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Abstract

Firms are central actors rate governance and the finance available. Thus a country's finance and corporate governance system is a key element of its national system of innovation. The technological regimes of sectors (and sub-sectors) vary in ways that affect the demands innovation makes on the financial and corporate governance system. Finance and corporate governance systems (FCGSs) vary among countries in their ability to meet these demands. By setting three dimensions of regime variation alongside the three corresponding dimensions of FCGS variation, patterns of relative and absolute technological advantage among economies can be largely explained — particularly when the focus is on nationality of firm rather than location of activity.

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