Accepted Manuscript

Independent Directors, Information Costs and Foreign Ownership in Chinese Companies

Yijun Meng, Michael P. Clements, Carol Padgett

PII: S1042-4431(17)30324-4

DOI: http://dx.doi.org/10.1016/j.intfin.2017.09.016

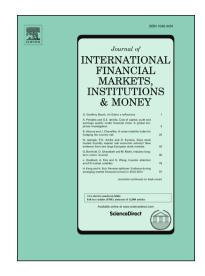
Reference: INTFIN 982

To appear in: Journal of International Financial Markets, Institu-

tions & Money

Received Date: 6 July 2017

Accepted Date: 14 September 2017



Please cite this article as: Y. Meng, M.P. Clements, C. Padgett, Independent Directors, Information Costs and Foreign Ownership in Chinese Companies, *Journal of International Financial Markets*, *Institutions & Money* (2017), doi: http://dx.doi.org/10.1016/j.intfin.2017.09.016

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

ACCEPTED MANUSCRIPT

Independent Directors, Information Costs and Foreign Ownership in Chinese Companies[★]

Yijun Meng ^{a, *}, Michael P. Clements ^b, Carol Padgett ^b

^{a.} Shanghai University of International Business and Economics, 1900 Wenxiang Road,

Songjiang District, Shanghai, 201620, P.R. China

b. ICMA Centre, Henley Business School, University of Reading, Reading, RG6 6BA, UK

Abstract

This paper takes advantage of recent regulatory changes to estimate the effects of independent directors on company performance, taking into account information cost. Our data sample consists of 2,371 firm—year observations for China over the period 1999–2005. Independent directors have a significantly negative impact on return on assets (ROA) and earnings per share (EPS), and this negative effect is more pronounced when the ability of the directors to perform their monitoring and advisory activities is curtailed by high information costs. We also find that foreign ownership may contribute to an increased willingness of firms to appoint independent directors.

JEL Classification: G34, G38, K22

Keywords: Corporate Governance, Independent Directors, Information Costs, Foreign

Ownership, Emerging Market

^{*} This paper was presented at the 2016 Cross Country Perspectives of Finance (CCPF) conferences held in Taiyuan and Pu'er, China.

We would like to thank Zhenyu Wu (the editor) and two anonymous referees for their valuable comments in improving the quality of our research. We also appreciate conference participants at the two CCPF conferences. The responsibility for any remaining errors rests with the authors.

^{*} Corresponding author at: Shanghai University of International Business and Economics, 1900 Wenxiang Road, Songjiang District, Shanghai, 201620, P.R. China. Email address: almameng1120@hotmail.com

Download English Version:

https://daneshyari.com/en/article/7364272

Download Persian Version:

https://daneshyari.com/article/7364272

<u>Daneshyari.com</u>