CORPORATE GOVERNANCE DISCLOSURE PRACTICES AND FIRM PERFORMANCE: THE CASE OF ASEAN

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DECLARATION

I hereby declare that:

(1) This Research Project is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or

(3) The word count of this research report is 17926.

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LIST OF ABBREVIATION

MCCG	Malaysia Code of Corporate Governance
CG	Corporate Governance
SC	Securities Commission
PLC	Public Listed Comopany
ROA	Return on Assets
SPSS	Statistical Package for Social Science
p-value	Probability Value

ABSTRACT

This study examines the relationship between various corporate governance practices and boardroom diversity and firm performance among the top 98 public listed companies in 5 ASEAN countries. The firm performance is measured by return on assets (ROA) and Tobin's Q Ratio. Independent variable tested will be percentage of independent directors, Number and Presence of key corporate committees, percentage of women in board, board meeting attendance, CEO duality and board size.

The sample size of this study is based on the winners of ACGS 2019 of the 5 ASEAN countries. The research uses descriptive analysis, correlation matrix and panel data analysis. The analyses performed using SPSS and Stata. Overall, the research found that the measure variables have no significant impact to the firm performance. It suggests future researchers to explore in other factors as well as different measurements that could possibly affect the firm performance.

CHAPTER 1

INTRODUCTION

1.0 Introduction

Chapter 1 will provide an overview on the relationship between corporate governance practices and firm performance from top corporate governance (CG) performers in 5 ASEAN countries. The research background would provide the overview of the current landscape in CG, followed by problem statement. Then, research objectives will be discussed. Next, the hypotheses of the study will be formulated in the research questions section, and concluding the chapter with the significance of the study. The research would be carried out based on the 134 PLC from the list of ASEAN Corporate Governance Scorecard (ACGS) Winners of 2019.

1.1 Research Background

With the growing importance of corporate governance practices and policies in throughout the corporate world around the globe, it is widely believed that the related policies are essential for the growth of the company and further affects the performance of a company. It is gaining more and more attention due to frequent scandals and misconducts of the management in a company. One of the misdeeds of the management recently may refer to China's Luckin Coffee over accounting scandal. Luckin Coffee, with the vision to beat it's competitor, Starbucks Corp., has obtained huge investment from various venture capitalists with their attractive business model. And the company further attracts more investors with a successful IPO at the NASDAQ in 2019. However, in April 2020, Luckin Coffee disclosed that the sales in 2019 was fabricated for about USD 310million. Followed with the disclosure, its shares collapsed and NASDAQ has then decided to delist the company on May 2020 (Pham and He, 2020). The misconducts of the management of a company not only affects the shareholders and investors interest, but it also causing huge damage its home country's reputation and level of confidence. Yuan and Liu (2020) suggests that this spill over is likely to affects China's reputation in long term and may deter other China firms to get listed in the US Market with the deterioration of trusts. Consequently, it is likely that the US regulatory department will have a tighter control and documentation to oversee China-based companies and implementing more restrictions for the listing of Chinese companies in the US market.

Occurring in Malaysia recently, at the end of May 2021, KPMG flagged out that its client's (Serba Dinamik Bhd) account has certain sales transactions, receivables and payables that appear to be ambiguous (Bernama, 2021). However, Serba Dinamik had refuted such allegation by stating that the phenomenon occurs due to change in financial year end and the pandemic of Covid-19 further affecting its accounting and audit process (Low, 2021). From Low (2021) conference call with Serba Dinamik, the company then sought out for 3rd party independent review. Although such allegation has not been confirmed by Securities Commission of Malaysia and still under investigation, but the incident had caused a huge commotion internally and externally, further affecting the company's performance in short term and long term. Internally, five independent directors resigned after the Board decided to file legal action against KPMG (Khalid, 2021). Externally, we can observe that the company's share price plummeted as shown in Figure 1 as the news came out in end of May. In long run, it also damages the company's credibility, as such, the credit rating has been reduced to 'B-' from 'B+', reducing the financing access for the company (Tan, 2021). If such allegation appears to be true, it may be due to negligence and misgovernance by the Board and the Board members are accountable for the wrongdoings.

Figure 1 : Share price graph for Serba Dinamik Holdings Bhd for the past 6 months

Source: retrieved from Google.

From the case of Luckin Coffee and Serba Dinamik, we can observe that there is lack of internal control of the companies and causing ethical failures and violating code of ethics. The directors and audit committees had the duty to ensure the compliance of the business conduct but failed to do so in both cases. Chung's research (2021) also pointed out the chairman of Luckin Coffee was largely responsible for the fabrications of business transactions recordings. Such fabrications may be prevented with a more capable board of directors and audit committees that are experienced and carry out their fiduciary duties.

With such scandals happening around the globe, it captures the interest of all stakeholders and it may be worth while to look into the aspect of corporate governance practices. In order to avoid such fraudulence from happening, a good CG practice and transparent in financial reporting the PLC is essential, and as a measure to gaining investors confidence in the financial market. The Securities Commission (SC) of Malayisa had first introduced the Malaysian Code on Corporate Governance (MCCG) in 2000, hoping for a reform in CG practices of companies. MCCG tends to align with internationally recognized practices and are being review from year to year. As to date, the latest version will be MCCG 2021. In Indonesia, the latest version of Code of Good Corporate Governance was presented on 2006, an updated version from the 1st edition introduced in 2001 (Indonesia's code of good corporate governance, 2006). Singapore also introduced its very first Code of Corporate Governance in 2001, and had it revised thrice in 2005, 2012 and the latest in 2018 (Code of Corporate Governance, 2018). Thailand on the other hand also released an updated version of Corporate Governance Code 2017 to reinforce its CG Principles 2012 (Concept n.d.), whereas Philippines had the latest version of Code of Corporate Governance for public companies and registered issuers released in 2019, which supersedes the 2009 version. (SEC Issuances, 2019).

All these codes are released by the respective country, acting as a guideline for the PLC, and the principles are mostly adhered to G20/OECD principles. For instance, Paragraph 15.26 in Bursa Malaysia Securities Listing requirements, listed companies are required to publish certain corporate governance practices through the annual report (Bursa Malaysia,2016). With the fast changing of the market condition, additional guidelines were often given to meet the current situation. For instance, enforcement of Movement Control Order (MCO) in Malaysia due Covid-19 pandemic, Malaysia Securities Commission has issued a guidance note for companies in conducting virtual annual general meetings.

Table 1.1 : Summary of evolution CG codes of respective countries.

Country	**Evolution of CG Codes**
Malaysia	Released first version in 2000, followed with 2007, 2012, 2017,2021 updated version
Indonesia	Released first version in 2000, followed with 2006 version
Singapore	Released first version in 2001, followed with 2005, 2012 and 2018 updated version
Thailand	Released first version in 2012, followed with 2017 version
Philippines	Released first version in 2009, followed with 2019 version

Source: MCCG2021 by SC Malaysia, Code of Corporate Governance 2018 by SGX & MAS, Code of Corporate for public companies and registered issuers 2019 by SEC Philippines, Corporate Governance Code 2017 by SEC Thailand, Indonesia's code of good corporate governance 2006, by Indonesia National Committee of Governance.

Ameer, Ramli and Zakaria (2007) believed that BOD have the fiduciary responsibility to act accordingly for best interests of stockholders. In short, all the CG Codes are acting as guideline for companies' management to consider the wellbeing of stockholders and to promote transparency of company accounting and annual reports. It also recommends the best corporate structure and reporting guidelines. In additional, huge emphasize were given on the significance of executing all reporting and the updates on the company activities must be updated accurately in a timely manner.

In the view of Khan, Nosheen and ul Haq (2020) , good corporate governance practices came into the light after the financial crisis in 1997 which encouraged its development. It is also obvious that most East Asian countries as well has South East Asian countries have been actively in developing new regulatory practices. With globalisation and free trade, ASEAN has been able to show its global significance and presence. Sukmadilaga, Pratama and Mulyani (2015) finds that although the government of ASEAN countries had been actively promoting good corporate governance conduct, but the research from Asian Development Bank (ADB) states that the average index of governance in ASEAN countries was merely 64.55 (maximum score is 142.00) which indicates that the good governance practice of ASEAN countries are still severely insufficient in comparison with United Statess or European Union. However, the research also highlighted that the ASEAN countries also showed steady improvement in this issue, and suspect that the social condition, diversity, politics and government of the ASEAN countries appears to be a constraints for the improvement. In light of this, The ASEAN Capital Markets Forum (ACMF) had an initiative to assess and observe the corporate governance performance of ASEAN firms an acknowledge the firms' achievement via ASEAN Corporate Governance Scorecard (ACGS) Awards. Hence, we are interested to look into how implementation of good CG practices of the 5 ASEAN countries would have impact on firm performance. The CG mechanism measured here would be CEO duality, board size, percentage of women, percentage of independent directors, number and presence of key corporate committees, and board meeting attendance can affects firm performance. The measured outcome would be determined in the means of return on asset (ROA) and Tobin's Q Ratio.

1.2 Problem Statement

As mentioned in section earlier, good CG practices awareness has increased in recent years due to corporate failures (Enron, WorldCom, etc.) arise from ineffective corporate governance monitoring system. The governance practices were being neglected without a strict implementation of policies and guidelines. This triggered the regulators to have a deep consideration on the improvement on governance practices which believed to be an essential aspect to maintain investors' interest and confidence on the share market (Bhasin, 2010). with the release of these good corporate governance codes as a guideline to reform the CG practices, it appears to be a huge milestone stepped to ensure PLC withhold the very much needed integrity as well as maintaining the genuinely trading flow in the stock market.

In a report published by Securities Investors Association Singapore (SIAS), in collaboration with NUS Business School, 2020, out of the five ASEAN countries assessed, Malaysia was crowned as the country with the highest level of transparency with 74%, followed by Thailand at 71%, Singapore at 64%, The Philippines at 53% and Indonesia at 52%. The report studied 50 largest PLC by market capitalization of each of the five countries.In another research carried out by Asian Corporate Governance Association (ACGA), the CG Watch 2020 report conducted based on performance of 12 APAC regions. Out of the 12 regions compared that produced the excellent and informative reports, are Australia, followed by Malaysia, India, Taiwan, Singapore, Hong Kong Philippines, China, South Korea, Japan and Indonesia. Based on this report, it seems that the ranking sequence is almost identical with the report published by SIAS. In this report, the companies are being assessed from the range of key financial metrics, governance and ESG, and other board practices, such as remuneration policy and board evaluation. Although there are a voluntarily code of good CG conduct being introduced to each countries but as the report published, the rate of adoption is not a very high rate. The report also suggests that Malaysia had the highest rate probably due to the additional listing requirement as published by Bursa Malaysia Securities Exchange.. ASEAN, emerging as one of the most rapid growth economic region, where it attract more and more of foreign investors, where Singapore appears to be one of the global financial hub. As change is inevitable, ASEAN is swiftly adapting to global standards and innovating good CG practices to keep the motor running and could become a communication hub on best CG practices related topic and issues. It is no doubt that adherence to good CG practices is a global trend and being introduced to each country as of Table 1.2. However, the rate of adoption and adherence appears to be varied on each country. Why some countries had higher rate of adoption and some other countries had a relatively lower rate of adoption? Will the adoption of good CG practices and boardroom diversity affects the firm performance?

