

UNIVERSITI TEKNOLOGI MARA

**THE INFLUENCE OF
INTERNAL AND EXTERNAL
CORPORATE
GOVERNANCE
MECHANISMS ON THE
FINANCIAL PERFORMANCE
IN MALAYSIA'S
COMPANIES**

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MSc

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AUTHOR'S DECLARATION

I declare that the work in this dissertation 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 Postgraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This study investigate four corporate governance variables which are hypothesized to have an influence in financials' performance in Malaysia. The variables consist of two internal corporate governance mechanisms measures which is board size and director's academic qualification, while the remaining two variables encompassed of external corporate governance mechanisms which is institutional investors and lenders. Many researchers have an interest in studying on the internal corporate governance towards firms' and financials' performance, however there are little research had been conducted on external corporate governance. The results of this study based on the data involving 56 samples of Travel, Leisure and Hospitality over a four-year period from 2018 to 2021. Furthermore, the data of samples was obtained from Thomson Reuters Eikon DataStream. An econometric model using panel data regression techniques was employed to analyse the financial performance of the firms. Using return on assets as the dependent variable, it was established that board size and accounting academic qualifications (an internal corporate governance mechanisms) significantly influences the financial performance of firms. None of the other corporate governance mechanisms relating to institutional investors and lenders played any role in influencing financial performance.

Keywords: Board Size, Board of Directors Qualifications, Institutional Investors, Lenders, Corporate Governance Mechanisms, Return on Assets, Financial Performance

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