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UNIVERSITI TEKNOLOGI MARA

**THE DETERMINANTS OF CORPORATE GOVERNANCE
ON PUBLIC LISTED COMPANIES IN MALAYSIA**

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JUNE 2013

DECLARATION OF ORIGINAL WORK



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I, MUHAMAD NASYAT BIN MUHAMAD NASIR

Hereby, declare that:

- This work has not previously been accepted by in substance for any degree, locally or oversea, and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF TRANSMITTAL

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Kelantan
6th June

Head ,
Faculty of Business Management
Universiti Teknologi Mara
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Kampus Kota Bharu
15050 Kota Bharu
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Dear Sir,

Submission of Research Report

Attached is the project paper titled “The Determinants of Corporate Governance on Public Listed Companies in Malaysia” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank You

Yours sincerely,

MUHAMAD NASYAT BIN MUHAMAD NASIR

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ACKNOWLEDGEMENT

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Finally, I would like to express my appreciation to UITM library's Kota Bharu because allowed me to use the facilities in the library such as borrowed the books as reference, use the internet and Datastream to search for data .I would like to thanks to everyone who has given a direct and indirect support and cooperation to me for finish up this project paper.

ABSTRACT

The purpose of this study is to investigate the determinants of corporate governance on public listed companies in Malaysia. There are 100 public listed companies are selected randomly from Bursa Malaysia main market. The period of the present study is from January 2007 until December 2009. The data has been collected from various sectors such as consumer, industrial, mining, construction, plantations, infrastructure, real estate, trading and services. The director compensation has been chosen as a corporate governance's variable while return on equity, net profit margin, sales growth, dividend yield and Tobin's Q have been chosen as explanatory variables in this study. Based on the findings, there are only three explanatory variables which are dividend yield, net profit margin and return on equity that are significant towards director compensation. The other two explanatory variables, net profit margin and sales growth are insignificant. In short, the study found that corporate governance in Malaysia can be explained by return on equity, dividend yield and Tobin's Q for the period 2007 until 2009.