1.3Research Objectives

The objective of the study is to examine the relationship between CG practices and boardroom diversity in affecting company performance The components of the CG practices in this study would comprise of CEO duality, board size, percentage of women in the board, percentage of independent directors, number and presence of key corporate committees and board meeting attendance.

1.4 Research Questions

Below questions are raised, upon identifying the research objectives: Is Corporate Governance mechanism and boardroom diversity (CEO duality, board size, percentage of women in board , percentage of independent directors in the board, number and presence of key corporate committees, and board meeting attendance) affects company performance?

Table 1.2 Summary of each country's CG Code's Principles

Principles	Malaysia	Singapore	Thailand	Philippines	Indonesia
1 (A) [I]	(Board leadership and effectiveness) *Board responsibilities *Board Composition *Remuneration	Effective Board that works with Management for long term success	Establish clear leadership role and responsibilities of the Board	Establishing a competent board	[Ensuring the basis for an effective corporate governance framework in Indonesia]
2 (B) [II]	(Effective audit and risk management) *Audit Committee *Risk management and internal control framework	Board independence and diversity	Define Objectives that promote sustainable value creation	Establishing clear roles and responsibilities of the Board	[Good corporate governance general principles]
3 (C) [III]	(integrity in corporate reporting and meaningful relationship with stakeholders) *engagement with stakeholders *conduct of general meetings	Clear responsibilities between Board and Management	Strengthen Board effectiveness	Establishing Board committees	[Business ethics and code of conduct]

4 [IV]		Formal and transparent process for directors' appointment	Ensure effective CEO and people management	Fostering Commitment	[Organs of the company]
5 [V]		Board undertakes formal annual assessment	Nurture innovation and responsible business	Reinforcing Board independence	[Rights and role of shareholders]
6 [VI]		Transparent procedure in developing policies on Board remuneration	Strengthen effective risk management and internal control	Assessing Board performance	[The rights and role of other stakeholders]
7 [VII]		Appropriate remuneration of Board and key management	Ensure disclosure and financial integrity	Strengthening Board Ethics	[Implementation statement of the Code]
8 [VIII]		Formal and transparent remuneration policies	Ensure engagement and communication with shareholders	Enhancing company disclosure policies and procedures	[General guidelines of GCG implementation]
9		Board is responsible for the risk management and internal controls		Strengthening external auditor's independence and improving audit quality	

10		Board has Audit Committee		Increasing focus on non-financial and sustainability reporting	
11		Company treats all shareholders fairly and equitably.		Promoting a comprehensive and cost-efficient access to relevant information	
12		Company communicates regularly with shareholders		Strengthening internal control and risk management systems	
13		Balancing the needs and interests of material stakeholders		Promoting shareholder/member rights	
				Respecting rights of stakeholders and effective redress for violation of stakeholder’s rights	

				Encouraging employee’s participation	
				Encouraging sustainability and social responsibility	

Source: MCCG2021 by SC Malaysia, Code of Corporate Governance 2018 by SGX & MAS, Code of Corporate for public companies and registered issuers 2019 by SEC Philippines, Corporate Governance Code 2017 by SEC Thailand, Indonesia’s code of good corporate governance 2006, by Indonesia National Committee of Governance.

1.5 Significance of study

Various researchers had commented on good practices of corporate governance in the long run and its impact to the company. Hence, with the introduction of more regulations and guidelines of good corporate governance practices in ASEAN, it is important for us to investigate and monitor if these measures are bringing positive impact to the companies. Companies in today must have the need to understand the current global challenges and adherence of corporate governance practices are essential companies to increase competitiveness and confidence level of various investors. The Board of directors and top management executives are highly recommended to update their adherence to the good practices of CG and reveal the efforts to the public, although some requirements are not mandatory.

In UK, CG practices tend to be more strict, such as directors have huge obligations to be fulfilled and must be stated clearly in the annual reports. For instance, in accordance of UK The companies (Miscellaneous Reporting) Regulation 2018, Schedule 4A requires the remuneration and all benefits of directors should be clearly stated in the annual report (Corporate Governance, 2018). Whereas in ASEAN, such disclosure is only being 'encouraged' but not mandatory. However, efforts have been made by policymakers to regulates and tighten the control of corporate governance practices of companies to ensure the transparency and disclosure to various stakeholders with the establishment of various good CG practice code by respective countries.

This study will examine if agency theory, stewareship theory, stakeholder theory and resource dependency theory are having an impact to good CG practices and are effectively bringing positive outcome to company's performance. With this study, we aim to investigate if high adherence to CG practices among PLC would increase company' performance, followed with the increase to share value and increase the attractiveness of various investors to enhance the overall capital market. The findings will allow policymakers to recognize these variables will have impact on the firm performance of these companies post various corporate governance code, which would allow a better amendment to the legislations framework and would result a boost of confidence from investors' in the long run. The countries would also be benefited in corporate governance leaderboard with an expectation of climbing to a higher rank.

1.6 Conclusion

A brief study on the CG mechanism and board of directors related issues were highlighted if they are affecting a firm's performance. In further chapters, the relationship of the independent variables and dependent variables will be discussed with relevant theories for further understanding on the research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

We will be emphasizing on analyze relationship of various CG mechanism and the company performance. First part of the chapter brief explanation on the literature reivew of dependent variable followed with relevant theoretical model and hypotheses formulation, conceptual framework and conclusion.

2.1 Firm Performance

There are various type of tool can be used to measure performance of a firm. ROA can be used as a tool of measurement or indicator in observing the capability of company in profit generation by with the utilization of total owned assets (Hussin and Othman, 2012). Bhagat and Bolton (2007) tends to make use of ROA as operating income before depreciation divided by total assets. In theory, greater ROA value indicates that company would be in the position of generating higher value of assets. ROA is able to reveal the real performance of a company because EBITDA will be used as the denominator (Ponnu, 2008). A company would need to address stakeholder expectations in the perspective of stakeholder theory, which ROA appears to be one of the effective measurement (Sial, Zheng, Khuong, Khan and Usman, 2018). Put it this way, ROA would provides an idea to all the stakeholders on the efficiency of a company management in utilization of the company assets to generate profits and return for the firm

Tobin's Q is another type of measurement to evaluate firm's performance financially as referred by many researchers (Kyere and Ausloos, 2019 ; Limijaya, Hutagaol-Martowidjojo and Annisa, 2021). Tobin's Q is used as a proxy for future growth potentials and assess value of existing assets. Q ratio refers as the market value of a firm divided replace cost of the firm's assets (Fu, Singhal and Parkash, 2016). Tobin's Q ratio also used to capture investors' expectation to upcoming business development, and evaluation of current strategies (Kyere and Ausloss, 2020). Zabri, Ahmad and Wah (2015) also pointed out that Tobin's Q ratio is also an indicator to measure firm performance. It appears to be a measurement to evaluate the firm performance in the perspective of investment, if the investment made by the company is effective.

In the research of Bachiller et al., (2011), it was found that larger Board size tends to bring a lower in ROA in overall for the total sample taken into the research, but the analysis shows positivity in respect of independent director. This indicates that having independent directors will show positive impact on the firm performance. The research shows inverse relationship of Board size with family firms, indicates the Board influence has negative effect on the financial performance, with one of the controlling variables appear to be the Board size. The larger the Board size would not lead to a better firm performance, in family firm's performance. Possibly that it would be creating a 'free ride' situation, but in other way round, more outsiders serving the Board could be a way to allow the decisions made are improving the interest of shareholders. In contrast, Rahman and Haniffa (2005) inclined that ROA is negatively correlated to CEO duality based on the sample of PLC in Bursa Malaysia, with exception of finance firms. This idea is being concurred by Bhagat and Bolton (2007) study as well.

According to Limijaya et al., (2021), presence of independent directors and the board size are significant in resulting huge influence on Tobin's Q ratio. Companies that have a higher percentage of independent directors would have a better Tobin's Q performance. On the contrary, Kyereboah-Coleman and Biekpe (2008) study found that high presence of independent directors would have a negative impact on firm performance. Furthermore, the study also pointed that larger board size also has negative impact on firm performance. On the other hand, Gul, Srinidhi and Ng (2016) suggested that percentage of women in the board also brings a significant effect to the Tobin's Q ratio. Zeng's (2018) study however pointed out that presence of female directors is not significant in firm performance. As mentioned above, the study would aim to explain the company performance in terms of Tobin's Q ratio and if it is correlated with the independent variables.

Thereafter, this study will show how others independent variables affect company performance in the means of ROA and Tobin's Q Ratio.

2.2 Relevant Theoretical Model and Hypothses Development

In this sub-chapter, we will discuss on how these theories which often used by researchers and scholars could relate to firm performance .

2.2.1 Agency Theory

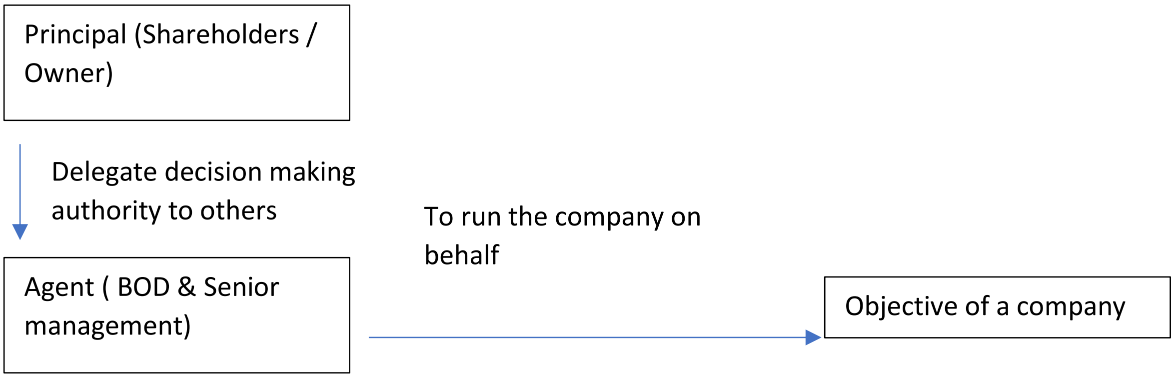

Figure 2. Source: Developed based on Pearce II & Robinson (2015). Strategic Management Planning for Domestic & Global Compeition. *Agency Theory,38.*

Agency theory is often one of the theories discussed and found in most of the journals. According to Jaskiewicz and Klein (2006), this theory inclined that owners and managers may have different/diverging goals within a firm. Agency theory is then suggesting that formal control mechanisms such as 'give & take' to control behavioural of the agent. Agency theory refers to that owners appoint agents (managers / outsider) to manage the firm. Ameer et al., (2009) suggests that the theory enhance the role of Board in monitoring the top managers or top executives, especially these are the outsiders instead of owners, in managing the firm, and further suggest that insiders would be able to provide valuable advice as they possess the insider information that is not accessible by outsiders. In view of that, agency problem arise as when the agents did not work towards the same goal or direction of the firm, but instead working towards its own benefits (Bettinelli, 2011). Agency problems would arise as there is a conflict of interest between the principal and agent appointed.

