UNIVERSITI TEKNOLOGI MARA

# CORPORATE GOVERNANCE AND FIRM PERFORMANCES IN MALAYSIA

SITI NOORAZLIENA BINTI ANUAR
2020980379

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# CONFIRMATION BY PANEL OF EXAMINERS

I certify that a Panel of Examiners has met on 24th January 2022 to conduct the final examination of Siti Noorazliena Binti Anuar in Bachelor's Degree of Business Administration (Investment Management) thesis entitled "Corporate Governance and Firm Performances in Malaysia" in accordance with Universiti Teknologi MARA Act 1976 (Akta 173). The Panel of Examiner recommends that the student be awarded the relevant degree. The Panel of Examiners was as follows:

Wan Mohd Farid Bin Wan Zakaria
Lecturer,
Faculty of Business and Management,
UiTM Johor
(Advisor)

Nur Liyana Mohamed Yousop
Lecturer
Faculty of Business and Management,
UiTM Johor
(2nd Advisor)

Nurul Haida Johan
Lecturer, KP
Faculty of Business and Management,
UiTM Johor
(Viva Panel 1)

Rosmah Abd Ghani @ Ismail
Lecturer, KP
Faculty of Business and Management,
UiTM Johor
(Viva Panel 2)

**Yuslizawati Mohd Yusoff,**
Lecturer
Faculty of Business and Management,
UiTM Johor
**(INV667 Subject Coordinator)**
Date: 01 February 2022

# AUTHOR'S DECLARATION

I declare that the work in this Corporate Governance and Firm Performance in Malaysia. was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results 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.

| | | |
|---|---|---|
| Name of Student | : | Siti Noorazliena Binti Anuar |
| Student I.D. No. | : | 2020980379 |
| Programme | : | Bachelor of Business Administration (Hons.) Investment Management – BA251 |
| Faculty | : | Business and Management |
| Title | : | Corporate Governance and Firm Performance in Malaysia |
| Signature of Student | : | ……………………………………………………… |
| Date | : | February 2022 |

# ABSTRACT

This article studies the influence of corporate governance codes and standards on the performance of organizations listed on the Bursa Malaysia. In today's complicated global business world, the association between corporate governance and firm success has received a lot of attention. Businesses must be able to browse transnational pools of cash as well as attract qualified human capital from across the world. In such a circumstance, a firm will be unable to flourish unless their values and exhibits ethical behaviour. The goal of this research is to investigate the relationship between corporate governance and firm performance. From 2011 to 2020, the 8 leading listed businesses in the consumer product and services category on the Bursa Malaysia were subjected to quantitative research using criteria.

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# CHAPTER 1
# INTRODUCTION

## 1.1 Introduction

The purpose of this study is to investigate the impact of corporate governance on the firm performance of Malaysia's consumer product sector listed in Bursa Malaysia. To commence, the study will explore the evolution of firm performance with the conduct of corporate governance in this chapter. Next, the study has generated various statements of the problem for this research relevant to the research background. The research objectives and research questions are determined, as well as the method through which the research will be carried out. Finally, the significance of research will be emphasized in this section.

## 1.2 Background of the study

The system by which a corporation is guided and governed by laws, practices, and processes is known as corporate governance. Corporate governance analysts evaluate, create, and publish governance-related material to capital market players in the form of governance reports and ratings. Corporate governance is concerned with how and why organizations are run. It specifies who governs, who has authority, and who bears accountability.

Corporate governance is heavily impacted by the parties engaged in a company's corporate structure, such as shareholders, investors, creditors, labor, and the government. It is thought that good corporate governance will boost business performance. The primary goal of strong corporate governance implementation is to maximize long-term shareholder returns and others.

However, not even one corporate governance paradigm exists. Governance mechanisms differ not just among nations, but also across enterprises and industrial sectors. It is because, corporate governance deals with the way the investors make sure they get a fair return on their investment. In Corporate Governance, there is a clear distinction between the role of the owners of a company (the shareholders) and the managers (the executive board of directors) when it comes to making effective strategic decisions. Among the main noticeable disparities between nations' corporate governance regimes is in the private control of enterprises that reside across nations. The degree of ownership and control, as well as the identity of controlling shareholders, characterize corporate governance systems. Though several systems have widely distributed ownership (outsider systems), others have centralized ownership or control (insider systems).

Corporate governance is a difficult beast to master. Even people who have made their professions in industries where governance is required may not completely comprehend what it entails. That is why many governance professionals simplify it into four words: People, Purpose, Process, and Performance. These are the Four Ps of Corporate Governance, the underlying concepts behind why and how governance exists. People are prioritized in the Four Ps because they exist on all sides of the business equation. They are the founders, the board of directors, the stakeholders, the consumers, and the impartial observer. The next stage is to determine your purpose. Every component of government exists to serve a function and to accomplish a goal. The 'for' represents the organization's guiding beliefs. This is their mission statement. Every one of their programmes and projects should be aimed towards advancing this objective. Governance is the mechanism through which employees achieve their company's goal, and that process is built through performance analysis. Processes are adjusted through time to achieve their goal consistently, and it's always a good idea to scrutinize your governance processes. Finally, but certainly not least, is performance. In any sector, performance analysis is a necessary ability. One of the major purposes of the governance process is the capacity to examine the outcomes of a process and assess if it was successful (or successful enough), and then apply those findings to the rest of your organization.

### 1.3 Problem statement

Many studies have explored the relationship between corporate governance and corporate performance. In contrast, only a few studies have looked at corporate governance and corporate failure. Even though interest in corporate governance has grown rapidly in recent years with the global increase in the number of corporate failures such as Enron, WorldCom, HealthSouth, and Arthur Anderson; the role of corporate governance in corporate failure has been largely neglected (Lakshan and Wijekoon, 2012). The researchers also mention that it is because of lack of consistent policies, control procedures, guidelines, and mechanisms to ensure accountability and fiduciary duty. Poor corporate governance can increase the probability of corporate failure even for firms with good financial performances. Past studies show that weak corporate governance tends to reduce corporate value by employing a variety of prediction methodologies and models including multivariate discriminant analysis, probit and logit analysis and artificial neural networks, whether it will lead to a higher survival probability of a distressed company remains an open question. A sound corporate governance system should help create an environment conducive to the efficient and sustainable growth in the Malaysian corporate sector. Since the Southeast Asian financial crisis in 1997, corporate governance has become a key policy issue confronting many Southeast Asian countries, including Malaysia

### 1.4 Research objectives

- To test the relationship/significance of Board Size (Corporate Governance Conduct) towards Return on Asset/ROA (Firm Performance).
- To test the relationship/significance of Board Independence (Corporate Governance Conduct) towards Return on Asset/ROA (Firm Performance).
- To test the relationship/significance of The Audit Committee Meeting (Corporate Governance Conduct) towards Return on Asset/ROA (Firm Performance).

