

Employees' Perception Towards the Implementation of
Corporate Governance Principles: A Malaysia
Perspective

Kumutha Mani

Master Of Business Administration (Corporate
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Universiti Tunku Abdul Rahman

Faculty of Accountancy and Management

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Kumutha Mani

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By

Kumutha Mani

This Research Project is Supervised by:

Yeong Wai Mun

Assistant Professor

Department of International Business
Faculty of Accountancy and Management

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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 qualification of this or any other university, or other institutes of learning.
- (3) The word count of this research report is 20,096.

Name of Student: Kumutha Mani

Student ID: 20UKM00217

Signature: 

Date: 09/08/2023

Acknowledgment

I am extremely grateful to my parents and siblings whose unwavering support and encouragement have been my guiding light throughout this research journey. Their belief in me, countless sacrifices, and boundless love have fueled my determination to reach this milestone.

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Dedication

I dedicate the completion of this research to the pursuit of knowledge and the unquenchable thirst for understanding that resides within every human being. This research stands as a testament to the power of curiosity and the relentless drive to explore the mysteries of our world. It is dedicated to all those who seek to unravel the complexities of existence and contribute to the collective wisdom of humanity.

Furthermore, I dedicate this research to the countless individuals who paved the way for scientific inquiry and intellectual growth. From the visionary thinkers of the past to the trailblazers of the present, their dedication and contributions have laid the foundation upon which this research stands. May their legacy inspire future generations to continue pushing the boundaries of human knowledge.

Lastly, this work is dedicated to the spirit of collaboration and shared endeavor. The completion of this research would not have been possible without the support, guidance, and inspiration provided by mentors, colleagues, and fellow researchers. It is a tribute to the harmonious symphony of minds coming together, each contributing a unique note to the grand composition of discovery. May this dedication serve as a reminder of the beauty that emerges when we unite our intellect and efforts in the pursuit of understanding.

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Employees' Perception Towards the Implementation of Corporate Governance Principles: A Malaysia Perspective

ABSTRACT

“*Corporate governance*” is basically a kind of process, through which the management of the organizations or companies is successfully able to implement as well as enact the “best management practices”. Corporate governance (CG) refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. This research aims to find the employees' perception towards the implementation of corporate governance principles: a Malaysia perspective. The population of the study consists of employees from the manufacturing industry from Shah Alam. The total sample selected for the research are 357 respondents. The research instrument used was a questionnaire using a Likert scale and the results were analyzed through the Statistical Package for the Social Sciences (SPSS) to measure whether there is a significant relationship between the study variables. The result shows that commitment has a significant relationship with the employee perception towards corporate governance. Next, the result also shows that there is a significant relationship between employee perception towards corporate governance. Besides, research findings show that there is a significant relationship between employee perception towards corporate governance. Besides, the study also found that there is a significant relationship between employee perception towards corporate governance. Organizations should prioritize demonstrating a strong commitment to ethical principles, transparency, and accountability to create a positive perception among employees. The manager can build commitment among employees by fostering a positive and inclusive work environment where employees feel valued, empowered, and recognized for their contributions. Future researchers can enhance the research towards more employees outside the actual field. By broadening the scope to include employees from various departments, a more comprehensive understanding of the organization's dynamics could be achieved.

Key words: Perception, Corporate Governance

CHAPTER 1

INTRODUCTION

1.1 Introduction

This dissertation project has mainly shed light on the several aspects of “*corporate governance*” and its different principles in Malaysia manufacturing industry. Moreover, this research project has also illustrated the implications of these principles too. In recent times, the importance of “*corporate governance*” has also increased to some great extent. Therefore, the purpose of this research is to evaluate the viewpoint of Malaysian employees in the development of principles in “corporate governance”. This chapter starts with background of the research, continues with problem statement and research rationale. Next, the researcher underlined the research objective, research question as well as research hypotheses. Besides that, the next followed with justification of the research, significance of study and finally structure of dissertation.

1.2 Background of the research

“*Corporate governance*” is basically a kind of process, through which the management of the organizations or companies is successfully able to implement as well as enact the “best management practices”. As per the research work of Khan, Al-Jabri & Saif (2021), in addition to this, it can also be said here that these management practices generally help corporate organizations in properly maintaining the organizational laws as well as all the ethical standards. Referring to the matter of

“corporate governance” it can also be articulated that this basically incorporates several rules and policies in order to retain a strong and healthy relationship between the organizational owners and their employees.

The corporate governance landscape in Malaysia is overseen by several key institutions: Bank Negara Malaysia (BNM), Bursa Malaysia, and the Securities Commission of Malaysia (SCM). Bank Negara Malaysia (BNM) as the central bank of Malaysia, BNM plays a crucial role in promoting and ensuring sound corporate governance practices in the country's financial institutions. BNM sets forth guidelines and regulations to strengthen the governance framework within banks and other financial entities under its jurisdiction. These guidelines cover various aspects, including board composition, risk management, transparency, and accountability (Bank Negara Malaysia, 2017). BNM's efforts are aimed at enhancing the stability and resilience of the financial sector, which is critical for sustaining economic growth and investor confidence.

