

Issues Regarding Division of Board of Directors Functions

-- Enhancement of Managerial Function and Internal Supervisory Mechanisms

*Jen-Guang Lin**

Abstract

In order to discuss the issues regarding the division of board functions, it is necessary to identify the role of the board of directors. All the issues arising from two potentially conflicting factors between the protection of shareholders and the enhancement of managerial functions of the board of directors. In order to maximize shareholders' interests, it is important to enhance both board's function as well as supervisory mechanisms. The proposed introduction of independent directors and functional committees such as audit committees is intended to reach this goal. However, how independent directors as well as audit committees can carry out their functions as proposed in the 2005 Amendment Bill of the Securities Law remains to be observed. This article takes the position that, under the proposed setting, the independent directors might not function well enough as imagined. Whether independent directors and audit committees can carry out the supervisory functions depending on the nominating procedure and composition of the board as well as the persons who taking the position of independent directors.

Keywords: board of directors, independent directors, outside directors, audit committee, nominating committee, compensation committee, supervisor, corporate governance, managerial function, management

*Assistant Professor of Law, College of Law, National Taiwan University.