Higher presence of independent directors would lead would have a better result in terms of monitoring the business conduct (Bhatt and Bhattacharya, 2015). Arosa, Iturralde and Maseda (2010) also mentions that affiliated directors may play a less effective role in family business, when these 'related' directors will tend to make decisions that would in turn benefits themselves, efforts will be made to protect their business relationship with the firm, and thus effective monitoring of the Board will be less likely. In addition, agents are expected to work for own-self-interest, the decision made by the agents will then be monitored by the board of directors, ensuring the decisions are in line with shareholders' expectations, in which it highlights the importance of the members of independent directors serving the the board. Hence, independent directors are in need to be more effective in playing the monitoring and advising role.

Lehman Brothers, a huge financial institution, with a 10-person Board of directors. In the Board, only 2 of the directors (dependent) had experience from the financial related industry. The CEO, whom is the chairman of the Board was not properly monitored as other members of Board may not have the proper financial knowledge. The CEO wasn't being challenge or questioned by the Board members is also due to some long time success of the firm when he is holding the position of CEO, and indirectly lead to a blind confidence and ignorance of other directors in fear of losing the benefits that they have been enjoying for years (Kämppä, Ruohenen and Sarasmaa, 2018)

According to Cadbury Report (1992), a company tends to have a better performance with the appointment of more independent non-executive directors. In general, greater board independence would have a significant positive relationship with company performance as research by Leung, Richarson and Jaggi (2014), but only limited to non-family firms listed companies. The research implies an inverse relationship to family concentrated listed firms. The rationale is due to family run firm, the family members would have a high ownership concentration that would affect the decision making of the board as a whole. However, as times go on, trend of family members being in the board and top executive team diminished. For instance, the family-run 'Chaebol' (conglomerate) Samsung Group from South Korea, has now seen to be in a transition whereby the Group's management will no longer headed by the founding family members. The transition is likely to happen due to the incompetent and misconduct of the heir of the Group, and bringing negative impact to the company reputation, hence damaging share price. Henceforth, the current de facto head of Samsung group says there would be a change in the management style, and the business will not be passed down to his children (White and Kang, 2020). From the incident of Lehman Brothers and Samsung Group, strong independent board with higher percentage would tend to minimize the agency problems (Kyere and Ausloos, 2019).

Although there are mixed review on the importance of independent directors, but most of countries' code and regulations concur that independent directors are essential, especially for listed companies and the role is a vital element of the Codes and guidelines. Such term is mentioned in the Code from the 5 ASEAN countries. In addition, can also be found in regulation in Taiwan, which effective from February 2002, Initial public offering application in Taiwan Stock Exchange (TWSE) are required to have at least two independent directors appointed. The study was conducted based on observation of 10,151 firms whom listed from 1997 to 2015 in TWSE, and it was concluded that independent directors play a significant role in positive firm performance (Kao, Hodgkinson and Jaafar, 2019).

From the study by Ting, Kweh and Somosundaram (2017), it is observed that out of the 580 of PLC in Malaysia, most of them tend to declare lower dividend to shareholders as most of the times, the retained earnings are preserve as free cash flow and further reinvestment activities. In view of this, independent directors plays the role of monitoring which can reduce the tendency of financial statement fraud and misuse of company revenue, thus potential agency cost can be eliminated at this point. Nguyen, Evans and Lus' (2017) investigation find that percentage of independent directors has a significantly and negatively relationship with firm performance, based on the observation on 1054 of sample firms from 2010 to 2014. Kyere and Ausloss (2020) also affirms that lesser independent directors tends to be more effective in achieving organizational success and due to the capability in accessing all internal information. However, It is also inclined that both affiliated and independent outsider directors are equally important as they exert positive effects on firm performance, with their skills and expertise in various knowledge based fields, for instance, legal, accounting, finance, etc. Their research also found that ROA is statistically significance to ROA but it is showing insignificance in Tobins'q Ratio. In addition, Gordini (2012) advises that independent directors are bringing in the ease to access into different resources externally and thus bringing in positive impact with firm performance. The research also suggested that with high presence of independent members in the Board, changes within the firm is more likely to happen, to withstand the high resistance from the affiliated directors whom are still in the comfort zone.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 1A : Percentage of independent director is positively related to firm performance (ROA)

Hypothesis 1B : Percentage of independent director is positively to firm performance (Tobin's Q ratio).

According to the board committees report published by Deloitte (2014) based on context of South African regulation and King III Report, key corporate committees are made up of nomination committee, remuneration committee, audit committee, risk committee and social & ethics committee. However, most of the board tends to maintain the former 3 committees where the latter 2 committees are optional. Generally, the committees should be comprise of majority of independent directors, especially for audit committee, where all the members should be independent directors. This guideline appears to be similarly mentioned in the CG Code for the research's 5 ASEAN country. Presence of the committees are expected to oversee the financial reporting and audit processes and ensure that the process of directors appointment and compensation approval are transparent. Audit Committee members would have the first line review on financial reports prepared by the management team prior submitting to the Board for further approval. Guo and Masulis (2015) points out the nomination committee tends to react vigorously in monitoring the conduct of CEO, and which would have a better firm performance. Al-Absy, Ismail and Chandren (2019) concluded that nomination committees are meant to find a suitable and high quality independent directors while remuneration committees are to appropriately set the remuneration policy that could make the directors' monitoring role to be more effectively and independently

Zhou, Owusu-Ansah and Maggina (2018) suggested that audit committee plays an important role to alleviate agency problems that faced by many companies. In their study also stated that audit committees are able to enhance internal control and more efficient in financial management, provided that the committee members are having relevant experience in financial field. Garza (2010) also mentioned that the responsibilities of audit committee should includes communication with auditors on the audit processes, assessing potential business or fraud risks, monitor current account policies, internal control, implement policies that safeguard the company from fraud, such as develop a whistleblower policy. In addition, Mustafa, Che-Ahmad and Chandren (2018) also suggested that audit committees should be made up of independent members to ensure the effectiveness of monitoring role and reduce the possibilities of financial reporting manipulation

Christensen, Kent and Stewart (2010) finds that presence of audit, nomination and remuneration committees have positive relation with firm performance as their existence helps in monitoring financial reporting integrity and increase in accounting performance. Green and Homroy (2017) also concur that the independence of key committees would affects the firm performance as they can directly influence decision making of a company. There is a mixed review from the research of Lam and Lee (2012) where the research indicates that presence of nomination committee reacts positively on firm performance, conversely for remuneration committee. Salloum, Azzi and Gebrayel (2014) also affirms that audit committee would bring positive firm performance in long run with the improvement of transparency in financial reporting. Similarly, Zraiq and Fadzil (2018) also finds that nomination and remuneration is positively related to firm performance.

Existence of key corporate committees, such as nomination and compensation as nomination committee would encourage the trust of shareholders where competent directors and senior management team would be appointed effectively whereas compensation committee plan and propose the best compensation plan to retain the management team. As such, the committees are able to satisfied all the stakeholders, with the committees are expected to provide relevant advise to the board.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 2A: Number and Presence of key corporate committees is positively related to firm performance (ROA).

Hypothesis 2B :Number and Presence of key corporate committees is positively related to firm performance (Tobin’s Q ratio).

2.2.2 Stakeholder Theory

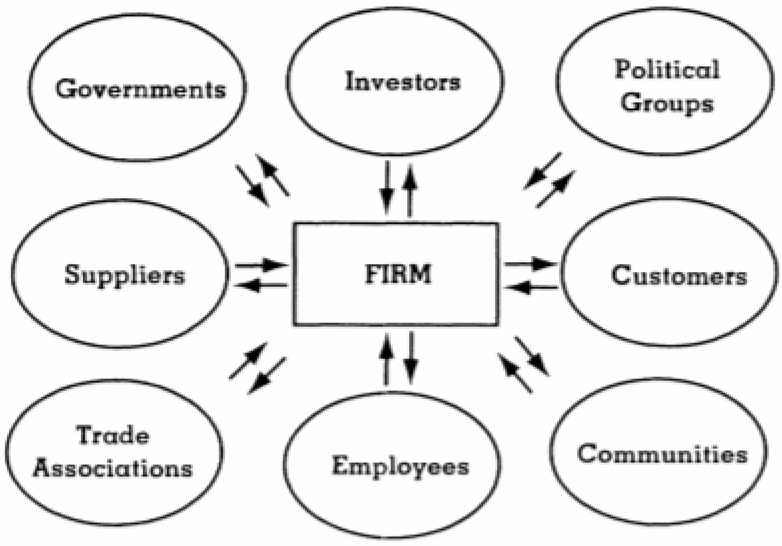

Figure 3. Source: Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: concepts evidence, and implications. Academy of Management Review, 20(1), 65-91.

Philips, Freeman and Wicks (2005) defined stakeholder is a powerful term with a huge conceptual breadth of interpretation as it refers to many different people. The theory can be used explicitly or implicity and serve two purposes, to predict organizational behaviour and how organizations operate (Donaldson and Preston, 1995) The theory may refer as a set of guidelines in regards the management of stakeholders. According to Mainardes, Alves and Raposo (2011), (as cited by Clarkson (1995), this theory contains three fundamental factors, namely the organization, other actors, and nature of company-actor relationships. Freeman and Red (1983) proposed that stakeholder may be seen in wide sense which includes groups (groups or individual) whom may affect the attainment of organization's goal and objective or is the party affected by the goal of the organization; in narrow sense, the survival of the particular group or individual is dependent on the organization's action. Despite distinct definitions in broader or restrictive view, the theory is able to provide guidelines for the action taken by specific organizations.

Harrison and Wicks (2013) mentions that financial performance may be essential to most of the stakeholders, but it also depends on the participation in the cooperative scheme that allows the firm a going concern stakeholder, such as local social communities and customers. The firm performance can be derived from the value created through its operations, as such as the four economic and non-economic factors. The four factors refer as goods and services, organizational justice, stakeholder utility from affiliation and opportunity costs. In addition, corporate governance is also one of the ways to measure firm performance other than financial performance, with the corporate social responsibility activities contributing to the community. Jensen (2001) points out that firm value cannot be maximized if interest of various stakeholders is being ignored. Thus, stakeholder theory indicates that relationship between company and stakeholders are not purely economic, but all the stakeholders are to be treated with fair, ethical and morally correct (Mainardes et al., 2011).

Luckerath-Rovers (2013) finds that the communications with various stakeholders would be much better if there women in the Board can also be seen as a way for the board to obtain crucial resources. It is also consider one of the way to enhance company image to all the stakeholders with advocation of gender diversity.Today, the involvement of women in the boardroom appears to be hot topic agenda to be discussed in the corporate world. Most government has since encouraging to have women in the decision-making levels after seeing various developed European countries has a strong promoting in gender diversity in the Board (Mutalib, Yahya and Shaari, 2018). According to Yunus (2018), in terms of gender diversity, Malaysia is on the top leaderboard among other ASEAN countries, recording a 15.4% of women directors on the board across PLC as at 3rd quarter of 2018. In 2019, the findings published by International Finance Corporation indicates that Thailand is the most gender-diverse nation within ASEAN, with 20.4% women in the board across listed companies, followed by Vietnam 15.4% and Indonesia 14.9%. The research also indicates that companies with over 30% of female board members would tend to bring greater performance in financially.