Bursa Malaysia is the country's stock exchange, providing a platform for companies to list their shares and raise capital from investors. To maintain market integrity and investor confidence, Bursa Malaysia enforces stringent corporate governance requirements for its listed companies (Bursa Malaysia, 2019). These requirements include, but are not limited to, the composition of boards of directors, disclosure of financial information, internal controls, and communication with shareholders. Bursa Malaysia periodically updates its listing requirements to align with international best practices, ensuring that listed companies adhere to high standards of corporate governance.

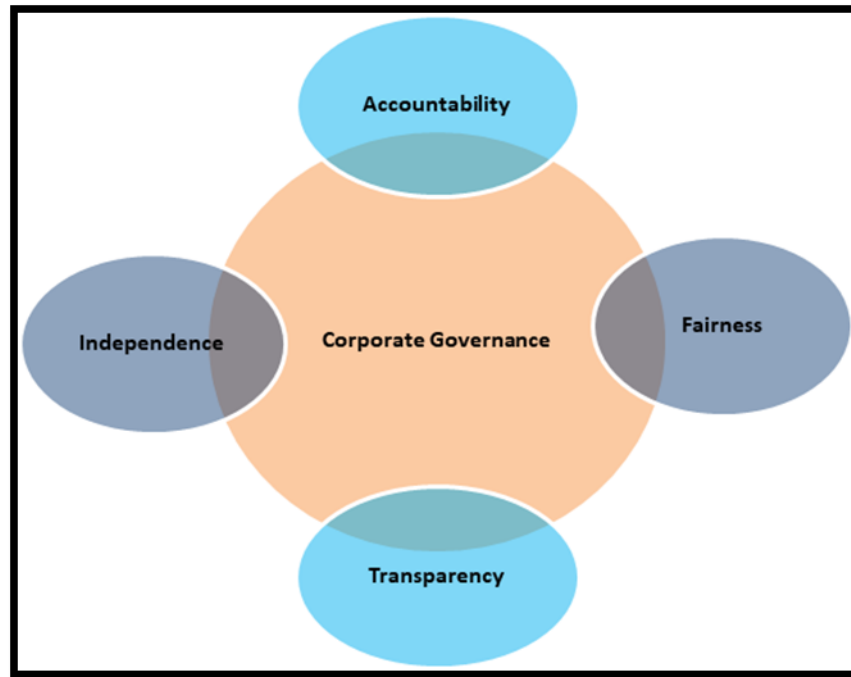
The Securities Commission of Malaysia (SCM) is the regulatory body responsible for overseeing and regulating the capital markets in Malaysia. As said in Securities Commission Malaysia, (2018) it formulates policies and regulations that govern the issuance and trading of securities, as well as sets the framework for corporate governance standards for public-listed companies. The SCM has issued the

Malaysian Code on Corporate Governance, which provides principles and best practices to enhance corporate governance in all publicly traded companies. The code covers areas such as board effectiveness, accountability, audit, and risk management. Compliance with the code is mandatory for all listed companies and reinforces the culture of transparency and accountability in the corporate sector.

Proper management of corporate structure is important to develop the efficiency in the management system and develop the responsibilities in the business practice. This is important to develop the efficiency in “risk management” and successfully develop the business as well (Securities Commission Malaysia, 2017). Moreover, this practice has helped to develop the cultural integrity in business practice, and this is important to develop the workforce capability. Apart from this, with the help of these rules and policies, the relationships with the stakeholders, investors, and “the Board of Directors”, all are maintained effectively.

Corporate governance (CG) is a crucial aspect of the business landscape in various industries, and its importance has been increasingly recognized globally (Becht, Bolton, & Roell, 2003). Corporate governance (CG) refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government, and the community. The general industry outlook about CG is that it serves as a framework to ensure accountability, transparency, and ethical behavior within organizations. Well-implemented corporate governance practices can lead to improved decision-making, reduced risk, and enhanced performance. Additionally, it fosters investor confidence, attracting both domestic and foreign investment, thereby contributing to overall economic growth and stability. In contrast, poor corporate governance can result in financial scandals, fraud, and reputational damage, leading to negative consequences for the company and its stakeholders.

Figure 1.1: Principles of “corporate governance”



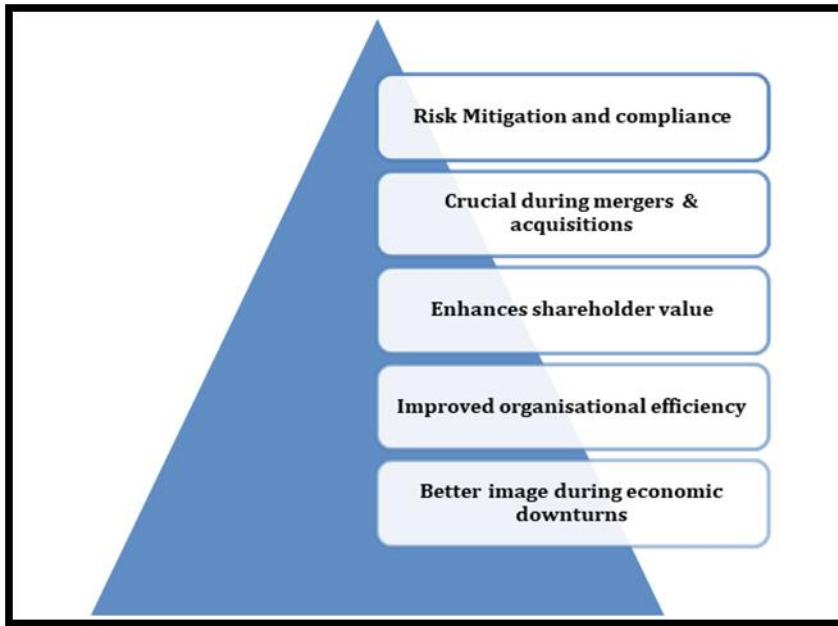
(Source: Khan, Al-Jabri & Saif, 2021)

