

UNIVERSITI TEKNOLOGI MARA

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

FLICIA RIMIN

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of the requirements for the degree of
Master of Science

Faculty of Business Management

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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.

Name of Student : Flicia Rimin

Student I.D. No. : 2010493992

Programme : Master of Science (Finance)

Faculty : Business Management

Thesis Title : The Existence of Independent Non-Executive Directors Towards Public Listed Companies' Performance in Malaysia

Signature of Student :

Date : July 2014/

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.

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