### 1.5 Research questions

- What is the type of relationship/significance of conducting the corporate governance towards the firm performance?

### 1.6 Scope of the study

The data for this research will be collected throughout a ten-year period, from 2011 to 2020. A total of 8 publicly traded businesses from the consumer product and services industry will be picked from the Bursa Malaysia Berhad sample. The variables utilised in this study include return on asset (ROA), board size, board independence, and audit committee. The secondary data that will be utilised was gathered from the firms' annual reports, which were retrieved from the official website of Bursa Malaysia Berhad.

## 1.7 Definition of key terms

The key terms are the main words or, more accurately, the key points and issues that are explored in a research study. The essential terms in this study which must be discussed more for a profound understanding originate from the variables of the study.

### 1.7.1 Board Size

The total number of directors on the board of each sample business for each accounting year, including the CEO and Chairman, is referred to as board size. Outside directors, executive directors, and non-executive directors will be included. (European Business Review;2001)

### 1.7.2 Board Independence

A novel notion in corporate governance that requires most board members to be separate from the firm. Independence happens when a director has not previously been or is presently hired or its auditor, and the board member's employment does not have substantial business with the firm. The Sarbanes- Oxley Act of 2002 provided legal meaning and direction for board independence. (Jeffrey Cohen, 2008)

### 1.7.3 Audit Committee

The major function of an audit committee of a corporation is to provide supervision of the preparation of the financial statements, the audit process, the company's internal controls and risk management, and compliance with legislation. To assess the possible influence on capital statements, the audit committee will analyze important bookkeeping concerns as well as current appropriate regulatory declarations. To determine if reports are thorough and accurate, it is critical to know how administration creates internal interim financial information. (M Taghizadeh, SY Saremi, 2013)

### 1.8 Summary

In conclusion for this chapter, learning and get in depth on the background analysis will give a great understanding on the topic that have been chosen. This topic from the problem statement showing a wide range of thoughts on the well-being of the company and the care on the stakeholders. From the research question, it is known that corporate governance is related to many micro aspects to care on the firm performance. The scope of the study is also convenient for the data collection as the data are provided in the Bursa Malaysia.

# CHAPTER 2
# LITERATURE REVIEW

## 2.1 Introduction

A literature review, in essence, finds, analyses, and synthesizes the relevant literature in a certain topic of inquiry. It elucidates how knowledge has progressed within the discipline, stressing what has already been done, what is widely recognized, what is developing, and what is the present state of thought on the subject. A literature review also reveals a research gap for example, undiscovered or under-researched regions and articulates how a specific research project fills this gap via research-based texts such as a Doctoral thesis.

## 2.2 Corporate Governance

Available literature suggests that strong corporate governance (CG) can significantly affect a company's cash holdings (Asante-darko et al., 2018). The Malaysian High Level Finance Committee (1999, p. 10) defines corporate governance as the process and structure used to direct and manage the business affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value whilst considering the interest of other stakeholders. According to Mathiesen (2002), corporate governance is a field in economics that investigates how to secure or motivate efficient management of corporations using incentive mechanisms, such as contracts, organizational designs and legislation. This is often limited to the question of improving financial performance, for example, how the corporate owners can secure/motivate that the corporate managers will deliver a competitive rate of return. In general, corporate governance is a management of a company that explains the relationship among participants of the company determining the direction and performance of the company (Monks & Minow, 2002). From the definitions, it can be concluded that the essence of corporate governance is an improvement of the company performance through the observation on the management performance and on the availability of the accountability of the management towards the stakeholders and other shareholders (Joy Elly Tulung, Dendi Ramdani; 2018) According to Tricker (1994), there are two aspects of corporate governance: conformance and performance. Conformance consists of two elements: monitoring and supervising executive performance; and maintaining accountability. While performance consists of strategy formulation and policy making. Most corporate governance literature concluded that corporate governance framework must be tailored to each organization, as there is difference need between one and another organization. The complexity arised in public sector corporate governance as there will be a more complex relationships between those with primary accountability responsibilities (parliament, ministers) as opposed with private sector. Private sector corporate governance often relatively more straightforward as the roles and responsibilities are more clearly defined and generally involve a narrower range of active stakeholders (Barrett, 2002).

### 2.3 Return on Asset

Return On Asset is the company's ability to make a profit. The profitability of the company shows the ratio between profit and assets or capital that produces this profit. In other word, profitability is the ability of a company to generate profits for a certain period (Aryanti et al., 2016). The profitability of the company shows the ratio between profit and assets or capital that produces this profit. In other words, profitability is the ability of a company to generate profits for a certain period. Return on assets measures how much net income can be obtained from all assets owned and invested in a company (asset efficiency). The higher the profit the company gets, it can attract investors to Invest in the company. Negative Return on Assets cannot increase stock returns, because the lower the Return on Assets, the lower the company can take advantage of the assets owned so that it cannot increase company profits (Gunadi & Kesuma, 2015, Putra & Kindangen, 2016). Companies with large Return on Assets will attract investors to invest their funds into the company. This is because a large Return on Asset shows that stock performance is getting better, namely a large Return on Asset, stock prices also rise, so stock returns will also increase (Aryanti, Mawardi, & Andesta, 2016) High profitability shows good company prospects so that investors will respond positively to these signals prompting the increase of firm value (A Husna, I Satria, 2019). This is supported by research conducted by Ratna Prihantini (2009) whose results show that Return on Asset has a positive and significant effect on acceptable stock returns.