MCCG 2021 requires large companies disclose their policies on women appointment to the board and appointments are expected to have at least 30% of women in the board. The Philippines Code of CG 2019 also encourage to increase number of female directors to serve in the board although In view of that, we can see that Malaysia has been increasingly realizing the significance of having gender diversity in decision making levels of companies and firms. In the Indonesia CG Code 2006, instead of advocating gender diversity, the Code only encourage fair and no discrimination treatment. The rationale of promoting gender diversity is that different set of values and attitudes is more likely to be seen on the gender differences (Brieger, Francoeur, Welzel, and Amar, 2017).

Dang and Nguyen (2016) and Luckerath-Rovers (2013) suggested that female representation in the boardroom could possibly provide a different, dynamic perspective on different points of the board discussions which subsequently would have a positive impact on firm performance. Gul, Srinidhi and Ng (2016) opine that board gender diversity would improve the overall quality of board discussions and provide a better-quality oversight on company's public disclosure reports and making the company activities more transparent. According to Perrault (2015), women representatives in the board tends to enhance trustworthiness and legitimacy, and promoting trusts of shareholders, irreplaceable innovativeness, and hence contributing to financial performance. Presence of women directors would also tends to protect the rights of women employees, where the women employees would feel represented in the company management and safeguarding their rights.

As mentioned, female representation in boardrooms see an upward trend, and gradually increasing. Trend with a more balance of gender composition in the board is inevitable followed by many corporate scandals and failures in recent years. Purpose of promoting gender diversity not only solely due to profitability perspective, but ethical and social reasons are also in the consideration (Kilic and Kuzey, 2016). In the study of Lenard, Yu, York and Wu (2014) observed that in the top 500 companies in the Fortune list from 1996 to 2000, companies that are more adherent to gender diversity achieved better financial performance in comparison with their counterpart. The correlation of gender diversity and company performance is also depending on whether the particular company has a strong emphasis in corporate governance practice. From the perspective of resource dependency theory, gender diversity tends to associate with better company performance. Campbell and Vera (2007) also concluded that their research with sample of non-financial companies based on Madrid, Spain shows a positive impact on firm value with balance of women and men in the board. With a gender diversity, it is align with stakeholder theory which the influence of gender diversity, it would be able to enhance company's image with different stakeholder group.

On the contrary, Dang and Nguyen (2016) concluded that over emphasis in gender diversity in an indiscriminate way may have an inverse impact over company performance in the view of ROA and Tobin's Q Ratio. Mogbogu (2016), also concur that there is a small negative relationship between gender diversity and financial performance of a company. In Mogbogu's research, it is however shows that the women representation in the boardroom is relatively less in the technology sector within United States. The 49 sample firms were among the S&P 500 firms in 2016. Having to said that, resource dependency theory plays the role in stating that having different difference in gender in the boardroom that would have different organizational behaviour and management, which would lead to company overall performance. Thus, RDT model plays an important role in obtaining key supports from specific parties and legitimizing the firms with non-discrimination practice.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 3A: Percentage of women in board is positively related to firm performance (ROA).

Hypothesis 3B: Percentage of women in board is positively related to firm performance (Tobin's Q Ratio).

2.1.3 Stewardship Theory

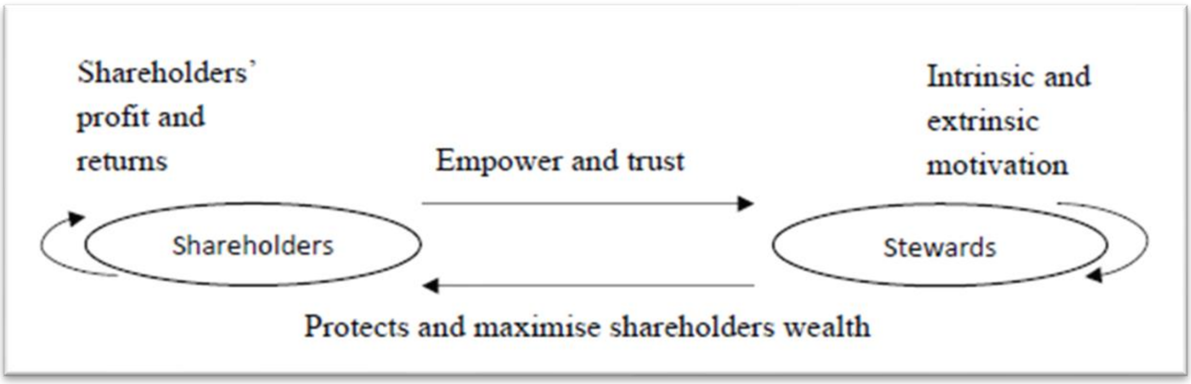

Figure 4. Source: Abdullah, H., & Valentine, B. (2009). Fundamental and ethics theories of corporate governance. *Middle Eastern Finance and Economics*, 4.

In contrast of agency theory, stewardship theory is often discussed, whereby the agent is expected to safeguard the principals' interests and act on the best interest of the company. Jaskiewics and Klein (2006) states that Board should be focusing on advising and support the management. This theory is then focused in social control mechanisms, based on the fundamental of shared values, goals and attitudes. Stewardship theory suggest that main objective of the Board is to advise rather than to monitor. Arosa et al.,(2010) defines that in stewardship theory, principals and agents are working towards the objectives of the company, instead of focussing in own individual goal. This theory then asserts that managers would be acting based on the best interest of the firm and maximizing firm value, putting collectivist options at the highest priority (Mamun, Yasser & Rahman, 2012). The theory emphasizes on a distinct relationship that could be beneficial to both the principal and agent.

Chou and Buchdadi (2017) suggested that board members meeting attendance is one of the key variables which affects the implementation of good corporate governance with sufficient of monitoring activities. Board meetings are when directors meet up and spend time deliberate corporate strategies and monitoring the management team. Board meetings are essential in allowing the board to gain higher level of oversight in the business activities, and provide advise and supervision ensure the management is acting on bona fide interests of shareholders (Atty, Moustafasoliman & Youssef, 2018). Min & Chizema (2018) also highlighted the importance of board meeting attendance in the viewpoint of getting all the directors be fully informed updated on issues pertaining the operation of the company. Malik (2016) suggested that frequent board meetings does not lead to inferior firm performance. Hence, only an ordinary number of board meetings with a clear agenda and meeting content would works the best for companies performance. In the view of stewardship theory, we can also be more assure it works well with the company performance as long as the meeting is deemed necessary, the board of directors whom acting as the stewards will be likely to attend the meeting and provide necessary insight on the meeting.

Board meetings appears to be correlated with firm performance from Salem, Metawe, Yousef and Mohameds' (2019) study based on 84 Egyptian public listed firms and 27 American public listed firms. In the research of Buchadi, Dalimunthe, Ulupui, Pamunkas and Fauziyyah (2019), attendance of board meeting by directors significantly in terms of ROA, based on their research of 135 companies listed in Jakarta Stock Exchange from 2013-2016. However, the impact in term of Tobin'Q ratio did not appear to be significant. Empircal research based on Taiwan PLC, affirms that board meeting attendance is bringing positive value to firm performance considering that the meetings were attended by the directors themselves, not via authorized representatives (Chou, Chung and Yin, 2013). Gray and Nowland (2018) also illustrates that higher board meeting attendance are often associated with better ROA, and if there's a low attendance rate of board meeting, it will be less beneficial to firm performance.

Higher board meeting frequency can be beneficial for firm performance, but of course it must be with a high rate of attendance and precise agenda, only then the result of the meeting would be fruitful. Aligned with stewardship theory, when the board of directors are acting as the steward of the company, necessary board meeting appears to be essential that all the board members able to meet and discuss on the matters pertaining the business, ensuring decisions are at the best interest of the shareholders.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 4A: Board meeting attendance is positively related to firm performance (ROA).

Hypothesis 4B: Board meeting attendance is positively related to firm performance (Tobin's Q)

In addition to that, stewardship theory has a different view of affiliated directors in family firms. In the view of Arosa et al., (2010) when family members are part of affiliated director of the Board, the goal will somehow be aligned and the firm value is secured, albeit they are not the insider executive Board member. With that, we will look into issue if the role of CEO and board chairperson should be held by separate individual that would act accordingly to the best interest of shareholders/owners.

CEO duality refers as the blending role of CEO and chair person being entrusted to the single individual or held by the similar individual. If the positions are held by different individual, it may describe as independent structure instead. While the phenomenon of CEO duality is appears to be very common in the United States, but such practice often receive heavy criticism and blames for the poor performance of firm. Hence, it is predicted that the trend in the future would be shifted to role separation (Boyd, 1995). True enough that in recent years, voices and efforts to move to role separation is widely promoted, as in MCCG 2021 and Singapore Code of Corporate Governance 2018, whereby reinforce independence is suggested that the role chairperson and CEO separated and chairperson must be a non-executive board member. Under these circumstances, it is more likely that conflict of interest would be reduced when both chairperson and CEO have distinct / respective roles and functions in the company. In short, CEO should be able to focused in business daily functions while chairperson would lead the board of directors to oversee the overall management. However, in the CG Code for Thailand 2017 did seems to concur on the idea of CEO duality, as it specifies that if the chairman and CEO are the same individual, the board member can ensure the balance of power to be achieved by having the board comprises of majority independent directors. The role separation is ultimately seen in the agency theory, when agency cost is likely to incur from the monitoring costs, bonding cost and the residual loss. Having that, it is claimed that duality role would have a negative impact on financial performance in the long run as the Board members are refrained in removing the non-performing CEO (Saltaji, 2013). Besides, dissection of roles could possibly reduce the friction between top management and the board and bring positive influence to company performance in return.

As the trend is moving towards role separation, the Hampel Report (1998) did point out that under circumstances, both roles can be combined, but the reason behind should be disclosed to the public. In a survey done in Singapore, by Goodwin and Seow (as cited by Abdullah, 2004), the opinion from respondents for the need of role separation is not strong, which lead to the view to role separation is not critical governance structure. Similar in the research by Baliga, Moyer and Rao (1996), where CEO duality should not be abolished as a way to improve company performance and overall governance. No firm evidence signalling that duality could damage company performance, despite it is inarguable that duality, may often resulted in managerial abuse. However, it is expected that the CEO and BODs would somehow having sound mind and reasoning as they are ultimately responsible for the company. Stewardship model hence inclined that CEO duality are beneficial to company when the single individual has access to all the information and assets to be better in facilitate decision making which will lead to performance increase ultimately Furthermore, stability and clearer communication can be observed between the top management and BOD. (Donaldson and Preston, 1995). In addition to that, CEO duality would eventually improve financial performance when agency costs are automatically be eliminated.

Hussin and Othman (2012) found that in their relevant research on companies listed in Bursa Malaysia with the targeted sample of top 100 companies in Malaysia, CEO duality will tend to have no significant impact towards companies' performance. Mustapa, Ghazali and Mohamad (2015) also shows that CEO duality does not have huge impact seen on company profitability based on the research on 800 Malaysian listed companies. Peng, Zhang and Li (2007) suggest that CEO Duality can produce a positive impact when the relevant is actually facing the situation of dynamic environment and resource scarcity. Hence, in Peng et al., (2007) view, stewardship theory is strongly supported. However, this situation may not apply throughout globally, as this study is based on China environment. In the end, it is also mentioned that in recent 10 years, China also saw some shift in favour separating the two positions. Two-tier board structure, whereby chairperson and CEO role are held by different person, is observed to be more effective (Kyereboah-Colemen and Biekpe, 2006). it seems that Rahman and Haniffa (2005) also concur with the result when their study showed similar outcome whereby CEO duality tends to lead to poorer performance in terms of ROA and Tobin's Q ratio

Additionally, from code of good corporate governance conduct published by the 5 ASEAN countries, most of them suggested the same that the position of board chair person and CEO should be held by different individual, except for Indonesia. For Thailand's Code, it went further by suggesting ways to balance the power and authority of the board if both position are the same person. CEO duality should be implemented to prevent conflict of interest of the role of CEO and board chairman.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 5A: CEO duality is positively related to firm performance (ROA).

