

UNIVERSITI TEKNOLOGI MARA

**UNDERSTANDING CORPORATE
GOVERNANCE: HOW IT AFFECTS COMPANY
PERFORMANCE AT FERROTEC
MANUFACTURING MALAYSIA SDN. BHD.**

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ABSTRACT

Corporate governance refers to the system by which companies are directed, controlled, and held accountable. Corporate governance plays a pivotal role in shaping the operational effectiveness and long-term sustainability of organizations. This study explores the impact of corporate governance on the performance of Ferrotec Manufacturing Malaysia Sdn. Bhd., a leading player in the manufacturing sector. By analyzing the governance structure, decision-making processes, and internal controls at Ferrotec, the research aims to assess how these factors influence company performance in terms of profitability, productivity, and market competitiveness. The study employs a qualitative approach, utilizing case studies, interviews with key stakeholders, and analysis of company reports to examine the relationship between governance practices and organizational outcomes. The findings suggest that effective corporate governance contributes to improved financial performance, risk management, and strategic alignment within the company. Additionally, the study identifies key areas for improvement in governance practices that could further enhance Ferrotec's operational success. The research offers valuable insights for both scholars and practitioners interested in understanding the dynamics between corporate governance and business performance in the context of a Malaysian manufacturing firm.

Keywords: *Corporate Governance, Alignment, Profitability, Dynamics.*

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Corporate governance is a complex concept with various definition and interpretations. These definitions correspond to approximations made since 1992 focused on establishing guidelines for the management and control of companies, directing their actions to guarantee investors that their invested resources are managed to archive profitability and efficiency (Castrillon, 2021). By examining the specific governance structures and practices at Ferrotec, this study seeks to identify the direct effects of governance on key performance indicators such as profitability, operational effectiveness, and employee satisfaction. The research aims to provide insights into how ferrotec implements the implementation of governance frameworks to improve performance and industry standards, ultimately leading to better outcomes in manufacturing operations (Nur Saebah, 2023).

In general, corporate governance refers to the rules, procedures, or legislation that govern the management, control, and regulation of businesses. Corporate governance is "the system by which companies are directed and controlled," according to the Cadbury Committee's 1992 report. It serves as a set of guidelines for improved resource allocation and management since it governs the connection between management and staff in order to create value-creating activities. Corporate governance also encompasses the interactions between the organizations' stakeholders and the objectives for which the firm is controlled (Tolossa, 2021).

A new and extremely stringent corporate regulatory environment has been brought about by the rise in corporate failure cases among elite corporations. The establishment of ethical and sound corporate governance that goes beyond financial success has received a lot of attention. Aside from that, the accountability of employees and the strategies employed to lessen the issue of corporate scandals are crucial