regarding corporate governance mechanisms and firm value, Bekiris (2013) found: (a) a positive relationship between firm's performance (proxied by Tobin's Q) and the presence of external blockholders; and (b) a negative relationship between leadership structure and firm performance. The sample he used was from the years 2000 till 2006; his finding (i.e., none of the variables in the equation relating to managerial ownership are statistically significant) is in line with previous literature (Agrawal & Knoeber, 1996; Mak & Li, 2001; Belkhir, 2009). An interesting finding is that there is a negative relationship between managerial ownership and board size; this is *not* in line with agency theory, but is consistent with the work of Lasfer (2006).

### **Corporate Governance Research in Hellas**

In 2000, the Center of Financial Studies in the Department of Economics of the University of Athens incorporated, by using a questionnaire of 54 questions in 37 indicators<sup>5</sup>, a CG index by assigning (subjective) weighting in each indicator. They examined, by using public information from the published annual reports, the CG scores of the 20 biggest, in market capitalization, companies for the years 2001<sup>6</sup> and 2003. The results showed a slight improvement (from 77.8% to 81.1% for the years 2001 and 2003 respectively). The highest compliance was in shareholder rights, while weaker compliance was in the disclosure of managerial remuneration, the application of International Accounting Standards (IAS) and the disclosure of company's risk management (Spanos, Tsipouri, & Xanthakis, 2006, p. 2).

Alexakis, Balios, Papagelis, and Xanthakis (2006) examined thirty stocks<sup>7</sup> for the period 24 September 1999 to 11 February 2004; the period was divided in three sub-periods based on the specific date's two important CG codes and laws were implemented. The first period is from 24 September 1999 to 6 December 2000 (when the first decision 5/2004 became effective), the second is from 6 December 2000 to 17 November 2002 (when law 3016/2002 was introduced), and the third period from 17 November 2002 till 11 February 2004. The first period was pro-CG period, the second was mid-CG period, and the last one was post-CG period. Their purpose was to examine the behavior of stock returns' mean and volatility of each period; their result showed that the second and the third period stocks in their sample exhibit statistically significant lower volatility.

Lazarides and Drimpetas (2011b) examined the CG quality by testing 64 listed firms for the period 2001-2006 based on 12 items; they found that:

<sup>5</sup> The 54 questions were grouped into the following categories: (i) the rights and obligations of shareholders; (ii) transparency, disclosure of information and auditing; (iii) the board of directors; (iv) executive management; and (v) corporate governance commitment.

<sup>6</sup> See Tsipouri and Xanthakis, 2004, pp. 19-23. For 2001, they examined: (a) the twenty biggest (high capitalization); (b) the next forty (medium capitalization); (c) low capitalization; and (d) fifteen companies chosen randomly.

<sup>7</sup> Their sample consisted of the first 10 largest in capitalization companies from the FTSE ASE 20, FTSE ASE 40, and FTSE ASE 80 indices.

- (a) There is a positive correlation of CG quality and firm size;
- (b) When the main shareholder is also the chief executive officer then CG increases;
- (c) There is a negative correlation of CG quality .with the number of executive board members.

Neratzidis and Tsamis (2017) examined the determinants of CG disclosure based on agency theory, signaling theory, legitimacy, and stakeholder theory. Regarding agency theory, CG disclosure can be used by managers in order to reduce information asymmetry and prove to shareholders that they act in their best interest (Elhazar & Hussainey, 2012; Bauwhede & Willekens, 2008, p. 103; Healy & Palepu, 2001). The signaling theory states that managers use the best CG practices and disclosures in order to signal to investors that they run the company well; as we see there is “clearly a consistency between agency theory and signaling theory” (Neratzidis & Tsamis, 2017, p. 374). According to legitimacy and stakeholder theories, the CG disclosure practices reflect a firm’s CG system that responds to stakeholders needs (Campopiano & De Massis, 2015, p. 513; Hassan & Marston, 2010).

The authors examined variables that are: (a) structure related (firm size, leverage, director, and blockholder ownership); (b) performance-related (liquidity and Tobin’s Q); (c) market-related (industry type and audit firm size); and (d) corporate governance related (board size, independent members on board, family members on boards, board meetings of directors, duality in position of CEO and chairman of the board, and percentage of women on board). Their research was based on the CG Statements of firms listed as at 31 December 2011, excluding financial firms and companies under suspension/low dispersion and on surveillance; their sample was 156 firms. Regarding the construction of the disclosure index, they used the index of Neratzidis (2018); specifically, they selected 52 variables, which were classified into five criteria (Neratzidis & Tsamis, 2017, pp. 400-402)<sup>8</sup> and they calculated the compliance score for each company “using both a weighted (Al-Shiab, 2003; Street & Gray, 2001) and un-weighted (Cooke, 1989; 1992)” (Neratzidis & Tsamis, 2017, pp. 380-381).

In order to find which characteristics/variables affect CG disclosure they used an Ordinary Least Squares (OLS) model where the dependent variable is CG disclosure of each company and independent variables were 14 variables examined in the hypotheses. Specifically, the variables examined were: size; leverage; shares owned by director; shares owned by blockholders (shareholders who hold more than 5% of firm’s stock); liquidity; Tobin’s Q (market value of equity plus long term debt divided by total assets (Cheung, Jiang, Limpaphayom, & Lu, 2008); industry type (manufacturing or not) (Black, De Carvalho, Khanna, Kim, & Yurtoglou, 2014); audit firm (Big-4 or not) (Tsalavoutas, 2011); number of directors on board; number of independent non-executive directors on the board (Abdullah, Evans, Fraser, & Tsalavoutas, 2015); percentage of family members on the board; number of board meetings (Giannarakis, 2014); role duality (Allegrini and Greco, 2013); women on board (Giannarakis, 2014).

They found that the mean CG disclosure score was 40%; the authors explained it due to “the weak enforcement mechanisms in Greece (Tsalavoutas, 2011)” (Neratzidis & Tsamis, 2017, p. 383). In addition, their results are in line with the financial crisis that Hellas faced after 2010; for example, most of the firms report losses, have liquidity problems, and have “*limited funding*” (Neratzidis & Tsamis, 2017, pp. 383-384). Regarding specific CG characteristics, the authors find that:

---

<sup>8</sup> The criteria were: (a) board and its members; (b) internal control; (c) shareholders relation and communication; (d) information disclosure; and (e) board remuneration.

