Good Corporate Governance Leads to Better Company Performance

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LIST OF ABBREVIATIONS

CG	Corporate Governance
Code 2007	Malaysian Code of Corporate Governance 2007
CF	Cash Flow
DV	Dependent Variable
EPS	Earnings per Share
IV	Independent Variable
MCCG	Malaysian Code of Corporate Governance
ROA	Return on Asset
ROE	Return on Equity
TSR	Total Share Return

ABSTRACT

The emergence of the Malaysian Code of Corporate Governance 2007 (Code 2007) and subsequently the revision in 2012 has brought about this research. The research seeks to examine the relationship of Corporate Governance mechanisms with Malaysian Public Listed Companies performance. Corporate Governance variables adopted in this research that are CEO duality, independent chairman, board composition, board size, ownership concentration and leverage level are applied to investigate its relationship. Two market performance based proxies are applied; the total share return (TSR) and an operational performance; the return on assets (ROA). The samples are 200 Malaysian Public Listed Companies. The research timeframe covered from year 2008 to 2012. This research applies Panel Least Square Analysis to examine the overall 5 years Result while additional analysis was performed using Pearson Regression Analysis and Multiple Linear Regression. This was to examine the year to year relationship between Corporate Governance practices and Malaysian Public Listed Companies' performance.

Findings in this research is consistent with the Malaysia Code on Corporate Governance 2012' recommendations (MCCG 2012), agency theory and stakeholder theory arguments. The Non-CEO practice, more independent directors in Board of Director, and ownership concentration were positive related to Malaysian Public Listed Companies' performance. The board size and leverage level have negative influence on companies performance.