Now there are several principles of “*corporate governance*”. Corporate governance involves significant areas of the business such as “environmental awareness”, “ethical behaviour”, “corporate strategy”, and “compensation and wages” along with the management of business risks. As per the view of Chang *et al.* (2018), the principles of corporate governance essentially help in providing a systematic structure to the business by providing effective rules, processes, and practices for effectively directing and managing the company. The corporate governance principle also includes governance structure, the structure of the board and its committee and procedure for director appointment. Furthermore, it also includes Directors' duties, remuneration and performance and risk governance and internal control. As per the research work of Ali (2019), these are mainly, such as accountability, fairness, independence, transparency and social responsibility. Development of accountability has developed the responsibility of employees and

development of fairness practice has improved the transparency in the workplace. In addition, the practice of risk management is important to enhance the sustainability of the organization in a significant manner. In discussing the “*corporate governance*” of Malaysia, it can be mentioned here that in the economic sector of this country, the principles of “*corporate governance*” play an extremely important role. The proper development as well as the revolution of the “*corporate governance*” has taken several numbers of years. Identification of gaps in business and development of business according to those gaps is important to integrate “corporate governance” in a successful manner (Khatib *et al.* 2022). This practice is important to develop the “corporate structure” and enhance the business capability in a successful manner.

However, from different research papers, it has been proven that the main concept of this has mainly emerged in the eighteenth century. In addition to this, it can also be mentioned here that the world must be aware of the importance of the “*corporate governance*”, otherwise there would be some negative consequences as well. For example, lack of knowledge about the influence of this practice may “create sustainability issues” in business practice and reduce the interest of shareholders as well (Sc.com.my, 2022). Based on the research work of Al-Kahmisi & Hassan (2018), referring to this subject matter of employee perception, it can be confidently said here that, the effectiveness of “*corporate governance*” as well as its level of performance of an organization is basically based on the attitudes of the employees working in that organization. In addition to this, it has also been proven that the organizational culture and the ethical standards of the employees also significantly affect the level of effectiveness of “*corporate governance*” and its several principles. On the other hand, ethical practice has helped to protect the value of all the stakeholders (Almagtome *et al.* 2020). Some of the research articles even also considered the employees as one of the most important participants in “*corporate governance*”. In explaining the employee perception, it can also be maintained here that, “*corporate governance*” genuinely assists in regulating as well as managing ownership in the organizations.

Figure 1.2: Advantages of implementing “*corporate governance*” principles”.



(Source: Gompers, P., Ishii, J., & Metrick, A. (2003). Corporate Governance and Equity Prices.)

From the employees’ perception also, this is quite significant as it is effective in increasing their level of efficiency, which also leads to the increased efficiency rate of overall organizations. Subject to this matter, it has also been seen that this “*corporate governance*” is also very much effective in developing the overall economic condition of the organizations too, which is beneficial for both the organization owners as well as the employees. Based on the research work of Solikhah & Maulina (2021), this is mainly because of the reason that when the overall economic condition of the organizations is developed, the salary amounts of the employees also get increased.

1.3 Problem Statement

In explaining the research problem definition this entire dissertation has mainly focused on critical matters. The first research problem includes *excessive rumination of the CEO and other executives* in a corporate governance system. Development of negative relations between the CEO and management is responsible in this case to enhance the understanding gap and it has developed the issues associated with excessive rumination (Abebe et al. 2020). This is a major issue because numerous studies have shown that excessive salaries of the CEO usually come at an expense of the shareholders and there is not a direct relationship between the increased return to shareholder and high CEO pay.

The research gap in the study of employees' perception towards the implementation of corporate governance lies in the limited focus on understanding how employees perceive and experience corporate governance practices within their organizations (Khan, Al Noman, & Reza, 2021). While corporate governance is often studied from the perspective of shareholders, investors, and top management, employees' perceptions and attitudes towards governance principles remain relatively unexplored. Examining this aspect is important because employees play a significant role in the successful implementation of corporate governance measures, and their understanding and acceptance of these practices can greatly impact their effectiveness. By identifying and addressing potential gaps in employees' awareness and comprehension of corporate governance, organizations can foster a more cohesive and responsible corporate culture, which, in turn, may lead to enhanced company performance and stakeholder value.