(a) Board structure follows CG rules and codes of best practice, measured by the independent board members;

(b) Hellenic listed firms shares are concentrated, as on average 60% is owned by blockholders, of which around 30% by CEO and directors;

(c) Most listed firms are family-controlled, as around 20% of the board is represented by family members. In addition, they find that:

(i) There is no relationship between CG disclosure and market-related variables;

(ii) There is a positive relation between CG disclosure and the existence of independent directors;

(iii) There is a positive relation between board meetings and CG disclosure;

(iv) There is a positive relation between the size of the firm and CG disclosure.

### **Accounting and Auditing Environment**

Audit companies reduce information asymmetry and therefore agency costs; but what happened in the Hellenic audit market after Arthur Andersen's failure? A study by Ballas and Fafaliou (2008) that examined the audit concentration in European Union before (1998-2001) and after (2001-2004) the collapse of Arthur Andersen (August 2002)<sup>9</sup> showed that the total share of SOL (Ballas & Fafaliou, 2008, p. 493; Dedoulis & Caramanis, 2007)<sup>10</sup> SA was reduced after Arthur Andersen's "dissolution", while the share of Big-4 increased from 60% to 75% (Ballas & Fafaliou, 2008, p. 494, Table 4). This means that "the dominance of the larger auditing firms was extended after the forced withdrawal of Anderesn" (Ballas & Fafaliou, 2008, p. 492).

Hellas is a code-law oriented country, criticized for the inadequate quality of financial and auditor reporting, especially before the implementation of IFRS on 1st January 2005. In addition, Hellas is a small European country that was affected by the financial crisis of 2007 and showed the first signs of sovereign debt crisis in 2009.

Hellas has undergone major changes the last 20 years; however, Hellenic culture, politics, and economic environment remain affected by Eastern and Western influences (Caramanis, 2005). The EU membership in 1981, the influence of the Greek General Accounting Plan (EGLS in Greek) and the European Union directives (Koumanakos, Siriopoulos, & Georgopoulos, 2005) as well as the mandatory implementation of IFRS by all Hellenic listed firms helped to modernize the Hellenic corporate environment (Tsakumis, Curatola, & Porcano, 2007).

The Hellenic accounting system was tax-oriented and "conservative" (Ballas, 1994; Ballas, Hevas, & Neal, 1998; Spathis & Georgakopoulou, 2007; Tsipouridou & Spathis, 2012); in addition, Hellas is ranked 19th among 20 countries in tax evasion (Tsakumis, 2007). In addition, a study of Ballas et al. (2010) examined the accounting policy and the capital market effects of the treatment of the valuation adjustment for financial instruments for the period 2002-2004; the conclusion of the study was "that the investors in the Athens Stock Exchange react negatively to the valuation adjustment that has no cash flow implications and they react negatively to opaqueness in the financial statements, at least with regard to the share valuation adjustment" (Ballas, Chalevas, & Tzovas,

<sup>9</sup> The period examined was 1998 to 2004 and the sample for Hellas/Greece was 464 company-year observations.

<sup>10</sup> SOL SA is "a local (Greek) firm that until 1992 was a legally sanctioned monopoly in the (Greek) market for statutory audit services". For a brief history of the auditing environment, see Dedoulis and Caramanis (2007).

2012, p. 60).

Regarding auditor reporting, Tsipouridou and Spathis (2014) showed that the going-concern qualification decision is not related to the level of discretionary accruals as information in accruals is not incorporated in audit opinions. In addition, they show that “the number of going-concern qualifications has increased significantly in 2010 and 2011” (Tsipouridou & Spathis, 2014, p. 52, para. 2).

### **Earnings Management**

Tsipouridou and Spathis (2012) examined the relation between earnings management, measured by signed discretionary accruals and auditor reporting measured by audit firm size (Big-4 or not) and audit opinion type (unqualified or not). Their sample covered a five-year period; they find that the size of the audit firm does not affect the level of earnings management. In addition, audit opinion qualification is not issued in response to management’s opportunistic behavior. They explain these findings due to the economic bonding of auditors with their clients is strong, investor protection is low, enforcement mechanisms are weak, and there is low litigation and reputation loss, even in the post-IFRS period.

There are a number of reasons why managers proceed to manipulation of accounting numbers reported; Fields, Lys, and Vincent (2001) indicate some of them: a) Managers attempt to affect contractual arrangements; b) asset pricing; and c) external pressure on the firm by creditors (i.e., banks and bond-holders). But what is the effect of the current financial crisis on managers’ decision to manipulate earnings? Filip and Raffournier (2012) examined the effect of 2008-2009 Financial Crisis on the accounting quality of EU firms; by analyzing a sample of firms from 16 EU countries for the period 2006-2009, they found that earnings management has been reduced compared to the years before the financial crisis.

But what is the effect of companies audited by Big-4 audit firms compared to companies not audited by Big-4 firms? Van Tendeloo and Vanstraelen (2006) studied the period 1998 to 2002 and found that having a Big-4 auditor reduces the amount of earnings management. In contrast, Maijor and Vanstraelen (2006), for the period 1992 to 2000, examined three major EU countries (France, Germany, and the UK) and found no significant relation between earnings management and companies audited by Big-4 auditors.

Chalevas and Tzovas (2010) showed that the introduction of corporate governance mechanisms had a limited impact on major corporate issues; one example is the extent of earnings management, as satisfactory gains is a prerequisite in order for a company to take bank loan (Baralexis, 2004).

### **Delisting**

Companies are listed in a stock exchange (Papathanasiou, Grose, & Polychronidou, 2017, p. 162)<sup>11</sup> in order to broaden their shareholder base, reduce the cost of capital, and “cash out” existing shareholders. In Hellas, companies have been traditionally family-oriented (Spanos, Tsipouri, & Xanthakis, 2008) and “stakeholder driven” (Tsipouridou & Spathis, 2014), with little legal protection for minority shareholders.

Algebaly, Ibrahim, and Ahmad-Zaluki (2014) examined the determinants of IPO involuntary delisting for the Egyptian stock market for the period 1992 to 2009; they found, using logit regression analysis, that the probability of delisting is negatively related to firm size, institutional ownership, assets growth rate, operating

---

<sup>11</sup> Regarding the conditions in order a company to be listed in Athens Stock Exchange (ASE, see <http://www.helex.gr>).

efficiency, offering size, initial return, and insider ownership. In addition, they found positive relationship with financial leverage.

From a different view, Alhaj-Yassen (2012) examined the impact of voluntary delisting of Israeli cross-listed stocks from the home market (Tel Aviv Stock Exchange) while maintaining their listing on the foreign market; results show that these firms have greater risk exposure, higher required returns, and higher cost of capital after delisting.

Regarding delisting in Hellas, Papathanasiou et al. (2017, p. 163) examined and showed the different forms of both voluntary and involuntary delisting for the period 2000 to 2014.

