

UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN BOARD STRUCTURE AND FIRM
PERFORMANCE: EVIDENCE FROM POST AMENDMENT
MALAYSIAN CODE OF CORPORATE GOVERNANCE 2012**

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ABSTRACT

Board of director becomes issue of concern due to corporate failures that involved small and big firms. It is found the board failed to control the conflict of interest exist among managers. In addition, when CEO also served as chairman of the board, their independence was impaired. Furthermore, when the board is too large, free riders exist in the group and increase agency problems. Thus, this study examined the relationship between board structure and firm performance after the amendment of Malaysian Code of Corporate Governance 2012. The data were collected from the annual reports. Descriptive analysis found average number of independent director present on board. The average of CEO duality is low, where most of the CEO holds only one role. While the average size board of director of Malaysian public listed companies in Malaysia was 8. According to the correlation analysis, there was a significant negative relationship between board composition and firm's performance. CEO duality shows a positive relationship with firm performance while board size shows a negative relationship with firm performance. However, association between board size and CEO duality with firm performance is insignificant. The main contribution of the study is to highlight the outcome of changes in Malaysian Code of Corporate Governance (revised 2012) specifically board structure towards firm performance. The findings provide useful information especially to the Malaysian regulator in developing new policies and improving existing policies. In addition, other stakeholders such as investors, shareholders, managers, researchers and academicians also benefited from this study during their decision making or furthering research gap.

Keyword: Board structure, board composition, CEO duality, board size and firm performance.

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TABLE OF CONTENT

Contents

AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES	viii
CHAPTER ONE	1
INTRODUCTION	1
1.1 INTRODUCTION	1
1.2 BACKGROUND OF STUDY	3
1.3 MOTIVATION OF STUDY	5
1.4 PROBLEM STATEMENT	6
1.5 PURPOSE AND OBJECTIVES OF STUDY	7
1.6 RESEARCH QUESTIONS AND RESEARCH HYPOTHESIS	8
1.7 SCOPE OF STUDY	9
1.8 SIGNIFICANCE OF STUDY	9
1.9 DEFINITION OF TERMS	10
1.10 ORGANIZATION OF THE STUDY	11
1.11 CHAPTER SUMMARY	13
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 INTRODUCTION	14
2.2 THE RELATIONSHIP BETWEEN BOARD STRUCTURE AND FIRM PERFORMANCE	14
2.2.1 Board composition and firm performance	15
2.2.2 CEO duality and firm performance	17
2.2.3 Board size and firm performance	19
2.3 AGENCY THEORY	21
2.4 CHAPTER SUMMARY	23
CHAPTER THREE	24
RESEARCH DESIGN AND METHODOLOGY	24

3.1 INTRODUCTION	24
3.2 THEORETICAL FRAMEWORK.....	24
3.3 RESEARCH DESIGN.....	25
3.4 POPULATION AND SAMPLE OF THE STUDY.....	26
3.5 MEASUREMENT OF VARIABLES	29
3.5.1 Dependent variable	29
3.5.2 Independent variable	30
3.5.3 Measurement of variables	31
3.6 ANALYSIS.....	32
3.7 HYPHOTHESES DEVELOPMENT	33
3.8 CHAPTER SUMMARY.....	35
CHAPTER FOUR.....	36
RESULT AND FINDINGS	36
4.1 INTRODUCTION	36
4.2 PRELEMINARY ANALYSIS	36
4.3 DESCRIPTIVE STATISTICS ANALYSIS	40
4.4 CORRELATION ANALYSIS BETWEEN BOARD STRUCTURE AND FIRM PERFORMANCE	43
4.5 CHAPTER SUMMARY.....	47
CHAPTER FIVE	48
DISCUSSIONS AND CONCLUSION	48
5.1 INTRODUCTION	48
5.2 DISCUSSION ON BOARD STRUCTURE AND FIRM PERFORMANCE.....	48
5.3 LIMITATION OF THE STUDY	50
5.4 RECOMMENDATION FOR FUTURE RESEARCH.....	51
5.5 CONCLUSION.....	51
REFERENCES	53