Hypothesis 5B: CEO duality is positively related to firm performance (Tobin's Q ratio).

2.1.4 Resource Dependence Theory (RDT)

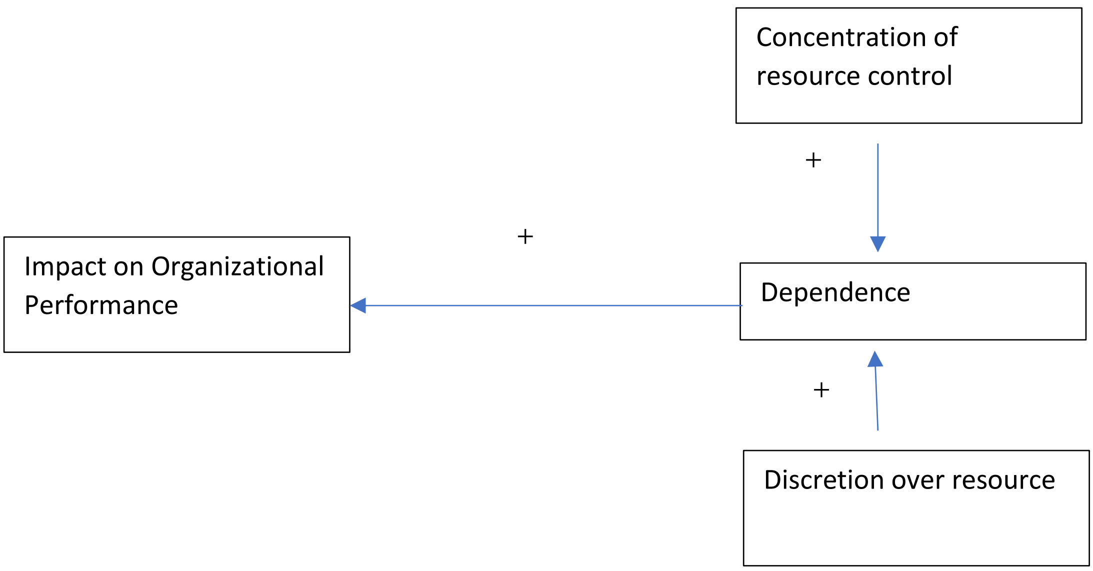

Figure 5. Source: Developed from Delke, V (2015). The Resource Dependence Theory: Asessment and Evaluation as a Contributing Theory for Supply Management.

In the view of Johnson (1995), RDT seeks to explain the critical resources of which it is essential for the survivability of an organization, with a assumption that no organizations are self sufficient, which lead to exchange of relations with other parties are inevitable. RDT recognizes the organizational behaviour asserted from external factors and managers should act accordingly with the aim to reduce environmental uncertainty and dependence. (Hillman, Withers and Collins, 2009). Resources mentioned can refers as tangible items or even people, such as the management and Board of Directors. BODs are expected to bring in expertise from other sectors, legitimacy, new social channels with external organization and preferential access to support elsewhere (Hillman and Dalziel, 2003). For example, appointment of a director with banking background most likely will be able to provide insight to the company's business in managing the finance. The roles of directors from different background sectors are expected to provide the necessary input for the insiders and provide further assistance on business strategy and problem solving. Hillman et al., (2009) also point out that composition of BOD with higher number of outsiders is likely to perform better and hence improving firm performance.

Boyd (1990) concluded that one of major characteristic of a top performance firm is by measuring the responsiveness to manage uncertainty. Board size is clearly as one of the reasons that affects the firm performance, and when facing resource scarcity and high level of uncertainty, it is advisable that the board size remain small, with the emphasis on few 'resource-rich' directors. Similar with Boyd (1990), Peng (2004) concurs with the idea that in an environment with high uncertainty, few resourceful outsider directors are more likely to provide positive outcomes to the company performance. In addition, Orozco, Vargas and Glindo-Dorado (2017) also finds that under RDT, with larger board size would improve the capability of the firm to interact with the business environment as a whole, acting as boundary spanners, earning corporate reputation which would ultimately improve on better financial results.

Various research have a mixture of affiliation of between if board size and the company performance are well related. Referring to members in the board, with bigger board, it is expected that the controlling and monitoring activities of the board will greatly be influenced. Bhatt and Bhattahcharya (2015) highlighted that under the view of RDT, varied expertise from external environment would most likely lead to a better decision making. However, with larger number of Board members, it also means that the cost will be higher, and thus the benefits should outweigh by the cost of the Board. In the research of Bachiller (2011), it was found that larger Board size tends to bring a lower in ROA in overall for the total sample taken into the research, but the analysis shows positivity in respect of Independent director. In both of the financial performance measurement used, (ROA and Tobin's Q ratio), the research shows inverse relationship of Board size with family firms, indicates the Board influence has negative effect on the financial performance. The larger the Board size would not lead to a better firm performance, possibly that it would be creating a 'free ride' situation, followed with the increased of agency problem which the board is likely to serve in compliance instead of management objectives. Jensen (1993) suggested that a board may function in the most effective way when the members are less than eight people, and if the board members go beyond that, it is likely that the CEO is able to assert more influence and control. However, Eisenberg, Sundgren and Wells (1998) advises that there is no ‘ideal’ board size, and if there is, its effectiveness should be then correlated with the firm size.

Goodstein, Gautam and Boeker (1994) states that larger board size would limit the effectiveness of board decisions in when facing a headwind and environmental turbulence. Hence, with a larger board size, it is likely that the Board will then turn into a more symbolic existence instead of acting accordingly in monitoring firm performance. Guest (2009) pointed out that larger board relates to malfunction of board’s function. It is also mentioned that larger board size’s failure is likely due to miscommunication from top-down, thus undermining the effectiveness of the board, which most of the scholars citing the occurrence of similar problem. Jaskiewics and Klein (2006) also suggested that larger board size could resulted to higher potential of agency conflicts with the misalignment of company goal, especially in a family-owned business.

In contrast, in other way round, more members serving the Board could be a way to allow the decisions made are improving the interest of shareholders. This is due to the fact that members of board have different skills and expertise that would furnish different suggestions from different point of view (Arosa et al., 2010). In the research carried out by Belkhir (2009) in France’s banking industry, there is no evidence that larger board size could lead to negative outcomes of company performance as claimed by most research. In fact, greater board size could possibly brings a better performance with the expansion of the bank total assets which could be resulted from merger and acquisitions operations. However, Pathan, Skully and Wickramanayake (2007) cited that larger board size of in Thailand has a negative impact of in performance.

Nevertheless, in the perspective of RDT, it can provide valuable resources which would linked to the firm perfoamance, and it is also acting as a channel for communication.

With the findings as mentioned, following hypothesis is constructed:

Hypothesis 6A: Board size is positively related to firm performance (ROA).

Hypothesis 6B: Board size is positively related to firm performance (Tobin’s Q ratio).

2.2 Conceptual Framework

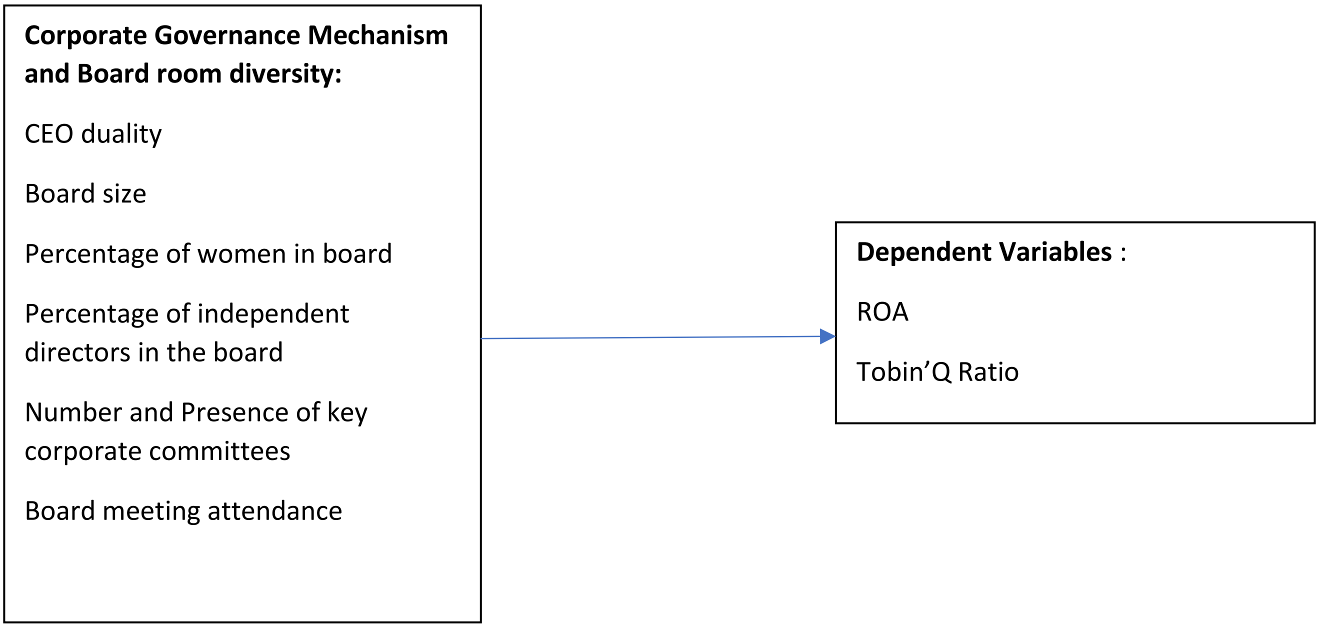

Figure 6. Source: Developed for research

The conceptual framework was created to accommodate all the variables retrieved from different models by various researchers and scholars. Which includes the CEO duality, board size, percentage of women in board , percentage of independent directors in the board, number and presence of key corporate committees, and board meeting attendance as independent variables ; ROA and Tobin's Q ratio as the dependent variables.

2.3 Conclusion

This chapter provide the overview of the study through literature reviews as well as theories that may be associated with the selected independent variables. Moving on chapter 3, methods will be developed to test out the hypotheses.

CHAPTER 3

RESEARCH METHOD

3.0 Introduction

Chapter 3 will describe the research method used, involving selection of samples, data collection and data analysis. This is research includes several other sub-chapters including research design, data collection, sample design, research instrument, construct instrument and data analysis.

3.1 Research design

The primary objective of this study is to understand how various CG mechanisms affects company performance of Top 134 ASEAN PLC in terms of ROA and Tobin's Q Ratio over the time series of 2015-2019 based on the winner list of companies provided by ACGS 2019. The rationale of choosing from this period of years is to observe the performance of these 134 winners if their past CG performance has impact on the firms' performance. The purpose to track the past performance is to investigate if these companies had always been practising a good CG practice, or if they gradually adapting and adopting the good practices which lead them to be one of the winner of ACGS 2019. In addition, to observe if there an improvement in firm performance in comparison with the past.