Another research by Balios, Eriotis, Missiakoulis, and Vasiliou, (2015) examined the delisting of firms listed in ASE for the period 2004 (the first year of IFRS implementation) to 2012; specifically, they examined whether all the listed firms at beginning of 2004 were still public at the end of 2012. The delisted firms were classified to voluntarily or not; they found that “companies with poor liquidity, high leverage, big stock price decline, and lack of interest from the investors for the company (low trading activity) have higher probability to be delisted” (Balios et al., 2015, p. 69).

Another stream of research regarding delisting is to examine the determinants of firm survival<sup>12</sup>, following Altman (1968) research; these models are called “survival models” or “bankruptcy prediction models”. Asimakopoulos, Lalountas, and Siriopoulos (2008) were the first that examined survival in the Hellenic context; specifically they examined firm-specific (leverage, size, corporate governance, age, and sector’s competition) and environment-specific determinants (macroeconomic environment). Their sample was the 196 firms that had an initial public offering (IPO) for the period 1993-2002. They found that:

1. Leverage increases the likelihood of a company not to survive (Fotopoulos & Louri, 2000);
2. Size is negatively related with firm survival; in addition, the hazard of delisting is not stable over time.

Specifically, the first years is small, then increases and reaches its peak after seven years and then drops. A question that the authors set after their research is “(ii) in the context of corporate governance whether the family business structure affects firm survival” (Asimakopoulos et al., 2008, p. 24, last paragraph). This is a very interesting topic and we will research it in the next topics.

But first, in the next section, we will review, briefly, the international literature on IPO underpricing and then the author will examine three studies that focus in Hellenic stock market.

### **IPO Underpricing**

The main cause of IPO underpricing is information asymmetry between informed and uninformed investors; specifically insiders (current shareholders and management) hold more valuable information than external to the IPO firm investors.

But what is the market’s reaction, how underpricing is affected, due to the introduction of specific corporate governance codes? A recent study of Akyol, Cooper, Meoli, and Vismara (2014) showed a reduction in IPO underpricing after the introduction of corporate governance codes in European Union.

In addition, Engelen and Van Essen (2010) posited that in countries with more advanced investor protection

---

<sup>12</sup> In general, a *listed* firm may not survive (delist) due to the following reasons: bankruptcy, violation of stock exchange rules, merger, and squeeze out. The first two reasons are called “involuntary delisting” and the last two “voluntary delisting”.



laws, IPO underpricing is lower compared to countries with less developed legal frameworks.

Regarding the Hellenic capital market, a study by Nounis (2006) showed that for the period 1976 to 2003, the average IPOs percentage change in the first trading day was around 30% (positive); his sample was 345 companies that had an IPO in that period. For that period when he compared this change with the market change found that in 13 of the 20 years the investment in IPOs outperformed the general index. Another two studies examined the level of IPO underpricing in Hellas; the first one was Kazantzis and Thomas (1996) for the period 1987 till 1994 and the second was Nounis (2003). For that whole period (1987-2002), Ritter (2003) found that the average percentage change was even bigger (about 50%). This implies that underwriters do not fully incorporate all relevant information in the IPO price.

A very interesting research in the IPO topic was the one by Thomadakis et al. (2014) who examined the growth of the Athens Stock Exchange (ASE) through new listings and IPOs over the 60 years period 1880-1940. IPOs in Hellas were “unregulated”, in the whole sample period; in addition overpricing in the early decades became underpricing in the 1920s. The growth of ASE was in line with the development of the Hellenic macroeconomic environment. The authors find that IPOs mainly served the needs of controlling family for liquidity.

In the next section, we will examine the effect of IFRS adoption in Hellenic financial statements; Hellas, an EU member applied IFRS in 2005.

### **Effect of IFRS Adoption<sup>13</sup>**

In Hellas, Spathis and Georgakopoulou (2007) studied the adoption of International Financial Reporting Standards (IFRS); they examine the underlying factors and constraints affecting the compliance of firms in Hellas with IFRS. This transition from Greek Generally Agreed Accounting Principles (GGAAP) to IFRS was not easy and found firms' accountants not prepared enough (Ballas et al., 2010).

Ballas et al. (2010) used secondary sources (annual reports, reports published by auditing firms) and the results of a postal survey; they found that the survey participants believe that their adoption of IFRS will improve the quality (reliability, transparency, and comparability) of financial statements.

In 2006, Grant Thornton published the results of a survey that show how the adoption of IFRS affected the financial statements of listed companies for the years 2004 and 2005. The findings were that: (i) equity increased from the revaluation of fixed assets; (ii) equity decreased by IFRS 19 “employee benefits”, provisions for bad debts and IFRS 26 “accounting and reporting by retirement benefits plans; and (iii) equity decreased because of the recognition of deferred tax liabilities and the creation of provision for contingent income tax.

In the survey of Caramanis and Papadakis (2008), the respondents indicated a number of difficulties that relate with the application of IFRS. Specifically, they have the opinion that the existing institutional and legislative framework is not developed enough to allow an integrated application of IFRS. Many respondents complain that the supervisory authorities do not provide the adequate guidelines concerning the implementation of IFRS.

In addition, implementation of IFRS means that most firms have to prepare a set of accounts for tax purposes

---

<sup>13</sup> Many researchers have examined the effect of adoption of IFRS to European Union companies in specific context, see Iatridis and Dimitras (2013), p. 154.

and a different set according to IFRS; as suggested by Koumanakos et al. (2005), according to the Hellenic tax legislation many expenses are not fully deductible according to tax laws. Therefore, companies have an additional burden with IFRS. Daske, Hail, Leuz, and Verdi (2008) measured the difference between GGAAP and IFRS and found that Hellas was the first among 26 countries.

One of the main differences between IFRS and GGAAP is the accounting treatment of purchased goodwill; GGAAP recognizes the acquisition method as the main method for mergers and acquisitions. Iatridis and Rouvolis (2010) examined the effects of the implementation of IFRS in Hellas and found that in the first year, there were “unfavourable” but improved significantly next period. In the same vein, Karampinis and Hevas (2011) showed that IFRS had only minor impact on the value relevance and conditional conservatism of accounting income.

Specifically, they compared the value relevance and the conditional conservatism between the last three years of the application of GGAAP and the first three years of IFRS implementation in ASE.

Regarding corporate auditing, although the law was introduced in 1931, it was first introduced in 1955 with the establishment of the state-controlled Body of Sworn Accountants (SOL [Tsipouridou & Spathis, 2012, p. 65; Caramanis & Lennox, 2008; Caramanis, 1998]<sup>14</sup> in Greek).

