THE EXISTENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS TOWARDS PUBLIC LISTED COMPANIES’ PERFORMANCE IN MALAYSIA

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Thesis submitted in fulfillment of the requirements for the degree of Master of Science

Faculty of Business Management

July 2014
AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

A growing concern over the importance of Corporate Governance began to attain it is attention as investors awakened by the tragedy that fell during the Financial Crisis 1997. The effects of this crisis have infected many Asian countries and in particular the Malaysian economies due to a major reason for lacking a substantial corporate governance. In relation to this, the Malaysian government has conducted extensive reforms in regulatory, legal, and reporting framework relating to shareholders rights, management oversights and other monitoring mechanisms, followed with the amendments to the Malaysian stock exchange’s Listing Requirements and the setting up of the high-level finance committee of corporate governance. The Ministry of Finance have “therefore” established the first Code of Corporate Governance in the year 2000, followed by a revised edition of 2007 which required at least a one third of the board membership are independent directors. This is to ensure a proper conduct by the board of directors towards the company’s operation and their accountability to the shareholders. However, despite the positive reasons of their existence, there are discrepancies in findings and arguments among the researchers relating to their effectiveness to influence a company’s performance. Thus, the findings of this study indicate the elements of corporate governance such as the number of independent non-executive directors and directors’ remuneration have no significant relationship towards Malaysian public listed companies’ performances, as measured by earnings per share and dividend yield.
ACKNOWLEDGEMENTS

First and foremost, praises and thanks to God, the Almighty, for His showers of blessings in my life, that I am able to complete my Master’s degree in time.

I am deeply indebted to my main supervisor, Dr. Imbarine Bujang, whose expertise, enthusiasm, understanding, and patience added considerably to my graduate experience. I appreciate his vast knowledge and skill in many areas of research particularly in finance, and without his help, this work would not be possible. Besides, he has been everything that one could ever want in a supervisor. I would like to thank as well to my second supervisor, Dr. Abang Feizal Abang Ibrahim from UiTM Sarawak, for his guidance and continuous support especially in the earlier phase of this research. I am also grateful to an English lecturer from the Academy of Language Studies in UiTM Sabah, Mrs. Bernadette Peter Lidadun, for taking the time to proofread and giving her invaluable inputs for improvements to this thesis.

Special thanks also goes to Mr. Ahmad Suzaini Hashim from Bursa Malaysia and the rest of the staffs, whose undivided supports and best cooperation towards assisting in finding and searching of data. His kindness and unconditional supports for letting my husband and I to stay a bit longer in searched for annual reports and data had unknowingly sacrificed his time to keep available for guidance even though after office hour. I doubt that I will ever be able to express my appreciation fully, but I owe him my eternal gratitude.

Last, but not least, I would also like to thank my family for the support they provided me through my entire life, and in particular, I must acknowledge my husband, Anthony Chai, without whose love, encouragement and understanding especially in assisting during the process of gathering data, had helped me so much of without I would not have finished this thesis.

My sincere thanks also go to my dearest friends Anastasiah Harbi, Nurashakin Zakaria and Taufik Abdul Hakim, who have encouraged me so much especially in the exchange of ideas and guidance in the statistical analysis. Likewise, to those who indirectly contributed in this research, your kindness means a lot to me. Thank you very much.
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