

**CORPORATE BOARD:
ROLE, DUTIES & COMPOSITION**

**СОВЕТ ДИРЕКТОРОВ: РОЛЬ,
ОБЯЗАННОСТИ И СОСТАВ**

Postal Address:

Postal Box 36
Sumy 40014
Ukraine

Tel: +380-542-611025
Fax: +380-542-611025
e-mail: alex_kostyuk@mail.ru
alex_kostyuk@virtusinterpress.org
www.virtusinterpress.org

Journal Corporate Board: Role, Duties & Composition is published three times a year by Publishing House "Virtus Interpress", Kirova Str. 146/1, office 20, Sumy, 40021, Ukraine.

Information for subscribers: New orders requests should be addressed to the Editor by e-mail. See the section "Subscription details".

Back issues: Single issues are available from the Editor. Details, including prices, are available upon request.

Advertising: For details, please, contact the Editor of the journal.

Copyright: All rights reserved. No part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior permission in writing of the Publisher.

Corporate Board: Role, Duties & Composition

Virtus Interpress. All rights reserved.

Почтовый адрес редакции:

Почтовый ящик 36
г. Сумы, 40014
Украина

Тел.: +380-542-611025
Факс: +380-542-611025
эл. почта: alex_kostyuk@mail.ru
alex_kostyuk@virtusinterpress.org
www.virtusinterpress.org

Журнал "Совет Директоров: Роль, Обязанности и Состав" издается три раза в год издательским домом Виртус Интерпресс, ул. Кирова 146/1, г. Сумы, 40021, Украина.

Информация для подписчиков: заказ на подписку следует адресовать Редактору журнала по электронной почте.

Отдельные номера: заказ на приобретение отдельных номеров следует направлять Редактору журнала.

Размещение рекламы: за информацией обращайтесь к Редактору.

Права на копирование и распространение: копирование, хранение и распространение материалов журнала в любой форме возможно лишь с письменного разрешения Издательства.

Совет Директоров: Роль, Обязанности и Состав

Виртус Интерпресс. Права защищены.

EDITORIAL

Dear readers!

This issue of the journal is devoted to several issues of corporate board practices.

The first important issue is an independent director practice. Especially, it is interesting to find out how such kind of board practices are developed in developing countries such as Taiwan. **Yin-Hua Yeh, Pei-Gi Shu and Yu-Hui Su** investigated the possible determinants of voluntary resignations of independent directors. Specifically, they find that the most discerning variables for voluntary resignation are related party transactions, non-unqualified reports from the associated auditor, and total shareholdings of the large shareholders. Independent directors under the adverse conditions that hinder them from effective monitoring would choose voluntary resignation. Their findings potentially contribute to the literature in two threads. First, they comprehensively investigate the possible determinants from different dimensions and find that corporate governance would be more important than performance and risk in triggering the voluntary resignations of independent directors. Secondly, they prove that independent directors in an ownership-concentrated economic such as Taiwan are at best performing passive monitoring.

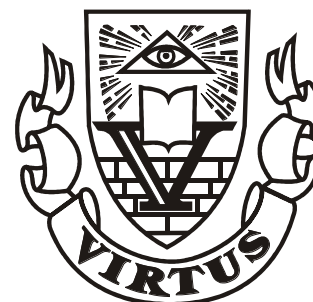
Another corporate board practices investigated by contributors is a multiply directorship and its influence on the director performance. **Saibal Ghosh** examines the association between financial performance and boards of non-financial firms in India, the findings indicate that, after controlling for various firm-specific factors, board diligence as well as director busyness exerts a positive influence on corporate performance. The findings support the view that multiple directorships can be an important reflection of the quality of independent directors, where directors with competence and domain knowledge are able to exercise their expertise and positively influence firm performance.

Lawrence P. Schrenk develops a model of a multi-tasking executive whose behavior is motivated by the specific forms of compensation received. This model extends the theory of corporate finance in two significant ways: first, it examines risk-averse executive behavior in a multitasking environment, and, second, it yields a theoretical understanding of why one form of variable compensation provides different incentive than another. As a generalization, they find that option compensation is more effective than stock compensation in inducing the executive to take on investment risk, while the inverse is true for inducing the executive to issue debt or pay dividends.

CORPORATE BOARD: ROLE, DUTIES AND COMPOSITION

Volume 3, Issue 3, 2007

CONTENTS



Editorial

4

THE CAUSES OF VOLUNTARY RESIGNATION OF INDEPENDENT DIRECTORS

6

Yin-Hua Yeh, Pei-Gi Shu, Yu-Hui Su

BOARD DILIGENCE, DIRECTOR BUSINESS AND CORPORATE GOVERNANCE

13

Saibal Ghosh

EXECUTIVE COMPENSATION: A MULTI-TASKING MODEL

23

Lawrence P. Schrenk

CORPORATE BOARD COMPOSITION IN AN EMERGING MARKET

33

Alexander N. Kostyuk