Correction to: From enforcement to financial reporting controls (FRCs): a country-level composite indicator

Alberto Quagli¹ · Corrado Lagazio¹ · Paola Ramassa¹

Published online: 8 January 2021

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Correction to: Journal of Management and Governance

<https://doi.org/10.1007/s10997-020-09518-w>

In the original publication of the article the following text and tables were published incorrectly. The correct text and tables have been provided with this Correction.

In Sect. 5.1, the first sentence of the paragraph, “On the contrary, the two...” should be read as “On the contrary, the two underlying AUD variables (FEE and BIG4) are poorly correlated (1.6%, p -value = 0.66), and also Cronbach’s alpha coefficient is very low (0.204).”

In Sect. 5.1, in the paragraph beginning with “The AUD indicator is the most evenly distributed...”, the sentence, “However, its distribution is slightly shifted towards low values, which derive from the normalization of audit fees lagged by client firms’ revenues (FEE).” has been removed.

In Sect. 5.1, in the paragraph, “Our FRC composite indicator captures...”, the sentence beginning with “Only one country (i.e. Italy)...” should read, “Only two countries (i.e. Spain and Italy) report a level higher than 100, deriving from levels higher than 90 for corporate governance, audit, and enforcement.”

In Sect. 5.2, in the paragraph beginning with “The third check is based on a larger...”, the text “Pearson correlation coefficient is 74%” should be read as “Pearson correlation coefficient is 71%”.

The correct version of Tables 3, 6, 7 and 8 are given here.

In Sect. 5.1, last paragraph, the sentence beginning “The correlation between the FRC...”, should be read as “The correlation between the FRC indicator described above and one based on past data is equal to 88.55%.”

The original article has been corrected.

The original article can be found online at <https://doi.org/10.1007/s10997-020-09518-w>.

✉ Paola Ramassa
paola.ramassa@unige.it

¹ Department of Economics and Business Studies, University of Genoa, Via Vivaldi 5, 16126 Genoa, Italy

Table 3 Normalized variables

Country	BOARD	LE	TRA	FEE	BIG4	FTE	EXAM	FOC	ACT
Austria	AT	78.57	106.25	79.38	50.00	150.00	114.02	71.37	62.68
Belgium	BE	54.76	75.00	94.00	106.94	108.96	71.45	92.89	107.43
Germany	DE	69.05	93.75	78.16	141.92	84.34	72.93	50.00	56.02
Denmark	DK	83.33	112.50	86.10	147.15	101.36	75.50	66.60	120.72
Greece	EL	50.00	75.00	150.00	85.63	50.34	53.13	126.39	115.40
Spain	ES	90.00	125.00	119.27	135.61	150.00	113.41	128.59	101.25
Finland	FI	116.67	118.75	113.55	148.98	66.02	80.96	108.26	101.83
France	FR	83.33	100.00	112.74	78.28	77.04	73.58	69.82	111.02
Ireland	IE	130.00	68.75	130.17	142.11	60.46	87.41	95.64	150.00
Italy	IT	150.00	150.00	96.90	150.00	98.16	98.02	118.27	53.15
Luxembourg	LU	50.00	50.00	122.16	133.45	77.04	150.00	121.78	79.64
Netherlands	NL	110.00	112.50	103.78	145.99	90.31	65.18	150.00	50.00
Norway	NO	123.33	112.50	100.88	120.38	77.04	57.85	102.85	61.89
Poland	PL	63.33	81.25	50.00	82.79	77.04	79.08	125.90	78.65
Portugal	PT	103.33	112.50	67.54	134.04	61.21	53.06	137.46	91.18
Sweden	SE	90.00	100.00	128.12	117.50	50.00	94.63	102.79	58.67
United Kingdom	UK	116.67	81.25	101.12	139.72	50.51	50.00	91.16	98.53
Minimum		50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Maximum		150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
Median		103.33	100.00	101.12	134.04	77.04	75.50	102.85	91.18
Mean		99.02	98.53	101.99	121.21	84.11	81.78	103.52	88.12
Std. Dev		25.05	24.46	25.076	30.09	30.49	26.17	27.69	28.59

Descriptive statistics for the following variables: *BOARD* board rating, *LE* leadership and ethics rating, *TRA* transparency and reporting rating, *FEE* audit fees lagged by client firms' revenues, *BIG4* Big 4 market share (in terms of audit fees), *FTE* FTE per IFRS issuer, *EXAM* examination rate, *FOC* focused examination rate, *ACT* action rate

Table 6 Domain-specific indicators (FRCs) and the composite indicator (FRC)

Country		GOV	AUD	ENF	FRC
Austria	AT	93.10	79.38	130.78	98.87
Belgium	BE	75.15	94.00	88.23	85.42
Germany	DE	79.17	78.16	78.43	78.59
Denmark	DK	98.95	86.10	87.48	90.66
Greece	EL	62.24	150.00	51.72	78.45
Spain	ES	95.97	119.27	130.43	114.29
Finland	FI	104.91	113.55	73.11	95.49
France	FR	91.81	112.74	75.29	92.02
Ireland	IE	78.81	130.17	72.70	90.68
Italy	IT	150.00	96.90	98.09	112.55
Luxembourg	LU	57.66	122.16	107.50	91.14
Netherlands	NL	99.07	103.78	76.72	92.40
Norway	NO	106.92	100.88	66.76	89.63
Poland	PL	69.16	50.00	78.06	64.63
Portugal	PT	102.58	67.54	56.99	73.36
Sweden	SE	89.09	128.12	68.79	92.25
United Kingdom	UK	84.78	101.12	50.26	75.53
Minimum		57.66	50.00	50.26	64.63
Maximum		150.00	150.00	130.78	111.23
Median		91.81	101.12	76.72	90.68
Mean		90.55	101.99	81.84	89.18
Standard deviation		20.60	25.076	22.91	12.82

Descriptive statistics for the following variables: *GOV* governance domain-specific indicator, *AUD* auditing domain-specific indicator, *ENF* enforcement domain-specific indicator, *FRC* FRC composite indicator

Table 7 Correlation between the three indicators of FRCs

	GOV	AUD	ENF
GOV	1.0000		
AUD	−0.1782	1.0000	
ENF	0.1268	−0.1076	1.0000

Variables: *GOV* governance domain-specific indicator, *AUD* auditing domain-specific indicator, *ENF* enforcement domain-specific indicator

***p-value < 0.01, **p-value < 0.05, *p-value < 0.1

Table 8 Correlation matrix of indicators

Proxy	FRC	TOTAL	RL	ISIDRO3
FRC	1.0000			
TOTAL	0.1838	1.0000		
RL	0.1013	0.2818	1.0000	
ISIDRO3	0.1175	0.5638**	0.5352**	1.0000

Variables: *FRC* FRC composite indicator, *TOTAL* TOTAL index by BPT (2014), *RL* rule of law, *ISIDRO3* third country factor extracted by Isidro et al. (2016)

***p-value < 0.01, **p-value < 0.05, *p-value < 0.1

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