Descriptive analysis, correlation matrix and reliability analysis were adopted to answer the research questions and to further examine the level of influence of independent variables on the dependent variable.

3.2 Data Collection Method

In this research, data collected is based on the secondary data. In this research, data were mainly collected from annual reports that already been posted and listed in Bloomberg. Through Bloomberg, we have the access to determine each company's degree of adherence to good corporate governance practices and the measured performance in ROA and Tobin's Q ratio. The data harvested from Bloomberg is able to provide researchers the real time and accurate information as this information is deemed reliable and trusted with Bloomberg's reputation and it's award received, such as "Inside Market Data & Inside Reference Data" awards winner 2021, in the category of best reference data provider (Waters Technology Staff, 2021). Supporting data and information can also be obtained from various articles published through various portals, such as Google Scholar and E-library facilities provided by the university, and annual reports can be downloaded from the countries' stock exchange website.

3.3 Target Population & Sampling Element

The purpose of this research was meant to examine the impact of various CG mechanisms and boardroom diversity with its influence on firm performance, with target population of 134 ACGS winners. The 134 winners with good disclosure practices can be found in the website of ASEAN Capital Markets Forum (ACMF). The mentioned list can be found at the ACMF website : https://www.theacmf.org/initiatives/corporate-governance/2019-asean-corporate-governance-scorecard-acgs-awards . As such there are total 134 PLC from the 5 ASEAN countries. The implication of these winners would indicates that these companies can be considered as the role model of the other companies as these companies had been graded and assessed by the ACMF. One of the main purpose of the establishment of ACMF is to raise CG standards and practices of ASEAN PLC. The ACGS appears to the joint initiative between ACMF and Asian Development Bank (ADB) and the PLC of the ASEAN countries were being assessed based on publicly-available information and benchmarked against the best practice across the globe.

Table 3.1: The winners of ACGS 2019

Country	Number of winners
Malaysia	37
Singapore	26
Thailand	42
Philippines	19
Indonesia	10
Total	134

Source: Developed for research

Hence, the research is conducted with 134 sample size companies whom were recognized as the best in CG performance within ASEAN. The research covers the 134 winning companies of 2019, and their past performance back-dated to 2015. However, due to incompleteness of data available in Bloomberg, the sample number of target population in this research will be reduced to 98. As such, below table is the final target sample where the research is carried out.

Table 3.2: Sample companies for the research

Country	Number of winners
Malaysia	30
Singapore	22
Thailand	28
Philippines	15
Indonesia	3
Total	98

Source: Developed for research

Table 3.3 : Winners of ACGS 2019 : The target sample

1) Malaysia		**2) Singapore**	
1	AMMB Holdings BHd	1	Oversea-Chinese Banking Corporation Limited
2	Axiata Group Bhd	2	SATS Ltd.
3	Bursa Malaysia Bhd	3	Singapore Exchange Limited
4	CIMB Group Holdings Bhd	4	Singapore Telecommunications Ltd
5	Malayan Banking Bhd	5	United Overseas Bank Limited
6	Petronas Dagangan Bhd	6	Capitaland Limited
7	RHB Bank BHD	7	City Developments Limited
8	Alliance Bank Malaysia Bhd	8	Comfortdelgro Corporation Limited
9	Astro Malaysia Holdings Bhd	9	DBS Groupd Holdings Ltd
10	BIMB Holdings Bhd	10	Fraser and Neave Limited
11	British American Tobacco (Malaysia)Bhd	11	Frasers Property Limited
12	DIGI.COM Bhd	12	Great Eastern Holdings Limited
13	IHH Healthcare Bhd	13	Keppel Corporation Limited
14	IJM Corporation Bhd	14	OLAM International Limited
15	Malaysia Airports Holdings Bhd	15	SEMBCORP Industries Ltd
16	Malaysian Resources Corporation Bhd	16	SEMBCORP Marine Ltd
17	Petronas Chemicals Group Bhd	17	SIA Engineering Company Limited
18	Petronas Gas Bhd	18	Singapore Airlines Ltd
19	Public Bank Bhd	19	Singapore Post Limited
20	Sime Darby Bhd	20	Singapore Press Holdings Ltd
21	Sime Darby Plantation Bhd	21	Singapore Technologies Engineering Ltd
22	Sime Darby Property Bhd	22	Starhub Ltd

23	SP Setia Bhd		
24	Sunway Bhd		
25	Telekom Malaysia Bhd		
26	Tenaga Nasional Bhd		
27	Top Glove Corporation Bhd		
28	UEM Sunrise Bhd		
29	UMW Holdings Bhd		
30	Westports Holdings Bhd		
3) Thailand			
1	Bangchak Corporation Public Company Limited		
2	PTT Exploration and production Public Company Limited		
3	PTT Public Company Limited		
4	Thai Oil Public Company Limited		
5	Advance Info Service Public Company Limited		
6	Airports of Thailand Public Company Limited		
7	Bank of Ayudhya Public Company Limited		
8	Central Pattana Public Company Limited		
9	Charoen Pokphand Foods Public Company Limited		
10	Electricity Generating Public Company Limited		
11	Home Product Center Public Company Limited		
12	Indorama Ventures Public Company Limited		
13	Intouch Holdings Public Company Limited		
14	IRPC Public Company Limited		
15	Kasikornbank Public Company Limited		
16	KCE Electronices Public Company Limited		
17	Krung Thai Bank Public Company Limited		
18	Krungthai Card Public Company Limited		
19	Minor International Public Company Limited		
20	Muangthai Capital Public Company Limited		
21	Pruksa Holding Public Company Limited		
22	PTT Global Chemical Public Comopany Limited		
23	Ratch Group Public Company Limited		
24	Thai Airways International Public Company Limited		
25	The Siam Cement Public Company Limited		
26	The Siam Commercial Bank Public Company Limited		
27	Tisco Financial Group Public Company Limited		
28	Total Access Communication Public Company Limited		

4) Philippines		5) Indonesia	
1	China Banking Corporation	1	PT Aneka Tambang TBK
2	Globe Telecom, INC.	2	PT Bank Mandiri (persero)TBK
3	SM Prime Holdings, INC.	3	PT Bank Permata TBK
4	Ayala Corporation		
5	Bank of the Philippine Islands		
6	BDO Unibank, INC.		
7	Belle Corporation		
8	DMCI Holdings, INC.		
9	GT Capital Holdings, INC.		
10	Manila Electric Company		
11	Metropolitan Bank and Trust Company		
12	Philippine National Bank		
13	PLDT, INC.		
14	Semirara mining and power corporation		
15	SM Investments Corporations		

Source: Developed for research, based on ACGS 2019 winner list

3.4 Research Instrument

The required data is mainly retrieved from Bloomberg database and annual reports of the targeted sample companies. In the current digitalized environment, the required annual reports can be easily be downloaded from the company's official website in the investor relation page or can be access from respective countries' main stock exchange website. On the other hand, the required data can also be easily accessible via Bloomberg database. The dependent variables, ROA & Tobin's Q ratio are gathered mainly via Bloomberg database. The data is then being shifted and input in SPSS and Stata 14 which will then used to conduct descriptive analysis, correlation matrix and panel analysis.

3.5 Construct Instrument

This research was carried out on 2 dependent variables and 6 independent variables.

<u>Table 3.4 Dependent Variable</u>

Dependent Variables	Formula	Source
Return of Total Assets (ROA)	$\frac{Net\ Income}{Total\ Assets}$	Rahman & Haniffa, 2005 ; ; Hussin & Othman, 2012 Bhagat & Bolton, 2007 ; Ponnu, 2008

Tobin's Q Ratio	*(Total assets + market capitalization – book value of equity – deferred tax liability)/ total assets*	Kyere & Ausloos, 2019 ; Limijaya, Huagaol-Martowidjojo & Annisa, 2021 ; Palaniappan (2017)

Source: Developed for research

<u>Table 3.5 Independent Variable</u>

Independent Variables	Formula	Source
CEO Duality	0= CEO Duality 1=No CEO Duality	Baliga, Moyer & Rao 1996 ; Donaldson & Preston, 2005; Rahman and Haniffa, 2005 ; Kyereboah-Colemen & Biekpe, 2006 ; Mustapa, Ghazali & Mohamds',2015
Board size	Number of Directors	Eisenberg, Sundgren & Wells, 1998 ; Goodstein, Gautam & Boeker, 1994 ; Jensen, 1993 ; Jaskiewics & Klein, 2006 ; Pathan , Skully & Wickramanayake, 2007
Percentage of women in board	Percentage of gender difference of directors (gender diversity)	Mutalib, Yahya & Shaari, 2018 ; Yunus, 2018 ; Brieger, Francoeur, Welzel, & Amar, 2017 ; Kilic & Kuzey, 2016 ; Gul, Srinidhi & Ng, 2016 ;
Percentage of independent directors	Numbers of independent directors vs dependent directors	Leung, Richarson & Jaggi, 2014 ; Kao, Hodgkinson & Jaafar, 2019 ; Ting, Kweh & Somosundaram, 2017 ; Nguyen, Evans & Lus, 2017
number and presence of key corporate committees	Number and presence key corporate committee members	Christensen, Kent & Stewart, 2010 ; Green & Homroy ,

		2017 ; Salloum, Azzi & Gebrayel, 2014 ; Klein, 1998
Board meeting attendance	Percentage of board of directors attending board meeting	Gray & Nowland , 2018 ; Min & Chizema ,2018 ; Malik , 2016

Source: Developed for research

3.6 Data Analysis- Descriptive Analysis , Correlation Matrix, Panel data analysis

3.6.1 Descriptive Analysis

It would allow raw data to be turned into a simplified form and useful information that is understandable and have a clear interpretation. In this research, the analysis is mainly applied to identify mean and S.D for the variables tested. Results are observed with the analysis and used as the representation of the target population

3.6.2 Pearson Correlation Analysis

Table 3.6 : Rule of Thumb of Pearson Correlation Analysis

Coefficient Range	Strength of Association
± 0.91 to ± 1.00	Very Strong
± 0.71 to ± 0.90	High
± 0.41 to ± 0.70	Moderate
± 0.21 to ± 0.40	Small but definite relationship
± 0.00 to ± 0.20	Slight, almost negligible

Source: Hair, J. F. Jr., Money, A. H., Samouel and Page, M (2007). *Research methods for business*.

The table above shows the rules of thumb of Preason Correlation Coefficient which will be used to examine the strength, importance and direction between the relationship of dependent and independent variables (Sekaran and Bougie, 2013). -1.0 to +1.0 will be the range of correlation. – indicates negative correlation relationship, + indicates a positive correlation relationoship

3.6.3 Panel Data Analysis

Yaffee (2003) refers panel data as studying a particular subject within multiple periods with observations in a wide variety of fields. Also, panel analysis has two dimensions with the combination of time series with cross-sections in which behaviour of companies are observed over a period.