## 2.4 Board Size

The definition of board size is the total number of directors on a board (Panasian et al., 2003; Levrau and Van den Berghe, 2007). The board of directors is one of the primary internal corporate governance mechanisms (Brennan, 2006; Aguilera, Desender, Bednar, and Lee 2015). It depicts the total members of the board either executive or non-executive directors. The association between the size of board and cash holding in existing literature is two-dimensional (Bohran, Bhuiyan & Hooks, 2019; Lee & Park, 2015; Chauhan, Pathak & Kumar, 2017; Al-Manaseer et al., 2012). Previous literature also supports the phenomenon that larger board size leads to higher disclosure level and there is positive relationship between size of the board and level of firm's disclosure (Barako et al., 2006). Some of the researchers (Goodstein et al., 1994) suggested that the motivation of the board members strategic decision making is negatively affected by the larger board size and eventually there come negative association between disclosure and board size

## 2.5 Board Independence

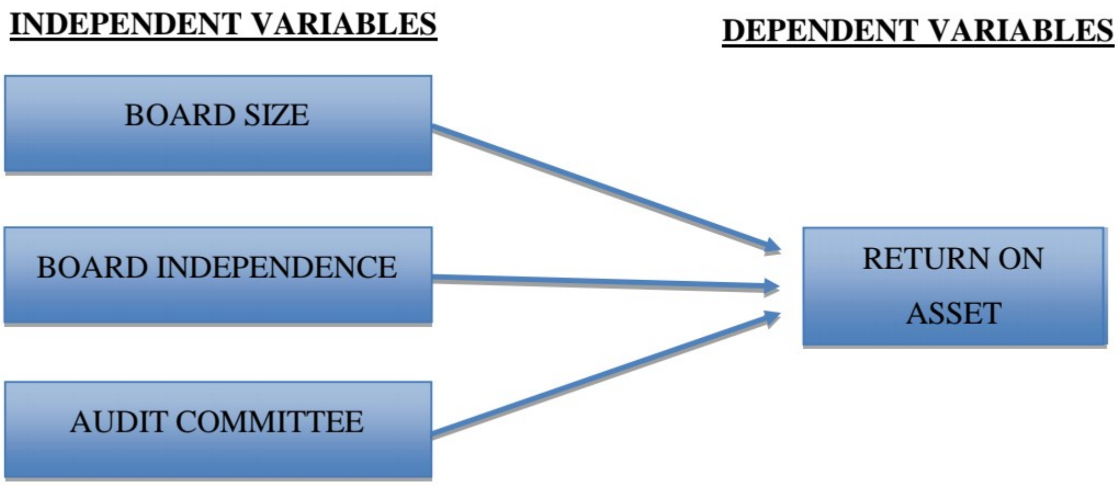
One of the key provisions of the Malaysian Code on Corporate Governance is the requirement for inclusion of outside or independent directors on the board. Board independence can be simply defined as independent directors who have no affiliation with the firm except for their directorship (Clifford and Evans, 1997). There is an apparent presumption that boards with significant outside directors will make different and perhaps better decisions than boards dominated by insiders. The Malaysian Code on Corporate Governance (2000) recommends, as a best practice, that there needs to be balance on the board of directors with at least one third of the board members should be independent directors. This is to ensure the effectiveness of the independent directors in maintaining the objectivity in board decisions. The argument for the need of independent non-executive directors on the board substantiated from the agency theory which states that due to the separation between ownership and control, managers (given the opportunity) would tend to pursue their own goals at the expense of the shareholders (Jensen and Meckling, 1976). Hence, by having independent non-executive directors on the board, these directors would help to monitor and control the opportunistic behaviour of management and assist in evaluating the management more objectively. Furthermore, Brickley and James (1987) argued that outside directors also contribute to reduce management consumption of perquisites. In the absence of such monitoring by outside directors, managers might have the incentive to manage earnings to project better performance results and hence increase their compensation. Empirically, studies on the association between independent non-executive directors and firm performance have shown mixed results. In their study among Belgian companies, Dehaene et al. (2001) found a significant positive relationship between the number of external directors and return on equity, which lends support to the notion that outside directors provide superior benefits to the firm because of their independence from firm management and this is considered by investors in making investment decisions. This is also supported by Dahya and McConnell (2003) who found evidence in the UK that investors appear to view appointments of outside CEOs as good news, and this is reflected in the announcement period stock returns.

## 2.6 Audit Committee

A major responsibility of audit committees is to ensure that mechanisms are in place to assure the quality of financial reporting and corporate accountability. Internal auditing can play an important role in preventing errors and fraud and is a useful mechanism in the checks and balances of effective corporate governance. Thus, the goals of audit committees and internal auditing are closely intertwined, and the ability of the audit committee and internal auditing to work together significantly impacts the effectiveness of the audit committee in fulfilling its responsibility to the board of directors, shareholders, and other outside parties. The Treadway Commission (1987) noted that having an audit committee is not enough; the committee must be informed, vigilant and pro-active.' To adequately fulfil its responsibilities, an audit committee may have to question the actions or judgment of management or take positions contrary to that of management. The composition of the audit committee can be one important determinant of the committee's ability to act independently and question management. The numbers of audit committee meeting are an important attribute for their monitoring effectiveness (Lin, Li, and Yang, 2006). Anderson et al. (2004) noted that audit committee monitors the internal control and provides reliable information to the shareholders. Therefore, audit committee strengthens the internal auditing function and oversees management's assessment of business risk (Hsu, 2007). An important element that will ensure audit committee effectiveness requires the committee members to be independent or free from the influence and pressures of top management (Jun Lin et al. 2008). Although the findings of previous studies on this association are inconclusive, an independent audit committee does act better than a less independent committee, since the former is more likely to provide better monitoring through its ability to resist pressure from managers (Al-Matari 2013; Kallamu and Saat 2015). The independence of the audit committee from managers will allow the committee to take an independent view of the financial reporting process of the company and ensure that the committee is not dominated by managers, leading to a higher audit quality (Peasnell et al. 2005; Kallamu and Saat 2015).

## 2.7 Theoretical/ Research Framework

FIGURE 2.1 RESEARCH FRAMEWORK




## 2.8 Hypothesis Statement

The primary goal of this study is to look at the impact of corporate governance policies on the performance of consumer goods and service companies. The purpose of the hypothesis statement is to demonstrate the link between the independent factors (Board size, Board Independence, and Audit Committee) and the dependent variables (firm performance). These independent variables are used to assess the financial success of the company. Return on Asset is a measure of a company's performance (ROA). This analysis can determine whether the firm is performing well by having a high ROA.

a) Board Size

H0 = There is no significant relationship between Board size and ROA. HA = There is a significant relationship between Board Size and ROA.

b) Board Independence

H0 = There is no significant relationship between Board Independence and ROA

HA = There is significant relationship between Board Independence and ROA

c) Audit Committee

H0 = There is no significant relationship between Audit Committee and ROA HA = There is significant relationship between Audit Committee and ROA.

## 2.9 Summary

To recapitulate, the size of the board, board independence, and the audit committee all have a major effect on company performance in terms of return on assets. It has been demonstrated in earlier studies and is regarded as a significant component in corporate success. However, to have a greater/stronger prove on the statement given by previous study, it is necessary to run the collected data.