Until then, corporate auditing was “a formal ironic act...because auditors limited their task to signing the report, which was already composed by the board of directors of the audited company” (Tsipouridou & Spathis, 2012; SOEL, 2009).

In 1992, the auditing profession in Hellas was liberalized allowing international audit firm to audit Hellenic firms; SOL was transformed to a big private audit firm and SOEL was introduced in order to “self-regulate” (Tsipouridou & Spathis, 2012, p. 66)<sup>15</sup> the audit profession (Caramanis & Lennox, 2008).

In Greece, the risk of litigation by a third party is small and auditors have little incentive to exert effort in detecting an existing problem or material error, despite the audit scandals that have featured prominently in both the daily press and specialist publications (Caramanis and Lennox, 2008).

Caramanis and Spathis (2006) for a sample of 185 Hellenic listed firms found that the size of the audit firm does not affect auditors’ qualification decision; their analysis was performed before the introduction of IFRS (IFRS were introduced in 2005 and the research was for the financial year 2001 were the majority of audit reports was qualified).

### **Research on Family Firms**

The family firm is an important and common form of business organization in Hellas; ownership is concentrated in families. In addition, family members are also board members and executives and are also involved in the firm’s management (Spanos et al., 2008). There is no separation of ownership and management and the importance of financial information is mainly for external purposes (minority shareholders and creditors) (Tzovas, 2006).

---

<sup>14</sup> The most important rivalry to SOL was the Association of Certified Accountants and auditors (SELE in Greek).

<sup>15</sup> The Greek Ministry of Economy, responding to the Sarbanes Oxley (SOX) Act of 2002, established the Committee of Accounting Standardization and Auditing (ELTE in Greek) that regulates the Hellenic audit market. However, ELTE has received “considerable criticism”

Iatridis and Dimitras (2013) examined the earnings management practices and value relevance of published financial statements, for five European Union (EU) countries, for the years 2005 to 2011. The countries were Portugal (66 firms), Italy (273 firms), Ireland (48 firms), Greece (245 firms), and Spain (157 firms). All firms in the sample are listed in an EU stock exchange and prepare financial statements according to IFRSs. The period of the sample was split in two sub-periods: 2005 to 2008 (pre-crisis period) and 2009 to 2011 (crisis period) (Iatridis & Dimitras, 2013, p. 157, Table 1)<sup>16</sup>. They found that Hellenic companies that are audited by Big-4 audit companies show “a positive association with earnings management large size appears to be inversely related to earnings management” (Iatridis & Dimitras, 2013, pp. 157-158, Table 2). In addition, focusing on companies that are audited by Big-4 auditors, the authors find that for the Hellenic companies, during the crisis period, there was a “deterioration of value relevance and quality of reported financial numbers” (Iatridis & Dimitras, 2013, pp. 158-159, Table 3). The authors explain that due to “their effort to somewhat influence investors’ perceptions and to avoid getting too exposed” (Iatridis & Dimitras, 2013, p. 158, last paragraph).

In late 1990s, the significant use of initial public offerings (IPO) as a means of raising capital turned listed firms from family-owned to publicly listed firms (Spanos, 2005), without changing the fact that the main shareholder, the family may still hold the majority of the firm’s equity capital (Lazarides, 2010). However, the first year the company goes public, it tends to manipulate earnings; this may affect the likelihood of receiving a qualified audit opinion (Caramanis & Spathis, 2006).

The usefulness of financial information in order to detect Falsified Financial Statements (FFS) was examined by Spathis (2002); the author demonstrated that firms with high leverage are more likely to have FFS; in addition, Spathis (2003) found that financial distress and current year losses are major indicators of the audit qualification opinion. Other researchers, for example, Spathis, Doumpos, and Zopounidis (2002; 2003) showed, by using multicriteria analysis, that the use of financial ratios can help in order to identify FFS.

In another research view/direction, Asimakopoulos, Samitas, and Papadogonas (2009) examined the determinants of profitability for a sample of Hellenic firms listed in the Athens Stock Exchange for the period 1995-2003. Following the work of Agiomirgianakis, Vougaris, and Papdogonas (2006), Papadogonas (2005), and Agiomirgiannakis et al. (2006)<sup>17</sup>, they constructed a sample of 119 firms that were listed the *whole* period (1995-2003).

They found that: (i) size is positively related with firm profitability; (ii) leverage is negatively related; (iii) growth in sales is positively related; (iv) the amount of current assets is negatively related and finally the transition to euro had a negative effect on the profitability of the listed firms examined.

According to Thomadakis, Gounopoulos, Nounis, and Riginos (2014, p. 3), the recent historical research on financial markets has been influenced by: (a) the view that “common law” countries, compared to code law systems, have more developed capital markets (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998); and (b) the view that capital flow “liveralization” has also positive impact on the capital markets’ development (Rajan & Zingales, 2003). The Hellenic system belongs historically to the code law countries and this affected negatively

<sup>16</sup> For both periods Hellenic companies show negative discretionary accruals.

<sup>17</sup> Agiomirgiannakis et al. (2006), using a panel of more than three thousand manufacturing firms for the years 1995 and 1999 found that: firm size, age, exports, sales growth, and reliance on debt, among others factors, influence profitability. In a similar study, the same period Papadogonas (2005) found that firm profitability is positively related with size and negatively related by leverage while sales growth increases profits for small firms but is insignificant for large ones.

the development of capital markets and left most of the companies at the hands of families.

### Conclusion

The major contribution of this study is that examines the determinants of corporate governance mechanisms and delisting in a small open economy, such as the Hellenic economic environment. The institutional environment is characterized by concentrated ownership, weak market for corporate control, and family ownership. In addition, regarding legal framework, there is compulsory legislation (Law 3016/2002) rather than a code of best practices (comply or explain) as in Anglo-Saxon countries. All the above institutional characteristics make Hellenic environment to substantially differ from that of many other developed European countries.

The purpose of this paper was to examine the issues of corporate governance (CG) and delisting (involuntary or not) in the Hellenic context. Why Hellas? Hellenic capital market environment faces weak investor protection, high ownership (mainly family) concentration, limited market for corporate control, and limited involvement of institutional investors (Neratzidis & Tsamis, 2017, p. 366; Lazarides & Drimpetas, 2011a, p. 208).