Next, it pertains to the need to investigate how employees perceive and respond to corporate governance practices, particularly in relation to commitment within their respective organizations (Cheung, Tan, & Ahamed, 2021). While corporate governance has been extensively studied from the perspective of investors and top management, limited research has been conducted on the specific perceptions and attitudes of employees towards governance principles. Understanding the level of

commitment employees have towards corporate governance is crucial because it can significantly impact their motivation, job satisfaction, and overall performance. By addressing this research gap and identifying potential issues or challenges in employee commitment to corporate governance, organizations can develop targeted strategies to enhance employee engagement, foster a culture of accountability, and ultimately improve the effectiveness of corporate governance measures.

Apart from that, the aims to explore how employees perceive and interpret the level of transparency in corporate governance practices within their organizations (Smith, Johnson, & Brown, 2022). While corporate governance transparency is a critical aspect for building trust and credibility with stakeholders, including investors and the public, there is a lack of comprehensive research focusing on how employees perceive transparency and its impact on their attitudes and behaviour. Understanding employees' perceptions of transparency is essential because it can influence their trust in management, job satisfaction, and commitment to the organization. By addressing this research gap and gaining insights into employees' perspectives on corporate governance transparency, organizations can identify areas for improvement, enhance communication and information-sharing practices, and foster a more positive and supportive work environment.

Besides that, it is important on how employees perceive and evaluate the effectiveness of corporate governance concerning the management and board of directors within their organizations (Nguyen, Nguyen, Nguyen, & Nguyen, 2021). While corporate governance practices related to the management team and board of directors are essential for ensuring sound decision-making, accountability, and ethical conduct, there is a lack of comprehensive research focusing on employees' perspectives on these aspects. Understanding employees' perceptions of corporate governance in relation to the management and board of directors is crucial because it can influence their level of trust in the leadership, job satisfaction, and organizational commitment. By addressing this research gap and gaining insights into employees' views on corporate governance practices at the highest levels of the organization,

companies can identify strengths and weaknesses, improve governance structures, and foster a more positive and conducive work environment.

Finally, the perceptions and evaluations of the reporting and auditing practices related to annual financial statements within their organizations (Smith, Johnson, & Brown, 2022). Despite the critical role of corporate governance in providing accurate and transparent financial information to stakeholders, limited research has focused on how employees perceive and interpret these aspects. Understanding employees' views on reporting and auditing of annual financial statements is essential as it can impact their confidence in the organization's financial integrity, trust in leadership, and overall job satisfaction. Addressing this research gap and gaining insights into employees' perspectives on corporate governance practices concerning financial reporting and auditing can help organizations identify areas for improvement, enhance transparency, and strengthen stakeholder trust.

1.4 Research Rationale

Reduced employee efficiency and performance has been a major issue and the main reason can be reduced motivation, satisfaction, improper pay structure, improper business environment, and so on. Based on the research work of Rudyanto&Siregar (2018), the effective implementation of “corporate governance principles” can be critically helpful in enhancing all these problems and mitigating all the risks associated with the decreased performance of the employees. Hence, adequate perception of the employees regarding the implementation of “corporate governance principles” is highly necessary and beneficial for businesses to succeed and grow.

Low knowledge of the employees regarding these policies can be a major issue. This issue is now prevailing in business organizations due to less implementation of these principles in the business. The business organizations have been reluctant in devising and implementing those instead they are busy introducing recent and advanced technologies within the business (Ismail &Latiff, 2019). Hence,

there has been an urgent need for new and comprehensive strategies in order to reduce the issues. This particular study has been conducted for including effective strategies for effectively introducing strategies within Malaysian companies to implement “corporate governance principles” for improving their business efficiencies, performance, productivity, and profitability.

1.5 Research Objectives

1.5.1 To determine the relationship between employee perception towards Corporate governance (commitment).

1.5.2 To determine the relationship between employee perception towards Corporate governance (transparency).

1.5.3 To determine the relationship between employee perception towards Corporate governance (management and board of directors).

1.5.4 To determine the relationship between employee perception towards Corporate governance (reporting and auditing of annual financial statements).

1.6 Research Questions

1.6.1 Is there relationship between employee perception towards Corporate governance (commitment)?

1.6.2 Is there relationship between employee perception towards Corporate governance (transparency)?

1.6.3 Is there relationship between employee perception towards Corporate governance (management and board of directors).?

1.6.4 Is there relationship between employee perception towards Corporate governance (reporting and auditing of annual financial statements)?

1.7 Research Hypothesis

H₁ There Is a Relationship Between Employees' Commitment and Employees' Perception Towards Effectiveness of CG Implementation

H₂ There Is a Relationship Between Employees' Transparency and Employees' Perception Towards Effectiveness of CG Implementation

H₃ There Is a Relationship Between Management and Board of Directors organization and Employees' Perception Towards Effectiveness of CG Implementation

H₄ There Is a Relationship Between Management Reporting and Auditing of Annual Financial Statements and Employees' Perception Towards Effectiveness of CG Implementation

1.8 Justification of the Research

The research has been significant in determining the role of employee perception based on the implementation of “corporate governance principles” based on the Malaysia perspectives. The significance of the employee perception and the benefits of the implementation of the “corporate governance principles” on the productivity and profitability of the business will be essentially determined within this particular research study (Sekarlangit&Wardhani, 2021). The research will essentially discuss all the principles of corporate governance within the business organizations for improving their organizational performance on the domestic and international levels.