# CHAPTER 3
# RESEARCH METHODOLOGY

## 3.1 Introduction

This section will describe the methodology used to perform this research. It is the approach through which this study does the inquiry to obtain the answer. This research approach will determine whether the independent factors have a positive association with the dependent variables. This chapter also described the method of data gathering employed to carry out this investigation. Furthermore, the outcomes of this research approach will aid this study in reaching a conclusion. The outcome will demonstrate how much of an influence the outcome will have on this study.

## 3.2 Sampling

This study's population is drawn from consumer goods and service companies listed on the Bursa Malaysia. This population comprises many sorts of consumer products and services in various regions that serve varied objectives to their clients. The companies in the sample were picked from a variety of backgrounds, some of which are Shariah compliant and others of which are not. The sample for this study was drawn from 10 firms representing the various sorts of consumer products and services indicated above. All these firms are traded on the Bursa Malaysia. This research collected data over a ten-year period, from 2011 to 2020. However, 2 companies from this list which is Leong Hup International Bhd and Guan Chong Bhd are excluded from the data as there is an issue with data availability for the year 2011
– 2013.

**Table 3.1: List of selected consumer product and services companies listed in Bursa Malaysia for the data collection**

| NO | STOCK CODE | COMPANY'S NAME |
|---|---|---|
| 1 | 3182 | GENTING BHD |
| 2 | 4751 | GENTING MALAYSIA BHD |
| 3 | 5099 | AIR ASIA GROUP BHD |
| 4 | 4162 | BRITISH AMERICAN TOBACCO (MALAYSIA) BHD |
| 5 | 7084 | QL RESOURCES BHD |
| 6 | 4197 | SIME DARBY RESOURCES BHD |
| 7 | 4065 | PBB GROUP BHD |
| 8 | 4707 | NESTLE (MALAYSIA) BHD |

### 3.3 Data Collection

The information provided by the study participants on specific areas of research called the data are very important that enable accurate information on the research work done by researchers. Data collection methods are used to collect data in a systematic way (V Sadan, 2017). It is a critical component in finalizing a research report. To get the intended outcomes, the data must be correct and collected from a reliable source. The evidence which will be utilized and gathered is secondary data taken from the firms' annual reports obtained from the official websites of Bursa Malaysia Berhad and that specific company.

### 3.4 Variables

From (Thousand Oaks, CA: SAGE, 2010), A variable in research simply refers to a person, place, thing, or phenomenon that you are trying to measure in some way. The best way to understand the difference between a dependent and independent variable is that the meaning of each is implied by what the words tell us about the variable used. It can be done with a simple exercise from the website, Graphic Tutorial. Take the sentence, "The [independent variable] causes a change in [dependent variable] and it is not possible that [dependent variable] could cause a change in [independent variable]." Insert the names of the used variables in the sentence in the way that makes the most sense. This will help in identifying each type of variable.

### 3.4.1 Dependent Variable

Researchers often use as dependent variables quantities estimated from auxiliary data sets. Estimated dependent variable (EDV) models arise (Political analysis, 2005) from most studies of organizational performance define performance as a dependent variable and seek to identify variables that produce variations in performance (JG March, RI Sutton;2007). The firm's performance is the dependent variable in this study. Return on Asset is used to assess a company's performance based on its independent factors. These dependent variables in this study will regress in various ways to the same independent variables.

### 3.4.2 Independent Variables

The independent variable (IV) is a feature of a psychological experiment that is controlled or modified by researchers rather than by other factors in the study. The impacts of the independent variable on other variables, known as dependent variables, are of particular interest to researchers (DV). The independent variable is one that the researchers may change (for example, the amount of something) or that already exists but is not reliant on other factors (such as the age of the participants). For this study, the independent variables are Board Size, Board Independence and Audit Committee.

**Table 3.2 Variables List**

| Variables | Proxy | Units | Symbol |
|---|---|---|---|
| ***Dependent Variables*** | | | |
| Firm Performance | Return on Asset | Percentage | ROA |

| *Independent Variables* | | | |
|---|---|---|---|
| Audit Committee | Number of Directors in Audit Committee | Number | ACOM |
| Board Size | Total number of Directors in the firm | Number | BSIZE |
| Independent Directors | Number of Independent Directors from the total of Board Size | Number | BIND |

## 3.5 Research Design

The quantitative design was used in this investigation. In this study, statistical analysis, tables, or graphs were commonly used. The data acquired from the company's annual report was used to evaluate and appraise the firm's performance.

### 3.5.1 Study Purpose

Researchers frequently use studies such as causal studies, descriptive studies, and exploratory studies. The causal study will be used in this study to determine the cause-and-effect relationship between dependent and independent variables. The main objective of this study is to determine the impact of independent variables (Board Meetings, Board Size, Independent Directors, and Number of Women Directors) on firm performance.

### 3.5.2 Study Setting

The non-contrived setting is used in this study because the goal of this study is to study the effect of variables in a natural environment. This study also employs secondary data, with all journal articles and journal articles obtained from reliable sources.

### 3.5.3 Unit of Analysis

The importance and used of the unit of analysis is to make it easier to find the data in the financial statement. The unit used for the dependent variable (ROA) is in percentage.

### 3.5.4 Time Horizon

The same cross-sectional data sample was observed in this study using panel data. From 2011 to 2020, the data was gathered from the annual reports of ten different consumer product and service companies.

## 3.6 Research Methodology

A method or technique used in this research paper is called research methodology. Several tests are used in this study. Panel data is used as the data in this research paper. Multiple regression analysis is a test used in this study to explain the effects of internal corporate governance factors (independent variables) such as board size, board independence, and audit committee on the financial performance of the company (dependent variables). Another test that is performed before running the regression test is descriptive analysis, correlation testing, and assumption testing.

### 3.6.1 Descriptive Analysis

Descriptive statistics are concise descriptive coefficients that describe a particular data set, which might be a depiction of the complete population or a subset of a population. Measures of central tendency and measures of variability are the two types of descriptive statistics.

### 3.6.2 Correlation Test

Correlation is utilized to assess correlations between numerical and category data. In other terms, it's a measurement of how objects are connected to one another. Correlation analysis is the study of how variables are connected. Correlation coefficients are used to calculate the strength of a connection between the two variables. A variable correlation shows that when one variable changes in value, the other variable tends to fluctuate in each way. We may use the value of one variable to anticipate the value of the other by understanding that relationship. The p-value of the t statistic will be used in this study to assess whether the null hypothesis (Ho) should be rejected. If the p-value is less than 5%, the null hypothesis can be rejected.

