
The Relationship between Corporate Governance and Firms' Delisting of Taiwanese Firms

Bi-Huei Tsai

National Chiao Tung University

Chi-Chen Wang

National Defense University

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This study employs Taiwanese firms that received “going-concern” opinions from auditors between January 1, 1980 and December 31, 2008 as our sample, and applies parametric models of duration to investigate the impact of corporate governance on the delisting of firms. Also, we examine whether the probability of delisting a firm is related to institutional investor ownership, pledge ratios of directors and supervisors, management participation, and board seats of the independent supervisors. The empirical results show a higher delisting risk for firms with greater pledge ratios of directors and supervisors. In addition, the listing period or equity to debt ratio of a firm is significantly associated with its delisting risk. In particular, the probability of delisting increases to its highest point 28 quarters after auditors issue a “going-concern” opinion. Afterwards, the probability of delisting decreases slowly. These findings imply that the riskiest period for delisting is the seven years after auditors issue a “going-concern” opinion.

Key Words: *Corporate Governance, Survival Analysis, Going-Concern, Institutional Investor.*

The corresponding author, **Bi-Huei Tsai**, is an Assistant Professor in the Department of Management Science, National Chiao Tung University, No.1001, Daxue Rd., East Dist., Hsinchu City 300, Taiwan, Tel:+886-3-57121210 ext.57111, E-mail: bhtsai@faculty.nctu.edu.tw **Chi-Chen Wang**, is an Associate Professor in the Department of Management Financial, National Defense University, No.70, Sec. 2, Zhongyang N. Rd., Beitou Dist., Taipei City 112, Taiwan, Tel:+886-2-28986600 ext.604989, E-mail:chi_chenwang@hotmail.com