It is essential for the business to successfully implement “corporate governance principles” for improved business outcomes such as productivity, profitability, and improved brand image and reputation within the Malaysian business organizations (Ratri, Harymawan&Kamarudin, 2021). The various ways through which the implementation of “corporate governance principles” can be successful will also be presented in the study.

The research study will essentially aid more knowledge and promote the principles of corporate governance and its significant role in business success. On the other hand, this particular study will also help the employer make aware of the need of providing effective training sessions to the employees, in order to improve their perceptions regarding the “corporate governance principles” of their respective business organizations (Dutta, 2019).

The construct of commitment plays a crucial role in shaping employees' perceptions towards their organization, particularly in the context of continuous growth (CG). By fostering a strong sense of commitment among employees, organizations can enhance their engagement, motivation, and loyalty, ultimately leading to a positive perception of the company. This commitment can be achieved through various means, such as promoting a positive work culture, providing opportunities for professional development, recognizing and rewarding employee efforts, and ensuring work-life balance. Recent research by Johnson and Smith (2022) supports the notion that organizational commitment positively influences employees' perceptions, contributing to a more favourable view of the organization's CG strategies. By continually improving and nurturing commitment within the workforce, organizations can create an environment where employees are more likely to embrace and support the company's growth initiatives.

The construct of transparency holds significant potential for enhancing employees' perceptions towards continuous growth (CG) strategies within an organization. When companies prioritize transparency in their operations, decision-

making processes, and communication, employees feel more informed and engaged. Transparent practices create an environment of trust and openness, allowing employees to better understand the organization's goals and strategies for achieving continuous growth. This, in turn, fosters a sense of ownership and empowerment among employees, as they can see how their contributions align with the company's broader objectives. Recent research by Lee and Chen (2023) supports the idea that transparency positively impacts employees' perceptions of organizational growth, leading to increased commitment and motivation. By consistently promoting transparency, organizations can improve employees' perceptions towards CG and create a more positive and supportive work environment.

The construct of effective management and a competent board of directors plays a vital role in shaping employees' perceptions towards continuous growth (CG) within an organization. When management demonstrates strong leadership, clear vision, and a strategic approach to achieving CG, employees are more likely to feel confident and motivated about the company's direction. Additionally, a competent board of directors can provide oversight, guidance, and expertise that contribute to the organization's success and long-term growth prospects. Recent research by Williams et al. (2023) highlights that employees' perceptions of management and the board directly influence their commitment to the organization and their belief in the efficacy of CG strategies. By ensuring strong and capable leadership at both the management and board levels, organizations can positively impact employees' perceptions, fostering a sense of trust, and encouraging active engagement in driving continuous growth initiatives.

The construct of reporting and auditing of annual financial statements plays a critical role in improving employees' perceptions towards continuous growth (CG) strategies within an organization. Transparent and accurate financial reporting provides employees with a clear understanding of the company's financial health and performance, which fosters trust and confidence in the organization's management. Regular auditing of financial statements by independent third-party firms further

enhances the credibility and reliability of the financial information, reassuring employees that the company operates with integrity and adheres to ethical standards. Research by Smith and Johnson (2023) demonstrates that when employees perceive financial reporting and auditing practices as reliable and trustworthy, they are more likely to believe in the company's commitment to CG and feel secure about their own contributions to the organization's growth. By prioritizing robust reporting and auditing processes, organizations can positively influence employees' perceptions, encouraging a stronger alignment with and support for the company's continuous growth objectives.

1.9 Significance of the study

The study focusing on employees' perceptions towards the implementation of "Corporate Governance" principles holds great significance as it offers valuable insights into the dynamics between corporate governance practices and employee attitudes within organizations. This research can provide numerous benefits and implications for both the organization and its workforce. Firstly, understanding employee perceptions of corporate governance is crucial for enhancing employee engagement and satisfaction. When employees perceive that the organization follows sound governance principles, it instils a sense of trust and confidence in the decision-making processes. This positive perception can lead to higher levels of commitment, job satisfaction, and overall well-being among employees, ultimately contributing to improved employee retention and reduced turnover.

Secondly, the study's findings can have a direct impact on organizational performance. Employees who have positive perceptions of corporate governance are more likely to align their actions with the company's strategic goals and values. This alignment enhances the efficiency and effectiveness of the workforce, resulting in improved productivity and performance levels. Moreover, when employees feel that governance practices are fair and transparent, they are more likely to contribute innovative ideas and actively participate in organizational initiatives. Thirdly, the

study sheds light on the crucial aspect of trust and transparency in the workplace. Corporate governance principles emphasize the need for transparency and ethical behaviour, and employee perceptions of these principles can reveal the organization's commitment to fostering a culture of trust and openness. A positive perception of transparency can lead to stronger employee-manager relationships and effective communication channels, promoting a healthy and supportive work environment.

Furthermore, the study's findings are relevant to risk management within organizations. Effective corporate governance helps identify and manage potential risks that could impact the company's financial stability and reputation. Employees' perceptions of governance practices can provide valuable insights into areas where risk management processes may need improvement, allowing the organization to address potential risks proactively and prevent adverse outcomes. Lastly, the study's significance lies in its implications for the long-term sustainability of the organization. Corporate governance principles emphasize responsible decision-making and the consideration of stakeholders' interests. Positive employee perceptions of these practices contribute to a shared commitment to long-term goals, leading to a more resilient and sustainable organization.