Ho: There is no correlation
HA: There is correlation

### 3.6.3 Panel Data Analysis (Fixed Effects)

Panel studies are a sort of research approach that analyses data gathered on individuals and groups (and, increasingly, organizations, governments, or other entities) over time on a regular basis. Surveys, government statistics, and other sources can be used to collect the data (e.g., process-produced data). There seems to be some debate among experts about how much panel data must be utilized in analysis. However, the scholar believes that focusing just on shift would be a squandering of financial resources, because panel data may be a valuable source of information on distribution over time, and pass surveys sometimes fail to capture important factors of relevance.

#### 3.6.3.1 Estimation in Panel Data Model

$$ROA_i = \beta_0 + \beta_1 \, BSIZE_{1i} + \beta_2 \, BIND_{2i} + \beta_3 \, ACOM_{3i} + \alpha_i + e_{ti}$$

***ROA*** = RETURN ON ASET
***α*** = unknown intercepts for each entity
$\beta_0 \ \beta_1 \ \beta_2 \ \beta_3$ = Coefficient Beta Value
***BSIZE*** = *Board Size*
***BIND*** = *Board Independence*
***ACOM*** = *Audit Committee*
***e*** = *Error term*
***t*** = *Year 2011 until 2020*
***i*** = *8 selected consumer product and services company*

### 3.7 Summary

To conclude, this study looks at the impact of corporate governance policies on the performance of Malaysian consumer goods and services firms. Board Size, Board Independence, and Audit Committee are the independent factors in this study, whereas business performance is the dependent variable (Return on Asset). In this study, the tests are utilized to identify the connection that will explain the influence of each variable on the composition of firm performance. The findings will be useful in determining if the internal corporate governance aspect affects company performance when measuring the performance of consumer products and services.

# CHAPTER 4
# DATA ANALYSIS

## 4.1 Introduction

The rest of the chapter is arranged as follows. Section 4.1 of the descriptive analysis research, Section 4.2 of which, offers the specifications for correlation analysis. The comprehensive description for regression analysis is presented in section 4.3 for the t-test (4.3.1), F-test (4.3.2), R-squared or Adjusted R-Squared (4.3.3), and R-squared or Adjusted R-Squared (4.3.3). In Section 2.7, the chapter concludes by outlining the chapter's important points.

## 4.2 Descriptive Analysis

**Table 4.1 Descriptive Analysis Results**

| | ROA | C | BSIZE | BIND | ACOM |
|---|---|---|---|---|---|
| **Mean** | 13.53815 | 1.000000 | 9.050000 | 0.525566 | 3.450000 |
| **Median** | 5.248950 | 1.000000 | 9.000000 | 0.527750 | 3.000000 |
| **Maximum** | 160.6913 | 1.000000 | 16.000000 | 0.777700 | 6.000000 |
| **Minimum** | -29.94300 | 1.000000 | 6.000000 | 0.307600 | 2.000000 |
| **Std. Dev.** | 32.36332 | 0.000000 | 2.249613 | 0.113007 | 0.673175 |

***Notes: The dependent variables are return on asset (ROA) in percent. The independent variables are board size (BSIZE), board of independence (BIND) and audit committee (ACOM) are in number of people.***

The descriptive figures for the data utilized in this investigation are shown in Table 4.1. Descriptive analysis is used in research projects to characterize the essential properties of data. It provides a succinct summary of the sample and measurements. The data set covers a sample of 10 companies representing various types of consumer goods and services traded on the Bursa Malaysia from 2011 to 2020.

The mean return on asset (ROA) is 13.53815, indicating the data's core. The ROA's median is 5.248950, which reflects the midpoint of a discovered data value frequency distribution. The value of ROA's means is greater than ROA's median, indicating that the distributions are favourably skewed. ROA hit the maximum value of 160.6913, indicating that the greater the ROA, the more competent the business is at producing cash internally. While the minimal return on asset (ROA) is -29.94300, it demonstrates that a corporation is underperformed and is reinvesting money in wasteful assets. Moreover, the ROA's dispersion from its mean is 32.36332 in terms of standard deviation.

The typical value for board size (BSIZE) is 9.050000. The median is the midpoint of a detected data value frequency distribution, and the study found that BSIZE achieved 9.000000. It demonstrates that the distribution is favorably skewed since the mean value is greater than the median. In terms of total BSIZE, the greatest value of BSIZE has a maximum value of 16.000000. There is not universally accepted value for the ideal board size. However, boards that can handle the characteristics expected to succeed. Any number greater than 10 directors will be difficult to justify in terms of the time and money required to keep them. Other than that, the businesses must cope with crowd management.

The mean and median values for board independence (BIND) are 0.525566 and 0.527750, respectively. The value of the means is lower than the value of the median, indicating that the distribution is negatively skewed. In addition, BIND discovered that the highest value is 0.777700, and the minimum value is 0.307600. This finding suggests that expanding the number of BIND on a board can improve board effectiveness by improving a company's significant exposure to independent resources and affiliations. Consequently, the BIND standard deviation, which is the measure of a set of data's dispersion from its mean, is 0.113007.

The mean value for audit committee (ACOM) is 3.450000. The median is the middle of a found data value frequency distribution, and ACOM received 3.000000 in the study. The fact that the mean is greater than the median indicates that the distribution is positively skewed. In terms of total ACOM, the lowest value of ACOM with a minimum value of 2.000000, while the maximum value achieved for ACOM 6.000000. A public or state-owned corporation's audit committee must generally include at least three members. Even when it's a division of another firm, in which case the subsidiary audit committee will take over the main audit committee's functions.

Finally, the independent variables with a positively skewed distribution are ROA, BSIZE, and ACOM since the mean value is greater than the median value. As a result, the BIND findings are biased to the negative. Furthermore, the data with the greatest value, 160.6913, and the data with the lowest value, -29.94300, are both from ROA. The standard deviation is used in the final comparison. The maximum standard deviation from ROA is 32.36332, indicating that the data are widely dispersed. Henceforth, the lowest standard deviation from BIND is 0.113007, indicating that the data are tightly bound around the mean.

