

**UNIVERSITI TEKNOLOGI MARA**

**REGULATION OF RISK  
GOVERNANCE IN THE  
MALAYSIAN CORPORATE SECTOR**

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Thesis submitted in fulfillment  
of the requirements for the degree of  
**Doctor of Philosophy**  
**(Law)**

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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 results 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.

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## **ABSTRACT**

Risk governance is about balancing the company's business interests and the interests of stakeholders who might suffer loss or harm from the company's commercial activities. It is mainly concerned with preventing mistakes or wrongdoings than correcting them. Human failure is often the core of the problem where risky and careless behaviour may be fostered by the culture in an organisation and approved by top management. Most research on risk governance are from the accounting and business fields. Thus, there has been little study done on risk governance from the legal perspective particularly in Malaysia. This research aim is to study the state of risk governance in the Malaysian corporate sector. It specifically studies the way risk governance is regulated and its relation to stakeholders' interests. This research is based on the existing laws in Malaysia. The laws in the United Kingdom and the United States are studied for a comparative analysis and lessons to be learned. These jurisdictions were chosen as the two countries had embarked on a different regulatory approach with the United Kingdom opting for a non-prescriptive regime while the United States favoured the rule-based approach. Primary data is obtained from interviews with respondents consisting of regulators and corporate officers. These data were analysed to evaluate and determine the factors that influence the legal approach to regulate risk governance in the corporate sector. The research suggests that the role of regulators is crucial to initiate and compel companies to establish and maintain a risk governance system and incorporate it as a corporate culture. The findings of the research also suggest that co-regulation between the regulatory authorities and the industry is needed to successfully push efforts and participation by companies to establish and maintain an effective risk governance system. It is advocated that industry regulation may be a viable solution where industry participants are in a better position to identify and assess risks and establish the relevant IC to address those risks. Self-regulation by industry can address internal problems not accessible by regulators which would allow quick and timely response to rapidly changing business environment and technological development. The research hopes to contribute to the improvement of risk governance in Malaysian businesses in general and in the corporate sector specifically and add to the body of knowledge on law and governance.

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