

Focus topic: Social Conflicts and Other Issues

- Governance and Social Responsibility

Paper Title:

Independent Directors: A New Chapter of the Development of Corporate Governance in China

Abstract

This paper studies the development of corporate governance in China, with a focus on independent directors. Corporate governance is regarded as the core of the ongoing State-Owned Enterprises (SOEs) reform in China, and the introduction of independent director system in 2001 is viewed as a revolutionary change to the Chinese corporate governance regime.

This paper analyses the characteristics of independent directors in the Chinese context, examines five internal factors that would affect independent directors' performance - independence, remuneration, qualification, assurance and autonomy. It is suggested these factors are essential for independent director system to work effectively, and hence lead to better board performance.

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