### 4.3 Correlation Analysis

**Table 4.2 Correlation Analysis Result**

| **Correlation<br>t-Statistics<br>Probability** | **ROA** | **BSIZE** | **BIND** | **ACOM** |
|---|---|---|---|---|
| **ROA** | 1.000000<br>-<br>- | - | - | - |
| **BSIZE** | -0.100748<br>-0.894330<br>0.3739 | 1.000000<br>-<br>- | - | - |
| **BIND** | -0.270165<br>-2.478185<br>0.0154 | -0.325564<br>-1.040980<br>0.0032 | 1.000000<br>-<br>- | - |
| **ACOM** | -0.132282<br>-1.178639<br>0.2421 | 0.703800<br>8.749728<br>0.0000 | -0.093046<br>-0.825338<br>0.4117 | 1.000000<br>-<br>- |

***Notes: The dependent variables are return on asset (ROA) in percent. The independent variables are board size (BSIZE), board of independence (BIND) and audit committee (ACOM) are in number of people.***

Correlation analysis is used to determine the link between variables. Table 4.2 depicts the correlation matrix between changes in the dependent variable and independent variables in this study. A correlation number close to -1 reflects a greater inverse relation, whereas a correlation value close to 1 implies a significant positive relationship. If there is no association between the variables, the correlation value is 0, signifying a low correlation. The significance threshold is set at 0.05.

According to Table 4.2, All the dependent variables have a negative relationship with the Return on Asset (ROA), with values of -7.243247, -0.975715 and -2.845892 respectively. The probability value of Board Size (BSIZE) and Audit Committee (ACOM) is greater than the 0.05 level of significance established, which is 0.3739 and 0.2421 respectively, indicating that Board Size (BSIZE) and Audit Committee (ACOM) has no significant relationship with Return on Asset (ROA) and failed to reject the null hypothesis. This result is because, for board size, The Malaysian Code and the KLSE Listing Requirement were deafeningly silent on the number of directors that should serve on the board. However, it was suggested that the board size be neither too large nor too small to allow for active and effective involvement and for them to be able to accomplish their tasks efficiently.

Since cross-directorship is permissible in Malaysia, the KLSE listing requirement in 2002 limits the number of directorships that a director may have. A maximum of 10 directorships in publicly traded businesses and 15 directorships in private firms are permitted to guarantee that directors can function and contribute effectively on all the boards with which they are associated. In summary, empirical research on board size suggests that greater board size in most cases is negatively associated with firm performance, although a meta-analysis by Dalton and Dalton (2005) found positive correlations between the two variables. Since very few studies examine board size and its effect on firm performance, a study on the size of Malaysian boards, which are relatively small compared to those found in the US, could shed some light on the situation found in connection with Malaysian boards and on Asian boards in general.

Meanwhile, for audit committee, a greater audit committee may result in ineffective governance due to the higher expenditures associated with frequent meetings. As a result, having a bigger audit committee may have a harmful impact on company performance (Nasrin Azar 2018). Even though there are significant results from the probability value of Board Independence (BIND), the null hypothesis is still failed to be rejected as it already mentions in chapter 3 that the p-value of the t statistic will be used in this study to assess whether the null hypothesis (Ho) should be rejected. If the p-value is less than 5%, the null hypothesis can be rejected.

Based on the results of correlation test, it is shown that all the chosen independent variables for this research have poor relationship with Return on Asset. Increase the difference between the variables to strengthen the correlation. This is accomplished by selecting the independent variable observation that is the same as or near to the value of the dependent variable observation and substituting it with the value that would enhance the gap between the variables.

### 4.4 Panel Data Analysis

**Table 4.3 Panel Data Analysis Results**

| VARIABLES | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| **C** | 29.59688 | 25.50712 | 1.160338 | 0.2499 |
| **BSIZE** | 5.578451 | 2.456253 | 2.271122 | 0.0263 |
| **BIND** | -77.88914 | 29.97806 | -2.598205 | 0.0114 |
| **ACOM** | -7.422554 | 5.083432 | -1.460146 | 0.1488 |
| **R-Squared** | - | - | - | 0.707676 |
| **Adjusted R-Squared** | - | - | - | 0.665310 |
| **Prob (F-Stats.)** | - | - | - | 0.000000 |

***Notes: The dependent variables are return on asset (ROA) in percent. The independent variables are board size (BSIZE), board of independence (BIND) and audit committee (ACOM) are in number of people.***

***<u>Equation</u>***

$$ROA = 5.578451*BSIZE \pm 77.88914*BIND \pm 7.422554*ACOM + 29.59688$$

### 4.4.1 t-test (Hypothesis Testing)

Using the decision rule, the p-value must be less than the set threshold of significance of 0.05 to decide whether the parameters are significant or not to the dependent variable. Only the audit committee has a p-value greater than the level of significance of 0.05, according to table 4.3. As a result, it has no statistically significant influence on Return on Asset (ROA) and hence fails to reject the null hypothesis.

The value of coefficient of board size, indicates that if number of internal control increase by one element, the return on equity will be increase by 5.578451 percent. The probability value is 0.0263, which is smaller than the 5 percent level of significance, this means that null hypothesis is to be rejected. This mean that the changes in board size have significance relationship with the return on equity.

Table 4.3 shows that the number of board independence by one member reduces the return on asset by 77.88914 percent. The probability value is 0.0114 which is less than the level of significance of 5%, indicating that the null hypothesis was rejected. This conclusion is consistent with several recent studies demonstrating a relationship between board independence and financial business profitability (Adams, 2012; Beltratti & Stulz, 2012). Previously, research was carried out by Abdullah (2004) in the year 1996. The study measured the relationship between the percentages of independent directors at 412 Companies in the Main Board of KLSE with the firm's performance. It showed positive and significant correlation with returns on asset. From that finding, it showed that the boards might contribute to the effective performance of a firm. It showed evidence that the high number of independent directors on the board influenced the company's financial performance.

The value of the audit committee coefficient suggests that increasing the number of audit committee members by one person reduces the return on asset by 7.422554 percent. Nonetheless, the probability value is 0.1488, which is more than the 5% level of significance, indicating that the null hypothesis is not rejected. This means that the adjustments made by the audit committee have no impact on the return on equity. This finding is consistent with research that identified a link between the audit committee and return on equity by Teitel and Machuga (2010), Hamdan et al. (2012), and Baxter et al. (2009), who found that the audit committee had no effect on return on asset.

### 4.4.2 F-test

The F-test may be used to determine the overall significance of the model. The F-test has a p-value of 0.0000. A p-value of less than 0.05 indicates significance, whereas one of less than 0.01 indicates strong importance. As a result, p=0.0000 denotes a high level of significance. This conclusion, however, failed to reject the null hypothesis that all coefficients are equal to 0. The overall fit of the regression equation is insignificant. The findings suggest that corporate governance is not strongly related to return on asset. The data in the sample was inadequate to conclude if the impact exists since the data utilized were secondary data, which has several disadvantages in terms of quality and incomplete information.