Previous studies (Tsipouri & Xanthakis, 2004; Florou & Galarniotis, 2007; Lazarides & Drimpetas, 2011b; Neratzidis, 2015; Neratzidis, 2018) have shown middle to low compliance rates to Hellenic CG laws, regulations, and international best practices. Hellas is not directly mentioned in Nobes and Parker (2006) classification of accounting systems, although it is implied: “it would be included in France plan-oriented systems. Indeed, the Greek general accounting plan was developed from the French plan, but was also influenced by the EU directives” (Koumanakos et al., 2005, p. 665). According to Othman and Zeghal (2006, pp. 409-410), “the accounting plan, credit-based system, stakeholder corporate governance model and the strong influence of government in accounting regulation emerged from values of statutory control, uniformity, conservatism and uncertainty avoidance<sup>18</sup>”.

Hellas is classified as a code-law Continental European country with a stakeholder and taxation driven national accounting system (Ballas et al., 1998; Baboukardos & Rimmel, 2014). As the Hellenic capital market is underdeveloped and listed companies are dominated by banks, government, or families, the demand for financial accounting is strongly associated with providing evidence of whether a company is able to repay its debt along with the government’s need for collecting taxes (Dedoulis, 2006; Tzovas, 2006; Anagnostopoulos & Buckland, 2007; Spathis & Georgakopoulou, 2007; Tsakumis, 2007).

As mentioned, the majority of Hellenic companies are small (with less than 10 employees) and family owners are actually involved in management; for that reason, “there is a very limited need for financial statements serving the stewardship function of accounting” (Ballas, 1994, p. 273). To conclude, the examination of the Hellenic accounting research above shows that the characteristics of Hellas are not comparable to other countries, such as US and the UK; in addition, comparing the studies above with similar work for other Mediterranean countries, such as Italy, Spain, and Portugal, we see major differences (Iatridis & Dimitras, 2013). For that reason, this paper is helpful in order to shed light to Hellenic companies and compare them to other European companies.

---

<sup>18</sup> It is worth noticing that in Hofstede’s research Hellas appears to be an outlier in terms of uncertainty avoidance.

In their paper, Tsipouridou and Spathis (2012, p, 76, part 3) stated

We conclude that, despite improvements in reliability, transparency, comparability conditional conservatism and value relevance with the implementation of IFRS, especially for large firms, as evidenced in the literature (Ballas et al., 2010; Iatridis & Rouvolis, 2010; Karampinis & Hevas, 2011), the particular characteristics of the Greek context still influence auditor and financial reporting. (Tsipouridou and Spathis, 2012, p. 76, para. 3)

Regarding IPO underpricing, Rock (1986) posited that asymmetric information among investors leads to phenomenon of IPO underpricing, an effect linked to a “winners curse”.

The research in Hellenic IPO stock that covers the last 20 years is by Kazantzis and Levis (1995), Thomadakis et al. (2012), Thomadakis et al. (2014), Makrominas and Yiannoulis (2018).

## References

- Abdullah, M., Evans, L., Fraser, I., & Tsalavoutas, I. (2015). IFRS mandatory disclosures in Malaysia: The influence of family control and the value (ir)relevance of compliance levels. *Accounting Forum*, 39(4), 328-348.
- Abowd, J. (1990). Does performance based managerial compensation affect corporate performance? *Industrial and Labor Relations Review*, 43, 52-73.
- Agiomirgianakis, G., Vougaris, F., & Papadogonas, T. (2006). Financial factors affecting profitability and employment growth: The case of Greek manufacturing. *International Journal of Financial Services Management*, 1(2), 232-342.
- Agrawal, A., & Knoeber, C. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis*, 31(3), 377-397.
- Akyol, A. C., Cooper, T., Meoli, M., & Vismara, S. (2014). Do regulatory changes affect the underpricing of European IPOs? *Journal of Banking & Finance*, 45, 43-58.
- Alexakis, C. A., Balios, D., Papagelis, G., & Xanthakis, M. (2006). An empirical investigation of the visible effects of corporate governance: The case of Greece. *Managerial Finance*, 32(8), 673-684.
- Algebaly, E. A., Ibrahim, Y., & Ahmad-Zaluki, N. A. (2014). The determinants of involuntary delisting rate in the Egyptian IPO equity market. *Review of Accounting and Finance*, 13(2), 171-190.
- Alhaj-Yassen, Y. S. (2012). Voluntary delisting from the home market while maintaining a listing in the US. *International Journal of Economic Issues*, 5(2), 173-186.
- Allegrini, M., & Greco, G. (2013). Corporate boards, audit committees and voluntary disclosure: Evidence from Italian listed companies. *Journal of Management and Governance*, 17(1), 187-216.
- Al-Shiab, M. (2003). Financial consequences of IAS Adoption: The case of Jordan. *University of Newcastle Upon-Tyne*. Retrieved 22/11/2018 from <http://ethos.bl.uk>
- Altman, E. I. (1968). Financial ratios, discriminant analysis and the prediction of corporate bankruptcy. *The Journal of Finance*, 23(4), 589-609.
- Anagnostopoulos, I., & Buckland, R. (2007). Bank accounting and bank value: Harmonizing (d)effects of a common accounting culture? *Journal of Financial Regulation and Compliance*, 15(4), 360-380.
- Asimakopoulos, I., Lalountas, D., & Siriopoulos, C. (2008). The determinants of firm survival in the Athens Exchange. *Bank of Greece, Economic Bulletin*, 31, 7-24.
- Asimakopoulos, I., Samitas, A., & Papadogonas, T. (2009). Firm-specific and economy wide determinants of firm profitability: Greek evidence using panel data. *Managerial Finance*, 35(11), 930-939.
- Bagila, B. R., Moyer, R. C., & Rao, R. S. (1996). CEO duality and firm performance: What's the Fuss? *Strategic Management Journal*, 17, 41-53.
- Balios, D., Eriotis, N., Missiakoulis, S., & Vasiliou, D. (2015). Delisted versus voluntary delisted versus remain listed: An ordered analysis. *Applied Economic Letters*, 22(1), 66-70.
- Ballas, A. A. (1994). Accounting in Greece. *European Accounting Review*, 3(1), 107-121.
- Ballas, A. A., & Fafaliou, I. (2008). Market shares and concentration in EU Auditing Industry: The effects of Andersen's demise. *International Advances in Economic Research*, 14(4), 485-497.
- Ballas, A. A., Chalevas, C., & Tzovas, C. (2012). Market reaction to valuation adjustments for financial instruments: Evidence from Greece. *Journal of International Accounting, Auditing and Taxation*, 21, 52-61.

