UNIVERSITI TEKNOLOGI MARA

CORPORATE GOVERNANCE AND FIRM PERFORMANCE AMONG SHARIAH AND NON-SHARIAH APPROVED COMPANIES IN MALAYSIA

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Dissertation submitted in partial fulfillment of the requirements for the degree of Master of Accountancy

Faculty of Accountancy

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CANDIDATE’S DECLARATION

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

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ABSTRACT

This study attempts to analyze the trend of corporate governance and to investigate the relationship of corporate governance and firm performance among the Shariah and non-Shariah approved companies in Malaysia focusing on the elements of board independence, ownership structure, board size, CEO duality and board gender diversity. The motivation of the study is to see the implication of MCCG 2007 Revised Code toward the company’s corporate governance and hence, boost up the company’s performance among Shariah and non-Shariah approved companies in Malaysia. The data are gathered from the analysis of companies’ annual reports for a sample of top 50 Shariah approved companies and top 50 non-Shariah approved companies based on its market capitalization over a period of 2009 and 2010. The study employs t-test and regression analyses. The preliminary results of this study reveal that most Malaysian Shariah and non-Shariah approved companies have complied with the recommendation of the MCCG (2000) and MCCG (2007) Revised Code to have an effective of board size and separation of role as CEO and chairman. It is also found that there is a significant relationship between board sizes and CEO duality toward firm performance. In addition, board gender diversity also has a significant relationship with firm performance. On the other hand, there are no associations between board independence and ownership structure to firm performance. The findings of this study is hoped to provide significant contributions in highlighting the important issues regarding the performance of companies with regards to the influence of corporate governance.

Keywords: Corporate Governance, Firm Performance, Shariah Approved Companies, Non-Shariah Approved Companies
TABLE OF CONTENTS

TITLE PAGE
ABSTRACT
ACKNOWLEDGEMENT
TABLE OF CONTENTS
APPENDICES
LIST OF TABLES
LIST OF FIGURES
LIST OF ABBREVIATIONS

CHAPTER ONE: INTRODUCTION
1.1 Introduction 1
1.2 Research Background 2
1.3 Statement of the Problem 3
1.4 Objective of the Study 6
1.5 Research Question 6
1.6 Scope of the Study 7
1.7 Significance of the Study 7
1.8 Organization of the Study 9
1.9 Chapter Summary 10

CHAPTER TWO: LITERATURE REVIEW
2.1 Introduction 12
2.2 Agency Theory 13
2.3 Overview of Corporate Governance 15
2.4 Corporate Governance and Malaysian Code of Corporate Governance 18
2.5 Corporate Governance and Firm Performance
   2.5.1 Board Independence 21
   2.5.2 Ownership Structure 24
      2.5.2.1 Government Ownership 24
      2.5.2.2 Director Ownership 25
      2.5.2.3 Foreign Ownership 26
   2.5.3 Board Size 27
   2.5.4 CEO Duality 30
   2.5.5 Board Gender Diversity 31
2.6 Measurement of Firm Performance 34
2.7 Introduction to Shariah Compliance Companies 35
2.8 Islamic Compliance Implication on Companies in Malaysia 38
2.9 Chapter Summary 39

CHAPTER THREE: RESEARCH METHODOLOGY
3.1 Introduction 40
3.2 Research Design 40
3.3 Data Collection Design 41
3.4 Population of the Study 42
3.5 Sample Description 44
3.6 Research Framework 44
   3.6.1 Measurement of Dependent Variables 46
   3.6.2 Measurement of Independent Variables 46
      3.6.2.1 Board Independence 47
      3.6.2.2 Ownership Structure 47
      3.6.2.3 Board Size 49
      3.6.2.4 CEO Duality 49
      3.6.2.5 Board Gender Diversity 50
3.7 Hypothesis Development 52
3.8 Statistical Analysis 57