### 4.4.3 R-Squared and Adjusted R-Squared

R squared equals 0.707676. It shows that the factors board independence, audit committee, internal control, and noncompliance index explain 70.77 percent of the variation in return on asset (ROA).

The adjusted R-squared is 0.665310, indicating that the independent variables can explain 66.53 percent of the variance in return on asset. The dependent variable influences 66.53 percent of present independent variables, whereas the residual 33.47 percent are impacted by other independent variables.

## 4.5 Summary/Conclusion

To conclude, this section presented the outcomes to assess the findings on the tests and assumptions that will be performed and implemented in this study. The results of empirical investigations into econometric concerns must first be modified and addressed appropriately before the researcher may examine t

# CHAPTER 5
# CONCLUSION AND RECOMMENDATION

## 5.1 Conclusion

The purpose of this paper was mainly to investigate the relationship of corporate governance and firm performance. To that end, data has been collected and analyzed relevant information for 8 selected companies listed on Bursa Malaysia from the year 2011 until 2020. This study therefore helps to the performance of listed businesses, which is important in understanding the CGC practices in commercial activities. Finally, this study evaluates the influence of corporate governance implementation on firm performance utilizing a sample of Malaysian firms. This is to determine how dependent and independent factors affect company performance and efficiency in the execution of corporate governance in business operations. A significant instrument for resolving disputes in organizations and preserving their interests is the corporate governance code. There are small number or research on corporate governance and its impact on performance in Malaysia. This study has added to the growing body of literature on corporate governance studies.

Based on the data run and achieved, many mix results on the significance are obtained. To be precise, the findings suggest that the Bursa Malaysia Listing Requirements and the MCCG's requirements for a minimum number of independent non-executive directors on the board (one-third of the board) are viewed as critical. This is since independent non-executive directors have a broad background, qualities, characteristics, and knowledge, which may improve board procedures and decision-making, and hence corporate performance. There is additional evidence that a big board size functions well, and there appears to be no communication or coordination issues among board members. The first objective was achieved by using descriptive analysis.

## 5.2 Recommendation

It is suggested that additional independent variables, such as the number of committee meetings and directors' share ownership, be included in future studies to obtain results on various types that influence the Return on Asset (ROA) of companies in addition to the variables mentioned in this research. Furthermore, the research may be applied to other companies in different countries to gain a greater knowledge and a variety of scenarios of what is happening in terms of the relationship between corporate governance and Return on Asset (ROA). It is preferable if the country is in the process of developing, like Malaysia is. So, based on significant research, we can discover what problems exist in the firm by comparing procedures in other countries with their companies.

## 5.3 Limitation

Limitations are occurrences or conditions that occur during a study that are beyond the control of the researcher. There is a limit to how far research may go, and this can affect the ultimate outcome and conclusions that can be drawn. Every study, no matter how carefully it is done or planned, has limitations. The research may have access to just particular persons, organizations, papers, and data. For starters, it is tough to look for data pertaining to variables. This is because the present financial crisis has not yet ended, and the data to begin the study does not yet exist. It demonstrates that the data cannot be used for further investigation. For example, there is data on Board Independence that must be collected and calculated manually. The addition of a new data collection technique might have increased the breadth and depth of analysis. Obtaining secondary data and collecting each data point from the required year for each firm in the sample. Of course, some companies will have insufficient data due to the document's expiration.

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## APPENDIX 1

### Data run on E-Views

Dependent Variable: ROA
Method: Panel Least Squares
Date: 01/11/22 Time: 03:25
Sample: 2011 2020
Periods included: 10
Cross-sections included: 8
Total panel (balanced) observations: 80

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 29.59688 | 25.50712 | 1.160338 | 0.2499 |
| BSIZE | 5.578451 | 2.456253 | 2.271122 | 0.0263 |
| BIND | -77.88914 | 29.97806 | -2.598205 | 0.0114 |
| ACOM | -7.422554 | 5.083432 | -1.460146 | 0.1488 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.707676 | Mean dependent var | 13.53815 |
| Adjusted R-squared | 0.665310 | S.D. dependent var | 32.36332 |
| S.E. of regression | 18.72296 | Akaike info criterion | 8.824458 |
| Sum squared resid | 24187.90 | Schwarz criterion | 9.151987 |
| Log likelihood | -341.9783 | Hannan-Quinn criter. | 8.955774 |
| F-statistic | 16.70392 | Durbin-Watson stat | 0.843117 |
| Prob(F-statistic) | 0.000000 | | |

Covariance Analysis: Ordinary
Date: 01/12/22 Time: 13:51
Sample: 2011 2020
Included observations: 80

| Covariance<br>Correlation | ROA | BSIZE | BIND | ACOM |
|---|---|---|---|---|
| ROA | 1034.292<br>1.000000 | | | |
| BSIZE | -7.243247<br>-0.100748 | 4.997500<br>1.000000 | | |
| BIND | -0.975715<br>-0.270165 | -0.081731<br>-0.325564 | 0.012611<br>1.000000 | |
| ACOM | -2.845892<br>-0.132282 | 1.052500<br>0.703800 | -0.006990<br>-0.093046 | 0.447500<br>1.000000 |

Date: 01/12/22 Time: 07:03
Sample: 2011 2020

| | ROA | C | BSIZE | BIND | ACOM |
|---|---|---|---|---|---|
| Mean | 13.53815 | 1.000000 | 9.050000 | 0.525566 | 3.450000 |
| Median | 5.248950 | 1.000000 | 9.000000 | 0.527750 | 3.000000 |
| Maximum | 160.6913 | 1.000000 | 16.00000 | 0.777700 | 6.000000 |
| Minimum | -29.94300 | 1.000000 | 6.000000 | 0.307600 | 2.000000 |
| Std. Dev. | 32.36332 | 0.000000 | 2.249613 | 0.113007 | 0.673175 |
| Skewness | 3.509037 | NA | 1.018197 | 0.158600 | 1.435576 |
| Kurtosis | 15.19360 | NA | 3.403402 | 2.256866 | 6.200712 |
| Jarque-Bera | 659.7909 | NA | 14.36544 | 2.176210 | 61.62691 |
| Probability | 0.000000 | NA | 0.000760 | 0.336854 | 0.000000 |
| Sum | 1083.052 | 80.00000 | 724.0000 | 42.04530 | 276.0000 |
| Sum Sq. Dev. | 82743.37 | 0.000000 | 399.8000 | 1.008870 | 35.80000 |
| Observations | 80 | 80 | 80 | 80 | 80 |