- Ballas, A. A., Hevas, D., & Neal, D. (1998). The state of the accounting and the state of the state. *Journal of Management and Governance*, 2, 267-285.
- Ballas, A. A., Skoutela, D., & Tzovas, C. A. (2010). The relevance of IFRS to an emerging market: Evidence from Greece. *Managerial Finance*, 36(11), 931-948.
- Baralexis, S. (2004). Creative accounting in small advancing countries: The Greek case. *Managerial Auditing Journal*, 19(3), 440-461.
- Bauwhede, H. V., & Willekens, M. (2008). Disclosure on corporate governance in the European Union. *Corporate Governance: An International Review*, 16(2), 101-115.
- Baysinger, B., & Hoskisson, R. (1990). The composition of board of directors and strategic control: Effects on corporate strategy. *Academy of Management Review*, 15, 507-529.
- Beatty, R., & Zajac, E. (1994). Managerial incentives, monitoring and risk bearing: A study of executive compensation, ownership and board structure in initial public offerings. *Administrative Science Quarterly*, 39, 313-335.
- Becht, M. (1997). Strong blockholders, weak owners and the need for European mandatory disclosure. *European Corporate Governance Network Executive Report*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.455.1046&rep=rep1&type=pdf>
- Bekiris, F. V. (2013). Ownership structure and board structure: Are corporate governance mechanisms interrelated? *Corporate Governance: The International Journal of Business in Society*, 13(4), 352-364.
- Belkhir, M. (2009). Board structure, ownership structure and firm performance: Evidence from banking. *Applied Financial Economics*, 19(9), 1581-1593.
- Berg, S., & Smith, S. (1978). CEO and board chairman: A quantitative study of dual vs. unitary board leadership. *Directors and Boards*, Spring, 34-39.
- Berle, A., & Means, G. (1932). *The modern corporation and private property*. New York: The Macmillan Company.
- Bhagat, S., & Black, B. (1996). *Do independent directors matter?* New York: Columbia University.
- Bhattacharya, U., Daouk, H., & Welker, M. (2003). The world price of earnings opacity. *The Accounting Review*, 78(3), 641-678.
- Black, B., De Carvalho, A. G., Khanna, V., Kim, W., & Yurtoglou, B. (2014). Methods for multicountry studies of corporate governance: Evidence from the BRIKT countries. *Journal of Econometrics*, 183(2), 230-240.
- Brickley, J., Coles, J., & Jarell, G. (1997). Leadership structure: Separating the CEO and Chairman of the board. *Journal of Corporate Finance*, 3, 189-220.
- Callao, S., Jarne, J., & Lainez, J. (2010). Adoption of IFRS in Spain: Effect on the comparability and relevance of financial reporting. *Journal of International Accounting, Auditing and Taxation*, 16, 148-178.
- Campopiano, G., & De Massis, A. (2015). Corporate social responsibility reporting: A contents analysis in family and non-family firms. *Journal of Business Ethics*, 129(3), 511-534.
- Caramanis, C. V. (1998). Assessing the impact of "liberalization" on auditor behavior: Accounting research in politically charged contexts. *Accounting, Auditing and Accountability Journal*, 11(5), 562-592.
- Caramanis, C. V. (2005). Rationalisation, charisma and accounting professionalization: Perspectives on the intra-professional conflict in Greece 1993-2001. *Accounting, Organizations and Society*, 30(3), 195-221.
- Caramanis, C. V., & Lennox, C. (2008). Audit effort and earnings management. *Journal of Accounting and Economics*, 45(1), 116-138.
- Caramanis, C. V., & Papadakis, B. (2008). *The application of IFRS in Greece: Their impact upon auditors, accountants, companies and supervising authorities*. Athens: University of Economics and Business. (in Greek)
- Caramanis, C. V., & Spathis, C. (2006). Auditee and audit firm characteristics as determinants of audit qualifications. *Managerial Auditing Journal*, 21(9), 905-920.
- Chalevas, C., & Tzovas, C. (2010). The effect of the mandatory adoption of corporate governance mechanisms on earnings manipulation, management effectiveness and firm financing: Evidence from Greece. *Managerial Finance*, 36(3), 257-277.
- Cheung, Y. L., Jiang, P., Limpaphayom, P., & Lu, T. (2008). Does corporate governance matter in China? *China Economic Review*, 19(3), 460-479.
- Committee on Corporate Governance in Greece. (1999). *Principles of corporate governance in Greece: Recommendations for its competitive transformation*. Athens: Globus Invest.
- Cooke, T. E. (1989). Disclosure in the corporate annual reports of Swedish companies. *Accounting and Business Research*, 19(74), 113-124.

- Cooke, T. E. (1992). The impact of size, stock market listing and industry type on disclosure in the annual reports of Japanese listed corporations. *Accounting and Business Research*, 22(87), 229-237.
- Cotter, J., Shivdasani, A., & Zemer, M. (1997). Do Independent directors enhance target shareholder wealth during tender offers? *Journal of Financial Economics*, 43, 195-218.
- Dalton, D., Daily, C., Ellstrand, E., & Johnson, J. (1998). Meta-analysis reviews of board composition: Leadership structure and financial performance. *Strategic Management Journal*, 19, 269-290.
- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008). Mandatory IFRS reporting around the world: Early evidence of the economic consequences. *Journal of Accounting Research*, 46(5), 1085-1142.
- Davis, J., Schoorman, F., & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Journal*, 22, 488-511.
- Dedoulis, E. (2006). The code of ethics and the development of the auditing profession in Greece the period 1992-2002. *Accounting Forum*, 30, 155-178.
- Dedoulis, E., & Caramanis, C. V. (2007). Imperialism of influence and the state-profession relationship: The formation of the Greek accounting profession in the Post-WWII Era. *Critical Perspectives on Accounting*, 18(4), 393-412.
- Dimitropoulos, P. E., & Asteriou, D. (2008). Timeliness, conservatism and financial transparent firms under the Greek accounting setting. *Review of Accounting and Finance*, 7(3), 252-269.
- Elzahar, H., & Hussainey, K. (2012). Determinants of narrative risk disclosures in UK interim reports. *The Journal of Risk Finance*, 13(2), 133-147.
- Engelen, P. J., & Van Essen, M. (2010). Underpricing of IPOs: Firm-issue and country-specific characteristics. *Journal of Banking & Finance*, 34, 1958-1969.
- Fama, E. (1980). Agency problems and the theory of the firm. *Journal of Political Economy*, 88, 288-307.
- Fama, E., & Jensen, M. (1983). Separation of ownership and control. *Journal of Law and Economics*, 26, 301-325.
- Fields, T., Lys, T., & Vincent, L. (2001). Empirical research on accounting choice. *Journal of Accounting and Economics*, 31(1-3), 255-307.
- Flip, A., & Raffournier, B. (2012). *The impact of the 2008-2009 Financial Crisis on earnings management: The European evidence*. Retrieved from <https://business.illinois.edu/zimmerman/wp-content/uploads/sites/56/2015/08/023-Filip.pdf>
- Florou, A., & Galarniotis, A. (2007). Benchmarking Greek corporate governance against different standards. *Corporate Governance: An International Review*, 15(5), 979-998.
- Fosberg, R., & Nelson, M. (1999). Leadership structure and firm performance. *International Review of Financial Analysis*, 8, 83-96.
- Fotopoulos, G., & Louri, H. (2000). Determinants of hazard confronting new entry: Does financial structure matter? *Review of Industrial Organization*, 17(3), 285-300.
- Gerhart, B., & Milkovich, G. (1990). Organizational differences in managerial compensation and financial performance. *Academy of Management Journal*, 33, 663-691.
- Giannarakis, G. (2014). The determinants influencing the extent of CSR disclosure. *International Journal of Law and Management*, 56(5), 393-416.
- Grossman, S., & Hart, O. (1986). The costs and benefits of ownership: A theory of vertical and lateral integration. *Journal of Political Economy*, 94, 691-719.
- Hassan, O. A. G., & Marston, C. (2010). *Disclosure management in the empirical accounting literature: A review article*. Retrieved 22/11/2018 from <http://www.ssrn.com>
- Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure and the capital markets: A review of the empirical disclosure literature. *Journal of Accounting and Economics*, 31(1-3), 405-440.
- Hirschman, O. (1970). *Exit, voice and loyalty: Responses to decline in firms, organizations and states*. Cambridge, Mass.: Harvard University Press.
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. Newbury, CA: Sage Publications.
- Hofstede, G. (1991). *Cultures and organizations: Software of the mind*. London; New York: McGraw-Hill.
- Iatridis, G., & Dimitras, A. (2013). Financial crisis and accounting quality: Evidence from five European countries. *Advances in Accounting Incorporating Advances in International Accounting*, 29, 154-160.
- Iatridis, G., & Rouvolis, S. (2010). The post-adoption effects of the implementation of International Financial Reporting Standards in Greece. *Journal of International Accounting, Auditing and Taxation*, 19(1), 55-65.
- Jensen, M. C. (1986). Agency costs of free cash flow, corporate finance and takeovers. *American Economic Review*, 76, 323-329.

