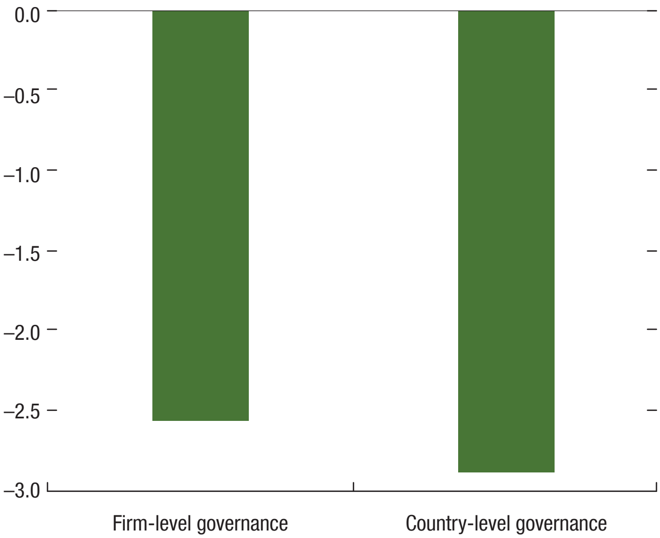
Figure 3.18. Country-Level and Firm-Level Governance and Short-Term Debt
(Percent)

Improved country-level corporate governance frameworks appear to play an even greater role than firm-level governance in determining short-term debt ratios.



Sources: Dealogic; Thomson Reuters Datastream; World Economic Forum, Global Competitiveness Indicators database; and IMF staff calculations.
Note: The figure depicts the sensitivity of short-term debt ratio to firm- and country-level measures of corporate governance. Country-level governance is proxied by the World Economic Forum Global Competitiveness Index (GCI) protection of minority shareholders' interest index; firm-level governance is measured using the overall index developed in this chapter. The empirical analysis also controls for the size, profitability, tangibility, valuation, leverage, macroeconomic factors, and firm fixed effects. Results are robust to the use of other country-level governance indices such as the World Bank index of the protection of minority shareholders. See Annex 3.1 for further details.