ONE HAT TOO MANY - CEO DUALITY, GLOBAL
FINANCIAL CRISIS AND PERFORMANCE OF
CHINESE FIRMS

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Cho-tung, Charles Lam
I would like to dedicate my dissertation to my parents who gave me the opportunity to study abroad. Australia is indeed a multicultural country offering me a wonderful environment to further my studies and develop my professional career. It had always been my wish to obtain a doctoral degree when I was studying pharmacy. But, I had to give up the scholarship and start to make a living when my father was critically ill.

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF TABLES</td>
<td>VII</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>X</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>XII</td>
</tr>
</tbody>
</table>

## CHAPTER 1 INTRODUCTION  1

1.1 INTRODUCTION  1

1.2 PURPOSE OF THE DISSERTATION  3

1.3 AN OVERVIEW OF THE STUDY  5

1.4 RESEARCH QUESTIONS AND HYPOTHESES  8

1.5 RESEARCH METHODOLOGY  10

1.6 SIGNIFICANCE AND CONTRIBUTION OF THE RESEARCH  12

1.7 OUTLINE OF THE DISSERTATION  13

## CHAPTER 2 LITERATURE REVIEW  15

2.1 INTRODUCTION  15

2.2 THE MAJOR THEORIES ON CORPORATE LEADERSHIP STRUCTURE

2.2.1 Introduction  16

2.2.2 Construction of Literature Map  16

2.2.3 Agency Theory  19

2.2.4 Stewardship Theory  21

2.2.5 Contingency Theory  23

2.2.6 Resource-dependency Theory  26

2.2.7 Institutional Theory  27

2.2.8 Summary  27
2.3 MAINLAND CHINESE FIRMS 28
  2.3.1 Introduction 28
  2.3.2 Background of Chinese Companies 29
  2.3.3 Listing of Chinese Firms in Hong Kong 30
  2.3.4 Comparison of H-share and Red-chip Chinese Companies 31

2.4 CORPORATE GOVERNANCE IN HONG KONG 34
  2.4.1 Corporate Governance and Code Provisions of Hong Kong 34
  2.4.2 CEO Duality in Hong Kong 36
  2.4.3 Nomination Committee 38
  2.4.4 Corporate Governance of HK-listed Chinese Enterprises 39
  2.4.5 Global Financial Crisis and Firm Performance 42

2.5 SUMMARY 43

CHAPTER 3 RESEARCH METHODOLOGY 45

3.1 INTRODUCTION 45

3.2 RESEARCH PROCESS AND DESIGN 46
  3.2.1 Research Process 47
  3.2.2 Research Design 48

3.3 RESEARCH QUESTIONS AND HYPOTHESES 51
  3.3.1 Research Questions 51
  3.3.2 Hypotheses 55

3.4 VARIABLES 60
  3.4.1 Independent Variables 63
  3.4.2 Dependent Variables 70
CHAPTER 5 CONCLUSION 118

5.1 INTRODUCTION 118

5.2 MAJOR FINDINGS 118

5.2.1 The Effect of CEO Duality on Firm Performance 120

5.2.2 The Effect of Global Financial Crisis on the Relationship between CEO Duality and Firm Performance 121

5.3 IMPLICATIONS AND APPLICATIONS 122

5.3.1 Theoretical Implications 122

5.3.2 Implications for Corporate Governance and Regulations 125

5.4 LIMITATIONS 128

5.5 SUGGESTIONS FOR FURTHER RESEARCH 132

5.6 SUMMARY 134

REFERENCES 137

APPENDICES 152

Appendix 1 Table of the Full Sample of H-shares and Red-chips 152

Appendix 2 Summary of Methodology Amongst Key Studies of CEO Duality 155
LIST OF TABLES

Table 3.1: Definition of Variables 61
Table 3.2: Data Sources and Data Codes 62
Table 3.3: Sample Size of the Dissertation 72
Table 4.1: Descriptive Statistics of the Scale Variables of the 77 Full Sample Data, H-shares and Red-chips during 2004 – 2010 85
Table 4.2: Descriptive Statistics of the Categorical Variables of the Full Sample, H-shares and Red-chip Sub-groups during 2004 – 2010 85
Table 4.3: The Occurrence of CEO Duality Amongst the Sample and the Sub-Groups 85
Table 4.4: Descriptive Statistics of the Scale Variables of the Full Sample during 2004 – 2007 and 2008 – 2010 86
Table 4.5: Descriptive Statistics of the Categorical Variables of the Full Sample during 2004 – 2007 and 2008 – 2010 86
Table 4.6: Details of CEO Duality, Nomination Committee and Average Board Size for the 141 H-share and Red-chip Chinese Companies during 2004 – 2010 94
Table 4.8: Paired t-test Results for Performance (L_MTBV) for the Full Sample, H-shares and the Red-chips Sub-group during 2004 – 2007 and 2008 – 2010 98
Table 4.9: Effect of GFC on Firm Performance: Paired-sample t-test 98
Table 4.10: Number of Observations of H-shares and Red-chips, with and without CEO Duality and before and during the GFC 100
Table 4.11: ANCOVA Results of the Full Sample for 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV)

Table 4.12: ANOVA Results of the Full Sample for 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.13: ANCOVA Results with the Interaction terms GFC and GFC_DUAL for the Full Sample, 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.14: ANOVA Results with the addition of GFC and the Interaction Term GFC_Dual of the Full Sample for 2004 - 2010; Dependent Variable: market-to-book value (L_MTBV).