General Equation for panel analysis

$yit=ai + \beta_1 X1it + \beta_2 Xit + \varepsilon_{it}$

Dependent variables panel analysis equation

$ROA_{it} = \beta_0 + \beta_1 Independent_{it} + \beta_2 Committee_{it} + \beta_3 Women_{it} + \beta_4 Meeting_{it} + \beta_5 CEO_{it} + \beta_6 Board_{it} + \varepsilon_{it}$

$TQ_{it} = \beta_0 + \beta_1 Independent_{it} + \beta_2 Committee_{it} + \beta_3 Women_{it} + \beta_4 Meeting_{it} + \beta_5 CEO_{it} + \beta_6 Board_{it} + \varepsilon_{it}$

β = Beta

ROA = Return on Asset

TQ = Tobin's Q Ratio

CEO = CEO duality

Board = Board Size

Women = Percentage of women in Board

Independent = Percentage of independent directors

Committee = Number and presence of key corporate committees

Meeting = Board meeting attendance

ε= error term

3.7 Conclusion

This chapter includes the research methodologies to test and measure the result of this study. Data and information are collected and accumulated through the mentioned techniques, and will be further be tested in the next chapter to identify the correlations of various variables.

Chapter 4

RESEARCH RESULTS

4.0 Introduction

We will be discussing results and outcomes generated via SPSS and Stata. It will reveal the results of descriptive analysis, followed by reliability test, and last with multiple regression analysis.The last section of this chapter would be the conclusion of the chapter.

4.1 Descriptive Analysis

Table 4.1 : ROA & Tobin's Q Ratio

	ROA			Tobins'Q		
Year	Sample	Mean	S.D	Sample	Mean	S.D
2015	98	6.3800	9.5497	98	1.8244	1.7313
2016	98	6.0791	8.1672	98	1.7328	1.4121
2017	98	6.2063	7.0776	98	1.7920	1.4522
2018	98	5.2049	6.4320	98	1.653	1.2945
2019	98	4.5922	5.2085	98	1.5541	1.0048
Avg	98	5.6925	7.287	98	1.7113	1.3790

Source: Developed for the research.

The computation of mean and S.D of ROA and Tobin's Q ratio are as shown as Table 4.1 will be used to measure the companies' performance from 2015 to 2019. The averages of ROA and Tobin's Q Ratio are 5.69 and 1.71 respectively. From the table we can observe that the ROA of the sample companies is at highest of 6.38 in 2015 but the pattern is going on a downtrend on the following years, and had a rebound in 2017. In view of Tobin's Q ratio performance, the table also shows the similar trend with ROA performance with the mean of highest in 2015, at 1.8244, followed with decline over years, and with a rebound in 2017. From this perspective, we can observe that the firm performance of the sample companies have been declining over the years. In the data collected, UMW Holding Berhad had recorded the lowest ROA in 2016 with the value of -9.6086, whereas Aneka Tambang TBK had recorded the lowest Tobin's Q ratio value of 0.6452 in 2015.

Table 4.2: CEO duality, Percentage of women, Board size, Percentage of independent director, Number of committee members and board meeting attendance rate

		CEO Duality		Percentage of women		Board size		Percentage of independendent director		No. of committee members		Board meeting attendance rate	
Year	Sample	Yes	No	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.	Mean	S.D.
2015	98	94.9	5.1	14.9032	10.7977	10.72	2.697	50.3472	16.3921	8.29	2.199	94.8236	4.9993
2016	98	93.9	6.1	17.3242	11.1339	10.71	2.512	51.3241	16.1675	8.418	2.27	95.1441	4.7224
2017	98	93.9	6.1	18.6220	11.8932	10.81	2.482	53.8314	17.5117	8.78	2.392	94.7403	4.3805
2018	98	93.9	6.1	19.9123	12.4165	10.82	2.505	55.7443	17.7313	8.77	2.251	94.9691	3.7662
2019	98	93.9	6.1	21.1509	12.8762	10.96	2.449	55.3578	16.9701	8.76	2.234	95.5024	4.2882
Avg	98	94.1	5.9	18.3825	11.8235	10.804	2.529	53.3210	16.9545	8.6036	2.2692	95.0359	4.4313

Source: Developed for research

From the descriptive analysis on the independent variables, we can observe that most of the award recipients of the ACGS 2019 have been practicing CEO duality in accordance with the recommendation of respective code of good governance conduct. This indicates that most companies have been practising CEO duality In average, there are only 5.9% of the companies have not been practicing CEO duality in the 5 years time. Consistent with research of Baliga et al., (1996), which suggested that CEO duality tends to improve overall firm performance in long term.

The descriptive analysis on percentage of women serving in the board of directors, we can observe that the numbers have gradually increasing from year to year basis. The increasing of gender diversity practice is on par with the findings by International Finance Corporationg which advocates that companies with over 30% of female board members would have a positive impact in company performance.

The board size has the average ofo 10.804 which shows a very consistent of board size throughout the 5 years. Optimal number of board members is 8 members as suggested by Jensen (1993), but Eisenberg et al., (1998) also pointed out there is no ‘ideal’ board size, as the effectiveness should be correlated with the firm size.

The percentage of independent director has an average of 53.3210%, which indicates that most of the companies had their board of directors made up of majority of independent directors.This corresponds with the idea of the 5 ASEAN countries’ code of good CG practices, where independent directors are vital element to the success of a company.

The descriptive analysis also indicates that most of the companies have the have presence of key committee members of 8.6036 which made up of nomination, compensation and audit committee to oversee and provide proposal to the board chairman on the relevant issues.

For board meeting attendance rate, the descriptive analysis table indicates that there are over 95.0359% of attendance for the 98 companies that being studied for over the 5 years of period.

4.2 Correlation Matrix

Table 4.3 illustrates the correlation amongst the independent variables used in the regression analysis From the table we observe that a positive correlation between Tobin’s Q ratio and ROA. And the result suggest that the correlation between Tobin’q ratio and ROA appears to be high with a maximum of 0.874 in comparison with other independent variables, which has a low value of correlation coefficient value. The highest correlation coefficient will be between number & presence of key committee members and percentage of independent director ($r= 0.566$, $p <0.001$). From the table, we can also indicate that Tobin’s Q ratio are only positively related to percentage of women in board and board meeting attendance rate. In view of ROA, similar independent variables are showing positive correlation with an addition of CEO duality. Board meeting attendance rate appears to be the largest distributor of the positive correlatioin with coefficient of 0.0277 & 0.0528 respectively

Table 4.3 Correlation Matrix

	(1)							
	TobinsQ	ROA	CEO	Women	Board	Independent	Committee	Meeting
TobinsQ	1							
ROA	0.874***	1						
CEO	-0.0238	0.0284	1					
Women	0.209***	0.197***	0.0989*	1				
Board	-0.223***	-0.172***	0.0264	-0.154***	1			
Independent	-0.0709	-0.123**	-0.282***	0.0167	-0.0130	1		
Committee	-0.207***	-0.229***	-0.143**	-0.0242	0.0847	0.566***	1	
Meeting	0.0277	0.0528	0.0181	0.00365	-0.167***	0.0814	0.0411	1

Source: Developed for research. Significance is denoted at *10%, **5%, ***1%.

4.3 Panel data analysis

Table 4.4 Panel data analysis for ROA and Tobin's Q Ratio

VARIABLES	(1) ROA(OLS)	(2) ROA(FE)	(3) ROA(Arellano-Bond)	(4) TobinsQ(OLS)	(5) TobinsQ(FE)	(6) TobinsQ(Arellano-Bond)
L.ROA			0.450***			0.980***
			(0.000000639)			(0)
CEO	-0.687	-0.244	0	-0.239	-0.357	0
	(0.629)	(0.943)		(0.652)	(0.179)	
Women	0.109***	-0.0487**	-0.0272	-0.0124***	0.0213***	-0.0112**
	(0.0000719)	(0.0454)	(0.533)	(0.00102)	(3.08e-05)	(0.0217)
Board	-0.353***	0.177	0.425*	0.0409*	-0.0963***	0.0196
	(0.00727)	(0.259)	(0.0825)	(0.0914)	(9.29e-05)	(0.476)
Independent	-0.00832	-0.0681***	-0.128***	0.00241	0.00209	0.00843*
	(0.725)	(0.00883)	(0.00213)	(0.547)	(0.635)	(0.0747)
Committee	-0.685***	-0.138	0.0961	-0.0530**	-0.130***	-0.0259
	(0.0000787)	(0.387)	(0.711)	(0.0315)	(6.09e-05)	(0.374)
Meeting	0.0715	-0.0628	0.0305	-0.00444	0.00179	-0.0114
	(0.330)	(0.196)	(0.681)	(0.554)	(0.896)	(0.171)
Constant	7.092	15.48***	1.923	2.261***	3.214**	0.820
	(0.338)	(0.00224)	(0.811)	(0.00384)	(0.0201)	(0.369)
Observations	490	490	294	490	490	294
R-squared	0.107	0.052		0.045	0.120	
Number of ID		98	98	98		98

Source: Developed for research. Significance is denoted at *10%, **5%, ***1%.

From the table, we would first examine if ROA has a significant impact on firm performance.Firstly, based on the ordinary least squares (OLS), percentage of women in board and meeting attendance rate have positive relationship with ROA, where others are negatively related to ROA. The table also illustrates that CEO Duality and percentage of independent director are insignificant with ROA, with p-value of >0.05. For instance, the coefficient of board size of -0.353 indicates that by adding one board member for an instance of 5 person board would lead to a reduction of ROA for about 0.07, which is economically significant. The column also highlighted percentage of women, board size and number & presence of key corporate committees are statistically significant.

The second column illustrates the panel data set in a fixed-effects model (FE), which according to Guest (2009) is a common method used to control omitted variables in a panel data set. The overall results suggest that only board size has a positive relationship with ROA. The model highlighted that percentage of women in the board is statistically significant, similar with observation in OLS column, but it states a negative relationship with ROA.

In addition to OLS an FE model, the usage ot GMM would enhance the result/estimation as this model would allow the independent variables to be limited by past and present performance, but not for the future performance. Percentage of women in the board and percentage of independent directors indicates a inverse relationoship with ROA. From the observation, only percentage of independent directors is significant with the p-value of <0.05. And it is found statistically significant

From the column 4 to 6, we would first examine be examining if Tobin's Q Ratio has a significant impact on firm performance. Firstly, based on the ordinary least squares (OLS), percentage independent director and board size have positive relationship with Tobin's Q Ratio, where others are having inverse relationship. The table also illustrates that CEO Duality and percentage of independent director, board size and attendance rate of meeting are insignificant with Tobin's Q Ratio, with p-value of >0.05. On the other hand, the coefficient of board size of 0.0409,indicates that by adding one board member for an instance of 5 person board would lead to a reduction of Tobin's Q Ratio for about 0.008, ceteris paribus, which is economically significant. The column also highlighted percentage of women, board size and number & presence of key corporate committees are statistically significant. At this point, we can observe that in the OLS column for ROA, the same independent variables are showing as statistically significant.

The second column illustrates the panel data set in a fixed-effects model (FE), which according to Guest (2009) is a common method used to control omitted variables in a panel data set. The overall results suggest CEO duality, board size and number & presence of key corporate committees are positively related to Tobin's Q Ratio. The model highlighted the similar independent variables that are statistically significant with the OLS column.

In addition to OLS an FE model, the usage ot GMM would enhance the result/estimation as this model would allow the independent variables to be limited by past and present performance, but not for the future performance. Board size and percentage of independent directors indicates a positive relationoship with Tobin's Q Ratio. From the observation, only percentage of women in the board is significant with the p-value of <0.05. And it is found statistically significant, together with percentage of independent director.

