Effects of Corporate Governance with Board of Director on
Financial Performance in Multinational Business: The Empirical
Analysis of Chinese Companies that Issued ADRs

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ABSTRACT
The responsibility with Board of Directors is not a new issue in today's world. Nevertheless, addressing the impact of financial performance in the multinational business of Chinese companies should be explored. To provide greater definition of the roles and responsibilities of publicly-owned company executives and members of their boards of directors, U.S. President George W. Bush signed the Sarbanes-Oxley Act (SOX) into law on July 30, 2002. This act provides a framework for greater corporate governance for publicly-traded companies and adds increased monitoring responsibility for representatives of the accounting and legal professions, as well as adding to the responsibilities of directors and executives.

The measurement of this study, financial performance was measured by financial statements, the performance include, ROA (return on assets), and ROE (return on equity). 112 respondents participated in the data collection. Collected data was analyzed by SPSS analysis. Four different statistical analyses were used in this study; descriptive statistics, t-test, ANOVA analysis, and multiple regression analysis. Findings indicated that part of director characteristics were significant explanatory variables of financial performance. Therefore, improved corporate governance can lead to an increase financial performance.

Key words: Corporate Governance · Financial Performance · ADRs · Multinational Business