Does Firm Size Matter in Corporate Governance? An Exploratory Examination of Bebchuk's Entrenchment Index

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EXECUTIVE SUMMARY

This study addresses the omission of firm size from discussion in the recent governance literature. Using the Entrenchment Index developed by Bebchuk, Cohen, and Ferrell (2009) as a measure of governance to examine samples of U.S. listed companies operating in 2000, 2004, and 2007, I find that there are significant differences in governance when firms are grouped by total assets and market capitalization. Furthermore, the results show that the groups of the smallest and largest firms exhibit lower mean Entrenchment Scores.

Keywords: Corporate governance; Firm size