Chapter 5

DISCUSSION AND CONCLUSION

5.0 Introduction

In this chapter, we will discussing about the findings of the results, discussion of the findings,. Then, followed by the implication of the study, limitations of the study, recommendations for future researches, and ended with a conclusion.

5.1 Discussion of the findings

5.1.1 Agency Theory in relation to percentage of independent directors ; number and presence of key corporate committees

From the hypothesis formulation, it was expected that percentage of independent directors in the board would be positively related and significant to firm performance in both ROA and Tobin's Q Ratio, as Gordini (2012), where the percentage of independent director would have positive and significant impact on firm performance. However, the test result from the regression analysis indicates that percentage of independent board of directors have a inverse relationship with ROA, but it is statistically significant at level of 1% in the FE model and Arellano-Bond model.There is a positive relationship between percentage of independent board of directors with Tobin's Q Ratio. In the Arellano-Bond model also indicates that it is statistically significant at the level of 10%. The result indicates that there is a negative and significant relationship for the independent variable to ROA. In view of this, we may deduce that higher percentage of independent directors in the board may not be effectively playing the role of monitoring and advising role as suggested by the Bhatt and Bhattacharya (2015), which also means that the tendency of causing higher agency cost and problem is higher as suggested by Nguyen et al., (2017) where independent directors are not effective in alleviating agency conflicts in attempt to contribute to firm performance improvement. Inconsistent with Kyere and Ausloss (2020), the test result from this study is completely in contrast with their study, in where in their study, it shows a significance in ROA but showing insignificance in Tobin's Q Ratio. Thus, H1A is rejected and H1B is accepted.

Inconsistent with, Lam and Lee (2012) ;Christensen et al., (2010) ; Green and Homroy (2017) , The panel data analysis finds that number and presence of key corporate committees are negatively and significant to firm performance in both ROA and Tobin's Q Ratio. The panel data indicates that number of presence of key corporate committee has an inverse relationship with ROA, except for Arrellano-Bond model. But it is statistically significant at 1% in the OLS model. In view of Tobin's Q Ratio, it is showing a negative relationship throughout 3 models, but it is shows a statistically significant of 5% and 1% respectively in OLS and FE model. From the findings of Lam and Lee (2012), the oversight of board committees is anticipated to improve firm performance if the committee members are made up of mainly independent director, in which Mustafa, et al., (2018) also agreed. In view of that, our sample companies could be possibly having the board committee member made up of non-independent directors for most of the companies and caused agency problems that would incur agency cost, which ultimately lead to a negative impact to firm performance. Hence, both H2A and H2B are rejected.

5.1.2 Stakeholder theory in relation to percentage of women in the board

Our findings show that the percentage of women has a negative relationship to ROA in both FE and Arellano-Bond model, where 5% level of significance is observed in the FE model. In relation with Tobin's Q Ratio, the variable shows a negative relationship in both OLS and Arellano-Bond model, and showing a statistical significance level in all the 3 model used. Inconsistent from the study of Lenard et al., (2014) and Campbell and Vera (2007), where gender diversity would brings positive impact to firm performance. Our study had a different result where the percentage of women in the board may harm firm value and may be counter-productive. However, Dang and Nguyen (2016) did suggested that the measurement of this variable may be difficult to set a standard, as the result is completely different when different measures of the performance is used. Nevertheless, this may implies that gender diversity in the board may not be a key indicator in firm performance in terms of ROA and Tobin's Q Ratio for the companies from the sample size. Hence, both H3A and H3B are rejected.

5.1.3 Stewareship theory in relation to Board meeting attendance and CEO duality

Panel data analysis illustrates that board meeting attendance has a positive relationship in both OLS and Arellano-Bond model, and negatively related in FE model. Board meeting attendance has a inverse relationship to Tobin's Q ratio in OLS and Arellano-Bond model. There are no statistical evidence that implicates that significance of the variable to both ROA and Tobin's Q Ratio. As suggested by Salem et al., (2019) board of directors acting as the steward of the company appointed by the principals and attendance of board meeting would have a better effect of monitoring the company and increase the firm performance. Chou et al.,(2013) ; Gray and Nowland (2018) highlighted that board meeting attendance tends to have a positive relationship to firm performance in terms of ROA. Chou et al., (2013) however highlighted that the meeting must be attended by directors themselves to have significance positive firm value. It would meant otherwise if it is attended by authorized agent .In view of that, H4A can be accepted partially as there is no statistical significance evidence shown in the result. On the other hand, inconsistent with Buchadi et al., (2019), our result finds that there is a negative and insignificant. This implies that our sample companies have shows a positive relationship with account based variable (ROA) and negative relationship with market based variable (Tobin's Q Ratio). Hence, H4B is rejected in this study.

Arellano-Bond model from the panel analysis had CEO duality omitted from the test due to the characteristic of the data. In OLS and FE model, it has a negative relationship with ROA. Similarly, it is also showing negative relationship to Tobin's Q Ratio. No evidence from the analysis showing CEO duality is statistically significant. There is a negative relationship with firm performance, which indicates that by practising CEO duality, it would have a negative impact on firm performance. In concurrence with Peng et al., (2007) ; Kyereboah-Colemen and Biekpe, 2006), where the environment is starting to change to role separation, similar with advocation of the governance conduct code. In this case, this study did not concur with the model of stewardship theory in relation with CEO Duality. Rather, it is moving towards agency theory, where it is suggesting that both of the role should be separated for a better monitoring and management style. Hence H5A and H5B is not accepted in this study.

5.1.4 Resource Dependence Theory (RDT) in relation to Board Size

The panel data analysis shows boars size is positively (negatively) related to ROA in Arrelano-Bond model (OLS model) and showing it is statistically significant by 10% and 1% respectively. Board size is positively (negatively) related to Tobins'Q Ratio in OLD model OL(FE model), where is also shows a statistically significant at 10% and 1% respectively. There is a mixture of result from the panel data analysis. But there were positive relationship shown in column 2, 3,4 and 6 which could indicates the positive relationship to firm performance.Consitent with research from Arosa et al., (2010) and Belkhir (2009)larger board size would have a positive significance on firm performance. In relation with RDT, Orozco et al., (2017) also pointed out that larger board size would indicates the that board will have larger pool of talent from various expertise which would improve the capability of the firm to interact with the business encvironment as a whole. However, as mentioned by Eisenberg et al., (1998), there is no 'ideal' board size, as the effectiveness of the board should be correlated to firm size. In view of this, we can see that most of our research target companies already have a ideal board size which suits their requirement and needs of the company, where will helps to grow the firm performance in both ROA and Tobin's Q Ratio effectively. Thus, H6A and H6B are accepted.

5.2 Implication of study

Some findings could be drawn from this research. The main objective of this is to explore some CG mechanisms and practices which would potentially have an impact on firm performance, where it measured based on account based and market based indicator. The main highlight for this study would be it's sample companies are from ASEAN member states, as there are lack of study for corporate governance based on ASEAN region. Given that most of the ASEAN countries are still in the state of 'developing country', we would like to look into the development corporate governance practices member states of this region if it is on par with rest of the world. The study also illustrates the relationship of 4 theories/models that can relate with some of the corporate governance variables.

From the managerial viewpoint, this study could be used as a guide to compare the company's current corporate governance structure in comparison with the winners of ACGS 2019 which are widely recognized as a top performer in good corporate governance practice. For instance, what can be done to improve the current corporate governance practices which would possibly lead to increase on firm performance. Next, this study also provides an overview on the good corporate governance code published by 5 of the main ASEAN countries, for quick reference for local policymaker in the local corporate governance code.

The evidence from this study also indicates that some of the policy that introduced in the code of good corporate governance could be bringing positive value to the firm performance. Like CEO duality, most of the researchers actually advocates that CEO duality would be better for a company in adherence to stewardship theory, but the findings of this study indicates a negative relationship, which therefore suggest that firms should start practicsing dual role separation in the near future for a better firm performance. It is also interesting to note that our findings has actually rejected a lot of the key ‘selling points’ of the good CG practices introduced by the local authorities, such as gender diversity, board committee roles and board independence, where most of the our findings actually did not find them important to improve firm performance.

It is actually concerning situation where some of these variables are actually showing positive impact in firm performance from other countries’s studies, but not in the top 5 ASEAN member states. We may therefore duduce that the adoption and acceptance rate of the ASEAN companies may the slightly lagged behind of other regions, or lack of the right concept being disseminate to the public highlighting the importance of good CG practices. Thus, we urge that the local authorities should provide more comprehensive trainings and communication to all the public on the importance of corporate governance practices.

5.3 Limitations of study

Firstly, due to the limitation of data accessible from Bloomberg, the sample size has been reduced from 134 ACGS winners to 98 winners, with would possibly lessen the reliability of the data. In addition, due to the pandemic of Covid-19, the situation of the corporate governance mechanism and practices may have changes with pre Covid-19 era, for instance, in the aspect of convening a annual general meeting may have different guidelines on it. It is not possible to use the sample of the ACGS winner in 2020, as the list is not available yet, and based on previous pattern, the new set of winners will only be announced during the year end period. Moreover, there are actually 10 member states in ASEAN, but in this research only 5 countries is being focused although there are actually 6 countries in the ACGS 2019. Vietnam is being left out in this study as there is only 1 company wins the ACGS 2019. Hence the research also neglected the other companies from other member states.

Lastly, this research is only been conducted based on secondary data, where most of the data are harvested from annual reports and Bloomberg. Without the usage of primary data, the research is not able to obtain additional information directly.

5.4 Recommendations for future study

Future research could includes more companies from all the ASEAN member states which would allow the research be more valuable and to evaluate the good corporate governance mechanism and practices implemented by all ASEAN countries. Apart from evaluating performance of the top companies from various countries, it is also crucial to include small and medium enterprise (SME) companies in the research as well, as this segment also impacted the economy of a country as a whole.

Next, some other useful measurement or indicators can be included in this research such as ROE, TSR, dividend yield, ROI which allows the measurement of firm performance can be measured in a more widely perspective and area, such as in the perspective of shareholders.

In addition, researchers should also take into account of changes of the economic situation of pre and post Covid-19 era, as we would be able to observe some changes on some of the practices by adopting to the pandemic situation. “Desperate times, desperate measures”, some practice that are not legitimate in the past, may become legitimate in the present.

5.5 Conclusion

The purpose of the study is to look into the importance of CG mechanism and practices from top ASEAN countries’s listed companies and its impact to firm performance. One of the reason of this study attempt is due to there are lack of studies on the corporate governance which focused on ASEAN states, instead most of the studies were based on single country only.

Most of the independent variables tested were found to be insignificant to the firm performance in this study. CEO duality and board meeting attendance from the panel data analysis are found to be statistically insignificant to firm performance. Similarly, in the correlation matrix analysis, these 2 variables do not show significance in relation to firm performance.

From this study, it is undeniable that the corporate governance practices are constantly evolving and updated to ensure that the practices are on par with the rapid development of global economy and able to withstand challenges from unforeseen circumstances. Amidst of Covid-19 period, we observe the Malaysia already has its updated version of good CG Code published in 2021, and we are certain that all other ASEAN member states will also have new sets of guidelines updated constantly during this period. Practicing the codes are expected to bring success to the firms’ development as well as the country’s development.

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