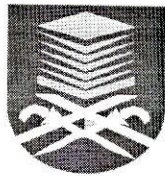


**EXECUTIVE COMPENSATION,  
COMPANY PERFORMANCE,  
SIZE AND MANAGERIAL CONTROL  
OF  
PUBLIC LISTED COMPANIES IN SARAWAK**



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Prof,

**RESEARCH REPORT: EXECUTIVE COMPENSATION, COMPANY  
PERFORMANCE, SIZE AND MANAGERIAL CONTROL OF PUBLIC  
LISTED COMPANIES IN SARAWAK**

Above-mentioned matter refers.

Herewith, we would like to submit a report on Executive Compensation, Company Performance, Size and Managerial Control of Public Listed Companies in Sarawak for your references.

Your guidance, contribution and attention in the completion process of this project are very much appreciated. Thank you.

Yours truly,



**PROF MADYA DR HAJJAH FATIMAH BUJANG**

Project Leader

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# **ABSTRACT**

In corporate governance, the executive compensation appears to be the controversial issue among the stakeholders as well as the shareholders. This study is to find the relationship between executive compensation and the company performance, size and managerial controls in Sarawak. Using all 22 public listed companies in Sarawak, data in annual reports from 2004 to 2006 were gathered. The result showed that there is a weak positive relationship between executive compensation with the company performance (ROS) and size (sales), while no relationship was found between the executive compensation and the managerial control.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

The concern for jurisdictions for Corporate Governance took in during the world-wide stock market crashes of 1987 that gave birth to legislations including The Cadbury Report, published in the United Kingdom in 1992. ‘Had a Code such as ours (Cadbury) been in existence in the past, we believe that a number of the recent examples of unexpected company failures and cases of fraud would have received attention earlier.’ see Para 1.9 of The Cadbury Report. On June 25, 1993, the Toronto Stock Exchange established the Committee on Corporate Governance in Canada with a mandate to conduct a comprehensive study of corporate governance in Canada and to make a recommendation to improve the manner in which Canadian corporations are governed. The American Law Institute (ALI) proposed a Final Draft of the commendable Restatement of principles accommodating the complexity of American Corporate Case law, provisions and practice ACPD (2001).

Towards the advanced industrial societies subsequent to the period said, there is global trend towards strengthening their established corporate governance. For example, in recent years the Cadbury Commission in the United Kingdom the Vienot Commission in France, and the Organization of Economic Cooperation and Development (OECD) all have issued new guidelines. In the United States, there is a mounting concern over the