Table 4.15: Unstandardised B Value for the significant independent variables of the Regression Model for 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.16: ANOVA results of H-shares for 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.17: ANOVA Results of H-shares with the Interaction terms GFC and GFC_DUAL for 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.18: ANOVA Results for Red-chips during 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.19: ANOVA Results with GFC and the Interaction terms GFC_DUAL for Red-chips during 2004 – 2010; Dependent Variable: Log of market-to-book value (L_MTBV).

Table 4.20: The P Values of DUAL with and without the Moderation Effect of GFC for 2004 - 1010
Table 4.21: The Significance and Moderation Effect of GFC of the Full Sample, H-shares and Red-chips Sub-groups for 2004 – 1010
LIST OF FIGURES

Figure 2.1: Literature Map of the Principal Theories of Corporate Leadership 18

Figure 3.1: The Business Research Process Suggested by Cavana et al (2001) 48

Figure 3.2: The number of IPO of Chinese Enterprises outside of Mainland China between 1999 and 2010 52

Figure 3.3: The occurrence of CEO duality amongst H-share and Red-chip firms listed in Hong Kong vs. that of A-shares listed in Mainland China 54

Figure 3.4: Effect of Separation of CEO and COB on Board Size and Firm Performance 64

Figure 3.5: Factors affecting firm performance 76

Figure 4.1: The Trend of Firm Performance Indicator, Log of Market to Book Value (L_MTBV) of the Full Sample during 2004 – 2010 87

Figure 4.2: The Trend of Independent Variable, Log of board Size (L_BSIZE) of the Full Sample during 2004 – 2010 88

Figure 4.3: The Trend of Independent Variable, Log of Market Capitalisation (L_MC) of the Full Sample during 2004 – 2010 88

Figure 4.4: The Trend of Independent Variable, Log of Net Sales (L_NS) of the Full Sample during 2004 – 2010 89

Figure 4.5: The Trend of Independent Variable, Log of Total Asset (L_TA) of the Full Sample during 2004 – 2010 89

Figure 4.6: The Trend of Independent Variable, Log of Firm History (L_HIST) of the Full Sample during 2004 – 2010 90

Figure 4.7: The Trend of Independent Variable, Log of Debt to Equity X
Figure 4.8: The Trend of Independent Variable, Log of Current Ratio (L_CR) of the Full Sample during 2004 – 2010

Figure 4.9: The Trend of CEO Duality of the 141 HK-listed Chinese Companies during 2004 – 2010

Figure 4.10: The Trend of The Establishment of Nomination Committees for the 141 Chinese Companies during 2004 – 2010

Figure 4.11: Histogram, Normal Probability Plot and Scattered Residual Plot of L_MTBV of the Full Sample for 2004 – 2010

Figure 4.12: Histogram, Stem and Leaf Plot and Normal Probability Plot of L_MTBV with the Effect of GFC of the Full Sample for 2004 - 2010
ABSTRACT

The recent global financial crisis has been seriously impacting firms worldwide since its eruption in 2007. No doubt, corporate leadership plays an important role in steering firms away from crisis. According to agency theory, CEO duality, with Chief Executive Officer (CEO) also wearing the hat of Chair of the Board (COB), could lead to an overpowering leader serving his or her own agenda. The Code on Corporate Governance Practices implemented by the Stock Exchange of Hong Kong thus recommends the separation of the titles as of 2005, but CEO duality continues to top the list of non-compliance of the Code Provisions.

This dissertation is the first longitudinal study to measure the effect of CEO duality on performance of Chinese state-owned enterprises listed in Hong Kong and the moderation effect of the global financial crisis on their relationship. A sample of 49 H-shares and 28 Red-chips with a total of 539 firm-years over the 2004–2010 period is chosen for the empirical analyses. The direction of effect of CEO duality on performance of the Chinese firms is a priori indeterminate. The empirical result suggests that CEO duality does not affect performance of HK-listed Chinese firms. However, in the presence of global financial crisis, CEO duality has a significant and negative impact on their firm performance. Contrary to general belief, the global financial crisis has a significant and positive effect on firm performance of the Chinese firms. This is probably due to the ability of firms with both CEO and COB to respond prudently and collaboratively to the global financial crisis and opportunities presented by economic stimulus policies of the Chinese government during 2008 - 2010.