- Jensen, M. C. (1993). The modern industrial revolution, exit and the failure of internal control systems. *Journal of Finance*, 48, 831-880.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Capital managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3, 305-360.
- Karampinis, N. I., & Hevas, D. L. (2011). Mandating IFRS in an unfavourable environment: The Greek experience. *The International Journal of Accounting*, 46(3), 304-332.
- Kazantzis, C., & Levis, M. (1995). Price support and initial public offerings: Evidence from Athens Stock Exchange. *Journal in International Business and Finance*, 12, 185-200.
- Kazantzis, C., & Thomas, C. D. (1996). The IPO puzzle and institutional constraints: Evidence from the Athens Stock Market. In M. Levis (Ed.), *Empirical issues in raising equity capital* (pp. 81-94). New York and Oxford: Elsevier, North-Holland.
- Koumanakos, E., Georgopoulos, A., & Siriopoulos, C. (2008). Auditor awareness of earnings management. *International Journal of Accounting, Auditing and Performance Evaluation*, 5(1), 50-65.
- Koumanakos, E., Siriopoulos, C., & Georgopoulos, A. (2005). Firm acquisitions and earnings management: Evidence from Greece. *Managerial Auditing Journal*, 20(7), 663-678.
- Koutoupis, A. G. (2012). Importing international corporate governance codes in Greek publicly listed enterprises: A case study analysis. *International Journal of Organizational Analysis*, 20(4), 447-463.
- La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (1998). Law and finance. *Journal of Political Economy*, 106, 1113-1155.
- Lasfer, A. (2006). The interrelationship between managerial ownership and board structure. *Journal of Business Finance and Accounting*, 33(7), 1006-1033.
- Lazarides, T. (2009). Duality of roles and Corporate Governance in Greece. *Corporate Board: Role, Duties & Composition*, 5(1), 15-21.
- Lazarides, T. (2010). Corporate governance law effect in Greece. *Journal of Financial Regulation and Compliance*, 18(4), 370-385.
- Lazarides, T. H., & Drimpetas, E. (2011a). *Corporate governance: International practice & Greek experience*. Thessaloniki: Sophia Publications. (in Greek)
- Lazarides, T. H., & Drimpetas, E. (2011b). Evaluating corporate governance and identifying its formulating factors: The case of Greece. *Corporate Governance: The International Journal of Business in Society*, 11(2), 136-148.
- Leuz, C., Nanda, D., & Wysocki, P. (2003). Earnings management and investor protection: An international comparison. *Journal of Economics*, 69(3), 505-527.
- Maijor, S., & Vanstraelen, A. (2006). Earnings management within Europe: The effects of member state audit environment, audit firm quality and international capital markets. *Accounting and Business Research*, 35(1), 33-52.
- Mak, Y. T., & Li, Y. (2001). Determinants of corporate ownership and board structure: Evidence from Singapore. *Journal of Corporate Finance*, 7, 235-256.
- Makrominas, M., & Yiannoulis, Y. (2018). I.P.O. determinants of delisting: Lessons from the Athens Stock Exchange (forthcoming at International Conference on Business & Economics of the Hellenic Open University 2019).
- Mertzanis, H. (2001). Principles of corporate governance in Greece. *Corporate Governance: An International Review*, 9(2), 89-100.
- Neratidis, M. (2015). Measuring the quality “comply or explain” approach: Evidence from the implementation of the Greek corporate governance code. *Managerial Auditing Journal*, 30(4-5), 373-412.
- Neratidis, M. (2018). The role of weighting in corporate governance ratings. *Journal of Management and Governance*, 22(3), 589-628.
- Neratidis, M., & Filos, J. (2014). Recent corporate governance developments in Greece. *Corporate Governance: The International Journal of Business in Society*, 14(3), 281-299.
- Neratidis, M., & Tsamis, A. (2017). Going back to go forward: On studying the determinants of corporate governance disclosure. *Corporate Governance: The International Journal of Business in Society*, 17(3), 365-402.
- Nobes, C., & Parker, R. (2006). *Comparative international accounting* (9th ed.). Harlow: FT/Prentice Hall.
- Nounis, C. (2003). Greek initial public offerings 1994-2002 (Unpublished working paper, National and Kapodistrian University of Athens).
- Nounis, C. (2006). Initial public offerings in the period 1976-1993. *Working Paper*.
- OECD. (1999). *Principles of corporate governance*. Retrieved from [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=C/MIN\(99\)6&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=C/MIN(99)6&docLanguage=En)