# APPENDIX 2
## RAW DATA COLLECTION

| | 2011 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 10.9237 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 8.6504 | 7 | 0.7142 | 3 |
| AIR ASIA GROUP BHD | 3.9911 | 8 | 0.5 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 45.9095 | 7 | 0.4285 | 4 |
| QL RESOURCES BHD | 9.0872 | 11 | 0.3636 | 3 |
| SIME DARBY RESOURCES BHD | 8.9765 | 12 | 0.4166 | 4 |
| PBB GROUP BHD | 6.6616 | 6 | 0.5 | 3 |
| NESTLE (MALAYSIA) BHD | -1.0457 | 9 | 0.5555 | 4 |

| | 2012 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 9.7682 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 8.3168 | 9 | 0.5555 | 3 |
| AIR ASIA GROUP BHD | 5.0226 | 9 | 0.4444 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 101.4742 | 9 | 0.4444 | 3 |
| QL RESOURCES BHD | 8.3302 | 11 | 0.3636 | 4 |
| SIME DARBY RESOURCES BHD | 9.0265 | 12 | 0.4166 | 4 |
| PBB GROUP BHD | 5.5727 | 6 | 0.5 | 3 |
| NESTLE (MALAYSIA) BHD | -1.0079 | 10 | 0.4 | 3 |

| | 2013 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 5.8611 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 7.9796 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 2.0273 | 9 | 0.4444 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 149.142 | 9 | 0.4444 | 3 |
| QL RESOURCES BHD | 6.8483 | 12 | 0.3333 | 5 |
| SIME DARBY RESOURCES BHD | 7.907 | 13 | 0.3076 | 4 |
| PBB GROUP BHD | 5.8067 | 7 | 0.4285 | 3 |
| NESTLE (MALAYSIA) BHD | -0.7655 | 8 | 0.75 | 3 |

| | 2014 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 4.7776 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 5.4829 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 0.4016 | 8 | 0.5 | 2 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 160.6913 | 8 | 0.375 | 3 |
| QL RESOURCES BHD | 7.4389 | 11 | 0.3636 | 4 |
| SIME DARBY RESOURCES BHD | 6.9115 | 14 | 0.4285 | 4 |
| PBB GROUP BHD | 5.0465 | 7 | 0.4285 | 3 |
| NESTLE (MALAYSIA) BHD | -1.0451 | 9 | 0.6666 | 3 |

| | 2015 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 3.15 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 4.5165 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 2.5379 | 9 | 0.5555 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 156.7523 | 8 | 0.375 | 3 |
| QL RESOURCES BHD | 7.5791 | 11 | 0.3636 | 4 |
| SIME DARBY RESOURCES BHD | 3.9407 | 13 | 0.4615 | 4 |
| PBB GROUP BHD | 4.9081 | 7 | 0.4285 | 3 |
| NESTLE (MALAYSIA) BHD | -1.3361 | 9 | 0.6666 | 3 |

| | 2016 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 4.8914 | 7 | 0.5714 | 3 |
| GENTING MALAYSIA BHD | 10.0404 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 7.3638 | 8 | 0.375 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 60.3219 | 7 | 0.5714 | 3 |
| QL RESOURCES BHD | 7.1801 | 11 | 0.3636 | 4 |
| SIME DARBY RESOURCES BHD | 1.3393 | 13 | 0.4615 | 3 |
| PBB GROUP BHD | 4.8755 | 7 | 0.4285 | 3 |
| NESTLE (MALAYSIA) BHD | -1.311 | 9 | 0.6666 | 3 |

| | 2017 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 3.4627 | 8 | 0.625 | 3 |
| GENTING MALAYSIA BHD | 4.0149 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 7.2483 | 7 | 0.5714 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 47.1622 | 7 | 0.4285 | 3 |
| QL RESOURCES BHD | 6.5039 | 12 | 0.3333 | 4 |
| SIME DARBY RESOURCES BHD | 1.1746 | 12 | 0.5833 | 4 |
| PBB GROUP BHD | 5.4119 | 7 | 0.5714 | 3 |
| NESTLE (MALAYSIA) BHD | -1.3515 | 9 | 0.5555 | 3 |

| | 2018 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 2.5419 | 9 | 0.7777 | 3 |
| GENTING MALAYSIA BHD | -0.3046 | 9 | 0.6666 | 4 |
| AIR ASIA GROUP BHD | 9.1374 | 7 | 0.5714 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 42.5509 | 8 | 0.625 | 4 |
| QL RESOURCES BHD | 6.4848 | 15 | 0.4666 | 4 |
| SIME DARBY RESOURCES BHD | 2.7539 | 12 | 0.5833 | 4 |
| PBB GROUP BHD | 4.745 | 7 | 0.5714 | 3 |
| NESTLE (MALAYSIA) BHD | -1.3873 | 8 | 0.5 | 3 |

| | 2019 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 3.6083 | 8 | 0.625 | 4 |
| GENTING MALAYSIA BHD | 4.6604 | 9 | 0.7777 | 4 |
| AIR ASIA GROUP BHD | -1.1056 | 7 | 0.5714 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 33.6236 | 8 | 0.5 | 3 |
| QL RESOURCES BHD | 6.1207 | 14 | 0.4285 | 6 |
| SIME DARBY RESOURCES BHD | 3.9583 | 12 | 0.5 | 4 |
| PBB GROUP BHD | 5.086 | 7 | 0.5714 | 3 |
| NESTLE (MALAYSIA) BHD | -1.3571 | 8 | 0.5 | 3 |

| | 2020 | | | |
|---|---|---|---|---|
| | ROA (%) | BOARD SIZE | BOARD INDEPENDENCE | AUDIT COMMITTEE |
| GENTING BHD | 2.0814 | 8 | 0.625 | 4 |
| GENTING MALAYSIA BHD | -9.3305 | 10 | 0.7 | 4 |
| AIR ASIA GROUP BHD | -29.943 | 6 | 0.5 | 3 |
| BRITISH AMERICAN TOBACCO (MALAYSIA) BHD | 21.1404 | 7 | 0.5714 | 3 |
| QL RESOURCES BHD | 5.8766 | 16 | 0.5 | 6 |
| SIME DARBY RESOURCES BHD | 3.2009 | 11 | 0.4545 | 4 |
| PBB GROUP BHD | 5.4791 | 7 | 0.5714 | 3 |
| NESTLE (MALAYSIA) BHD | -1.1158 | 9 | 0.6666 | 4 |