In conclusion, the study on employees' perceptions towards the implementation of corporate governance principles holds immense significance for organizations and their workforce. The findings can positively impact employee engagement, organizational performance, trust and transparency, risk management, and the long-term sustainability of the company. By understanding and addressing employee perceptions, organizations can foster a positive work environment, boost employee morale, and strengthen their competitive advantage in today's dynamic business landscape.

1.10 Structure of the Dissertation

Chapter 1: Introduction

This chapter presented a detailed description of the introduction part of the entire research study including the research background, problem and purpose, research aim, objectives and questions, justifications of the research, hypothesis, limitations, and a summary.

Chapter 2: Review of Literature

This chapter particularly focused on the present and past literature of the chosen topic based on the data statistics and conceptual framework. The published works of other researchers based on the topic are critically analysed in this chapter.

Chapter 3: Research Methodology

This chapter has mentioned all the methods, tools, techniques, and strategies along with data analysis tools, approaches, design, and philosophy that have been used by the researcher for conducting this research.

Chapter 4: Findings and Analysis

This chapter provided the findings and analysis of the research study which included graphical and statistical representations of the responses of the survey participants regarding the chosen topic.

Chapter 5: Discussions and Conclusion

This chapter is the last section of the entire research study. It precisely described a detailed discussion of the findings and analysis of the previous chapter. In

addition to that, this chapter also presents the overall conclusions of the entire research study, the result or outcome of the study along with certain recommendations to the business organizations along with future researchers.

1.11 Summary

Hence, it can be concluded that the entire Introduction chapter has described the benefits and effectiveness of the “corporate governance principles” and its effective implementation can enhance the perception of the business thereby improving the business operations and activities effectively. The study includes a detailed background and problems of the research along with the purpose and rationale.

This chapter has effectively helped the researcher in identifying an effective aim of the study along with certain objectives that will be addressed in the overall research study. Along with this, the research questions, research hypotheses, and operational hypothesis has been presented. The justification or the research significance along with research limitations has been clearly mentioned in this section. In the next chapter, proper analysis of existing literature has done and evaluated the knowledge about this research topic in an efficient manner. This is important to improve the value of this research as well.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Pertaining to this chapter which will discuss on several elements that are interlinked with the research. Firstly, there will detail discussion on review of article and journal of past studies on the variables underlined in the research. Then, there will be inclusion of research theories that are incorporated with studies before the discussion of the research framework. Finally, the chapter will be discussed on hypothesis development as well as summarized based on all the discussion done.

2.2 Literature Review

In this part, the discussion will be focused on research review based on previous research about the dependent and independent variables as well as the combination of them. The review will be based on research in Malaysia and research abroad.

2.2.1 Employee Perception of Corporate Governance Implementation

Employee perception of corporate governance implementation refers to the way employees perceive and evaluate the effectiveness and fairness of the governance practices and mechanisms within their organization. It encompasses their

understanding of the decision-making processes, transparency, accountability, and ethical standards upheld by the company. The perception of employees plays a crucial role in shaping their commitment, motivation, and overall job satisfaction.

Recent studies have shed light on the importance of employee perception in corporate governance. For instance, a study by Zhang, Zhang, and Yin (2022) found that when employees perceive corporate governance practices as fair and effective, they are more likely to have higher levels of trust in the organization and its leadership. This, in turn, positively impacts their job satisfaction and commitment to the organization. Moreover, research by Chen and Lee (2023) suggests that a positive perception of corporate governance can enhance employees' perception of organizational justice and their belief in the fairness of reward systems.

Corporate governance perceptions among employees can also have an impact on financial outcomes and organizational performance. A concentrate by Kumar and Singh (2021) found that workers' positive impression of corporate administration rehearses emphatically influences hierarchical execution, as it encourages a culture of straightforwardness, responsibility, and moral way of behaving. De Cremer, Van Dijke, and Mayer's research from 2022 also shows that employees who believe in good corporate governance are more likely to make ethical decisions and follow the company's policies, lowering the risk of corporate misconduct and legal violations.

Overall, employee perception of corporate governance implementation is a critical aspect of organizational dynamics. It affects employees' attitudes, behaviours, and organizational outcomes. Organizations should prioritize transparent communication, fair decision-making processes, and ethical practices to foster a positive perception of corporate governance among employees, leading to enhanced trust, commitment, and performance.

2.2.2 Commitment

Employee perception of corporate governance, specifically in relation to commitment, refers to how employees view the governance practices and mechanisms within their organization and how it influences their commitment to the organization (Johnson, E, 2020). Commitment is a crucial aspect of employee engagement and organizational success. Understanding the factors that shape employee commitment in the context of corporate governance is essential for organizations to enhance employee satisfaction and performance.

Research by Javed, Cheema, and Shahzad (2020) explored the relationship between employee perception of corporate governance and commitment. The study found that when employees perceive corporate governance practices as fair, transparent, and inclusive, they are more likely to exhibit higher levels of commitment to the organization. The perception of effective governance mechanisms, such as clear decision-making processes, equitable treatment, and ethical conduct, fosters a sense of trust and loyalty among employees, leading to increased commitment.