- Othman, H. B., & Zeghal, D. (2006). A study of earnings-management motives in the Anglo-American and Euro-Continental accounting models: The Canadian and French cases. *The International Journal of Accounting*, 41, 406-435.
- Papadogonas, T. (2005). The financial performance of large and small firms: evidence from Greece. *International Journal of Financial Services Management*, 2(1), 14-20.
- Papathanasiou, A., Grose, C., & Polychronidou, P. (2017). Delistings from the Athens Stock Exchange: Recent evolutions. In Srećko Goić, Anastasios Karasavoglou, Persefoni Polychronidou (Eds), *Finance in central and southeastern Europe* (pp. 161-171). America: Springer International Publishing.
- Rajan, R., G., & Zingales, L. (2003). The great reversals: The politics of financial development in the twentieth century. *Journal of Financial Economics*, 69, 500-509.
- Rechner, P., & Dalton, D. (1999). CEO duality and organizational performance: A longitudinal analysis. *Strategic Management Journal*, 19, 155-160.
- Ritter, J., R. (2003). Differences between European and American IPO Markets. *European Financial Management*, 9(4), 421-434.
- Rock, K. (1986). Why new issues are underpriced. *Journal of Financial Economics*, 15, 187-212.
- Rosestein, P., & Wyatt, J. (1990). Outside directors, board independence and shareholder wealth. *Journal of Financial Economics*, 26, 175-191.
- Shleifer, A., & Vishny, R. (1997). A survey on corporate governance. *Journal of Finance*, 52, 737-755.
- SOEL. (2009). *Historical development of the auditing profession in Greece*. Retrieved 24/11/2018 from <http://www.soel.gr> (in Greek)
- Spanos, L. J. (2005). Corporate governance in Greece: Developments and policy implications. *Corporate Governance: The International Journal of Business in Society*, 5(1), 15-30.
- Spanos, L. J., Tsiouri, L. J., & Xanthakis, M. D. (2006). *Corporate governance rating in a small open capital economy: Methodology and applications in the Greek market*. Retrieved from [https://mpra.ub.uni-muenchen.de/42896/1/MPRA\\_paper\\_42896.pdf](https://mpra.ub.uni-muenchen.de/42896/1/MPRA_paper_42896.pdf)
- Spanos, L. J., Tsiouri, L. J., & Xanthakis, M. D. (2008). Corporate governance rating of family firms at the Athens exchange market. *Managerial Finance*, 34(7), 465-478.
- Spathis, C. (2002). Detecting false financial statements using published data: Some evidence from Greece. *Managerial Auditing Journal*, 17(4), 179-191.
- Spathis, C. (2003). Audit qualification, firm litigation and financial information: An empirical analysis in Greece. *International Journal of Auditing*, 7(1), 71-85.
- Spathis, C., & Georgakopoulou, E. (2007). The adoption of IFRS in South Eastern Europe: The case of Greece. *International Journal of Financial Services Management*, 2(1/2), 50-63.
- Spathis, C., Doumpos, M., & Zopounidis, C. (2002). Detecting falsified financial statements: A comparative study using multicriteria analysis and multivariate statistical techniques. *European Accounting Review*, 11(3), 509-535.
- Spathis, C., Doumpos, M., & Zopounidis, C. (2003). Using client performance measures to identify pre-engagement factors associated with qualified audit reports in Greece. *The International Journal of Accounting*, 38(3), 267-284.
- Street, D., & Gray, S. (2001). *Observance of international accounting standards: Factors explaining non-compliance*. London: Certified Accountants Educational Trust.
- Thomadakis, S., Gounopoulos, D., & Nounis, C. (2012). The long term performance of initial public offerings in the Athens Stock Exchange. *European Financial Management*, 17, 117-141.
- Thomadakis, S., Gounopoulos, D., Nounis, C., & Merikas, A. (2016). Collateral regulation and IPO specific liberalization: The case of price limits in the Athens Stock Exchange. *European Financial Management*, 22(2), 276-312.
- Thomadakis, S., Gounopoulos, D., Nounis, C., & Riginos, M. (2014). Financial innovation and growth: Listings and IPOs from 1880 to World War II in the Athens Stock Exchange. *GreeSE Paper No. 86*. Retrieved from [http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/CMS%20pdf/Publications/GreeSE/GreeSE-No86-\(e-version\).pdf](http://www.lse.ac.uk/europeanInstitute/research/hellenicObservatory/CMS%20pdf/Publications/GreeSE/GreeSE-No86-(e-version).pdf)
- Tsakumis, G. T. (2007). The influence of culture on accountants' application of financial reporting rules. *Abacus*, 43(1), 27-48.
- Tsakumis, G. T., Curatola, A. P., & Porcano, T. M. (2007). The relation between national cultural dimensions and tax evasion. *Journal of International Accounting, Auditing and Taxation*, 16(2), 131-147.
- Tsalavoutas, I. (2011). Transition to IFRS and compliance with mandatory disclosure requirements: what is the signal? *Advances in Accounting Incorporating Advances in International Accounting*, 27(2), 390-405.
- Tsalavoutas, I., Andre, P., & Evans, L. (2012). The transition to IFRS and the value relevance of financial statements in Greece. *The British Accounting Review*, 44(4), 262-277.

- Tsipouri, L., & Xanthakis, M. (2004). Can corporate governance be rated? Ideas based on the Greek experience. *Corporate Governance: An International Review*, 12, 16-28.
- Tsipouridou, M., & Spathis, C. (2012). Earnings management and the role of auditors in an unusual IFRS context: The case of Greece. *Journal of International Accounting, Auditing and Taxation*, 21, 62-78.
- Tsipouridou, M., & Spathis, C. (2014). Audit opinion and earnings management: Evidence from Greece. *Accounting Forum*, 38(1), 38-54.
- Tzovas, C. (2006). Factors influencing a firm's accounting policy decisions when tax accounting and financial accounting coincide. *Managerial Auditing Journal*, 21(4), 373-386.
- Vafeas, N. (1999). Board meeting frequency and firm performance. *Journal of Financial Economics*, 53, 113-142.
- Vafeas, N., & Theodorou, E. (1998). The relationship between board structure and firm performance in the UK. *British Accounting Review*, 30, 383-407.
- Van Tendeloo, B., & Vanstraelen, A. (2006). Earnings management and audit quality in Europe: Evidence from the private client segment market. *The European Accounting Review*, 17(3), 447-459.
- Williamson, O. E. (1985). *The economic institutions of capitalism*. New York: The Free Press.
- Xanthakis, M., Tsipouri, L., & Spanos, L. (2003). *Corporate governance: Concepts and ratings*. Athens: Papazissis Publications. (in Greek)