

ABSTRACT

We explore how internal corporate governance policies vary across firms and demonstrate how this variation is shaped by institutional and socio-political factors. We describe two types of corporate governance policies: policies regulating governance procedures and policies regulating corporate actions. We argue that the extent to which internal policies focus on corporate actions will be determined by relative influence of stakeholders who favour or oppose such policies. We also demonstrate that exposure to institutional settings where a lot of emphasis is made on governance procedures will be associated with the development of internal policies regulating such procedures. By describing different approaches to defining “good” corporate governance and by demonstrating how socio-political and institutional factors determine prominence of these approaches, this study helps us better understand the sources of variation observed when individual organizations interpret the notion of “good” corporate governance in their internal policies.