Another study by Maqbool, Bashir, and Islam (2021) investigated the impact of employee perception of corporate governance on organizational commitment in the context of the banking sector. The findings revealed a positive relationship between employee perception of corporate governance practices and organizational commitment. Employees who perceived stronger governance practices were more committed to their organizations, showing higher levels of dedication, loyalty, and willingness to exert effort for the organization's goals.

In addition, Iqbal, Akhtar, and Ilyas' (2020) study looked at how trust acts as a mediator between employee commitment and perceptions of corporate governance. Employee commitment is influenced by how employees perceive corporate governance practices, according to the study. Employees develop trust in the

organization and become more committed when they see governance practices that are open and accountable.

In conclusion, employees' commitment to the company is significantly influenced by how they perceive corporate governance practices. Fairness, openness, inclusivity, and ethical behaviour are important aspects that influence employee perception and boost commitment. Organizations can cultivate a positive work environment that fosters trust, loyalty, and dedication among employees by implementing efficient governance practices.

2.2.3 Transparency

Employee perception of corporate governance, specifically regarding transparency, as referred by Smith, J. (2021) is to how employees perceive the openness, clarity, and accessibility of information and decision-making processes within their organization. Transparency is a key component of effective corporate governance, as it builds trust, promotes accountability, and enhances employee engagement. Understanding how employee perception of transparency impacts their attitudes and behaviours is crucial for organizations to foster a positive work environment.

The relationship between employee attitudes and employee perceptions of corporate governance transparency was the subject of research by He, Yu, and Zheng (2021). The investigation discovered that when representatives see more significant levels of straightforwardness in administration rehearses, they are bound to display more significant levels of occupation fulfilment, hierarchical responsibility, and confidence in the association. Employee perception is positively influenced by open communication, information disclosure, and participation in decision-making processes, all of which contribute to a positive work environment.

Additionally, a study by Xu and Cao (2020) investigated the impact of employee perception of corporate governance transparency on organizational

citizenship behaviour (OCB). The findings revealed that when employees perceive higher levels of transparency in governance practices, they are more likely to engage in discretionary behaviours that benefit the organization, such as helping colleagues, going beyond job requirements, and supporting organizational goals.

Besides, research by Saeed et al. (2020) investigated how employee trust acts as a mediator between organizational commitment and perceptions of transparency in corporate governance. The study found that employees are more committed to the company when there is transparency, which in turn increases trust. Employee commitment and trust are bolstered by transparent governance practices, which instil a sense of dependability, fairness, and integrity.

In summary, employee perception of corporate governance transparency significantly impacts their attitudes and behaviours within the organization. Higher levels of transparency lead to increased job satisfaction, organizational commitment, and trust, as well as a greater propensity for engaging in citizenship behaviours. By promoting transparency in decision-making processes, communication, and information disclosure, organizations can enhance employee perception, trust, and overall organizational performance.

2.2.4 Management and Board of Directors

Employee perception of corporate governance, particularly in relation to the management and board of directors, refers to how employees perceive the leadership, decision-making processes, and accountability of top-level executives and board members within their organization (Anderson, M. 2022). It encompasses their views on the competence, integrity, and effectiveness of the management and board in ensuring ethical conduct and driving organizational success. Understanding employee perception in this regard is essential for organizations to foster trust, engagement, and a positive work environment.

Research by Ahsan, Haniffa, and Hudaib (2020) examined the impact of employee perception of management and board effectiveness on job satisfaction and organizational commitment. The study found that when employees perceive top-level executives and board members as competent, ethical, and accountable, it positively influences their job satisfaction and commitment to the organization. Effective governance practices, such as clear communication, fair decision-making, and proper oversight by the board, contribute to positive employee perception.

Another study by Juhdi, Pa'wan, and Zaid (2020) explored the relationship between employee perception of board effectiveness and their trust in management. The findings revealed that when employees perceive the board of directors as competent, independent, and focused on organizational goals, it enhances their trust in management. Effective board governance practices, including the presence of independent directors, diversity, and regular performance evaluations, contribute to positive employee perception and trust.

Furthermore, research by Rasheed et al. (2021) investigated the impact of employee perception of management and board accountability on organizational citizenship behaviour (OCB). The study demonstrated that when employees perceive higher levels of accountability in the management and board, it positively influences their engagement in OCB. Accountability practices, such as transparent decision-making, responsibility for actions, and ethical conduct, shape employee perception and encourage positive behaviours.

In conclusion, employees' levels of job satisfaction, organizational commitment, trust in management, and engagement in OCB are significantly influenced by their perceptions of management and board effectiveness in corporate governance. Capability, trustworthiness, responsibility, and moral way of behaving of high level chiefs and board individuals assume a crucial part in moulding representative discernment and encouraging a positive workplace.

2.2.5 Reporting and Auditing of Annual Financial Statements

Employee perception of corporate governance, specifically regarding the reporting and auditing of annual financial statements, refers to how employees perceive the transparency, accuracy, and reliability of financial reporting processes within their organization (Anderson, M. 2022). It encompasses their views on the integrity of financial data, adherence to accounting standards, and effectiveness of internal control systems. Understanding employee perception in this area is essential for organizations to build trust, ensure accountability, and maintain stakeholder confidence.

