

UNIVERSITI TEKNOLOGI MARA

**CORPORATE GOVERNANCE AND CORPORATE
PERFORMANCE IN MALAYSIA**

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ABSTRACT

This study examines the corporate governance practices and the impacts on the performances of firms out of 121 public listed companies under the second board of Bursa Malaysia from 2004 to 2006. The main objective of the study is to investigate whether the corporate governance practices are in line with the Malaysian Code of Corporate Governance. Secondly, the study is to investigate the relationship between corporate governance practices and the firm performances based on the average of three-year financial data.

Descriptive analysis was used to examine the level of compliance of firms to the best practices of corporate governance and the findings indicate that the majority of Malaysian listed companies under second board of Bursa Malaysia are in line with the Malaysian Code of Corporate Governance. With the good distribution of the board composition between executive and non-executive directors, lower CEO duality rate, equality of shares distribution between concentrated and non-concentrated ownership, regularity of board meeting and with the majority of companies are having additional subcommittees that may provide a bright future for the companies to have a good board management and subsequently may end up with effective management of companies which is crucial for creating values for stakeholders and retaining their confidence.

Seven independent variables were used in the study based on the previous works in the area and two of them showed a significant influence on earnings per share (EPS) and one had exhibited a significant impact on dividend payout (DIVPAY). Overall, the findings highlight the important role of concentrated ownership (CONCEN) in determining the EPS and DIVPAY and the role of outside directors' remuneration (REM) in influencing EPS.

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