

FINANCIAL MANAGEMENT PRACTICES OF TAIWANESE FIRMS

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ABSTRACT

A number of authors have surveyed firms concerning their financial management practices. The practices of U.S. firms have been studied extensively. The survey results indicate that the sophistication of the analytical techniques used by U.S. executives have increased over time. There have been limited studies of corporate financial practices in the Asia-Pacific region. These studies focused on capital budgeting practices and include firms in Hong Kong, Malaysia, and Singapore. In contrast to the findings for U.S. companies, it appears that firms in these countries use less sophisticated techniques. This paper extends these studies by surveying executives of Taiwanese firms regarding their firms' financial practices in four areas: capital budgeting, cost of capital, capital structure, and swaps. The survey is important and interesting given Taiwan's current and growing importance in the world economy.