Research by Al-Omari, Alsharairi, and Al-Zoubi (2020) explored the relationship between employee perception of financial reporting quality and organizational trust. The study found that when employees perceive the financial reporting and auditing process as accurate, transparent, and compliant with accounting standards, it positively influences their trust in the organization. Reliable financial reporting practices and effective auditing procedures contribute to positive employee perception and enhance trust.

Another study by Jamshidi et al. (2020) investigated the impact of employee perception of financial reporting quality on job satisfaction and organizational commitment. The findings revealed that when employees perceive higher levels of financial reporting quality, it positively influences their job satisfaction and commitment to the organization. Accurate and transparent financial reporting practices foster a sense of fairness, integrity, and professionalism, which contributes to positive employee perception.

Furthermore, research by Zain et al. (2020) examined the mediating role of employee trust in the relationship between perception of financial reporting quality and organizational commitment. The study demonstrated that financial reporting quality positively influences employee trust, which, in turn, enhances their commitment to the organization. Transparent reporting and auditing practices build confidence and trust among employees, leading to increased commitment.

In summary, employee perception of reporting and auditing of annual financial statements significantly impacts their trust, job satisfaction, and organizational commitment. Accurate, transparent, and compliant financial reporting processes contribute to positive employee perception and foster a culture of trust, fairness, and professionalism.

2.3 Research Theory

In overall, there is three theories incorporated with the current research with one theory based on the independent variable of employee perception while two theories based on the dependent variable of corporate governance. The theory involved is the and Psychological Contract Theory. The psychological contract theory focuses on the beliefs, expectations, and obligations that employees perceive in their employment relationship. It suggests that employees hold implicit expectations regarding their employment terms, such as job security, career development opportunities, and work-life balance. When there is a perceived breach of these expectations, it can lead to negative employee attitudes and behaviors. This theory emphasizes the importance of clear communication, trust, and the fulfillment of mutual obligations between employees and the organization.

The second theory for corporate governance is the agency Theory. Agency theory examines the relationship between the principal (shareholders) and the agent (management) and focuses on the potential conflicts of interest between them. The theory suggests that managers may act in their own self-interest rather than in the best interest of

shareholders. Key mechanisms to address these conflicts include monitoring, executive compensation, and the board of directors. This theory link to the construct of management and board of directors as well as the reporting and auditing of annual financial statements. Managers and directors act as agents who are entrusted with the responsibility of making decisions and taking actions on behalf of the shareholders. However, due to informational asymmetry and differing objectives, conflicts of interest can arise.

Agency theory emphasizes the need for aligning the interests of principals and agents to mitigate such conflicts. This can be achieved through mechanisms like performance-based incentives, monitoring systems, and effective governance structures. By understanding the principles of agency theory, management and board of directors can establish appropriate systems and practices to ensure that the interests of shareholders are protected, and that agents act in the best interest of the organization as a whole. Auditors act as independent third parties who assess the financial statements to provide assurance to shareholders regarding their accuracy and fairness. By conducting an objective and thorough examination, auditors help mitigate the agency problem by reducing the information asymmetry and providing a reliable source of information to shareholders. Agency theory emphasizes the importance of strong corporate governance mechanisms, such as independent audit committees, to enhance the credibility and reliability of financial reporting. Ultimately, the application of agency theory in the context of reporting and auditing aims to align the interests of managers, directors, auditors, and shareholders to ensure transparent and trustworthy financial information is provided to stakeholders.

Next is the stewardship Theory. Stewardship theory posits that managers act as responsible stewards of the organization and work in the best interest of shareholders. Stewardship theory focuses on the relationship between managers and the organization, emphasizing their sense of stewardship and commitment to acting in the best interests of the company. In this theory, managers are seen as responsible stewards entrusted with the resources and assets of the organization. Stewards are

believed to possess intrinsic motivations such as loyalty, integrity, and a long-term perspective, which drive them to act in the best interest of the organization rather than pursuing self-interest. Commitment is a central element of stewardship theory, as it reflects the managers' dedication and loyalty towards the organization's goals and objectives. According to this theory, committed managers are more likely to make decisions and take actions that prioritize the long-term success and sustainability of the organization. They demonstrate behaviors such as proactively seeking opportunities, taking calculated risks, and investing in organizational growth. Stewardship theory suggests that when managers exhibit a strong sense of commitment, it fosters a culture of trust, collaboration, and accountability within the organization, ultimately leading to better performance and outcomes.

According to this theory, committed managers act as responsible stewards who prioritize the best interests of the company. Transparency plays a vital role in facilitating the stewardship relationship by providing clear visibility into the actions, decisions, and intentions of managers. When managers operate in a transparent manner, they are open and honest about their activities, goals, and performance, which helps build trust and confidence among stakeholders. Transparency allows shareholders and other stakeholders to monitor and evaluate managerial behavior, ensuring that managers are acting in the best interest of the organization. By providing access to information and promoting open communication, transparency enhances accountability and reduces the potential for opportunistic behavior. Stewardship theory suggests that when managers embrace transparency, they foster a culture of trust and responsible decision-making, leading to better organizational outcomes and long-term success.

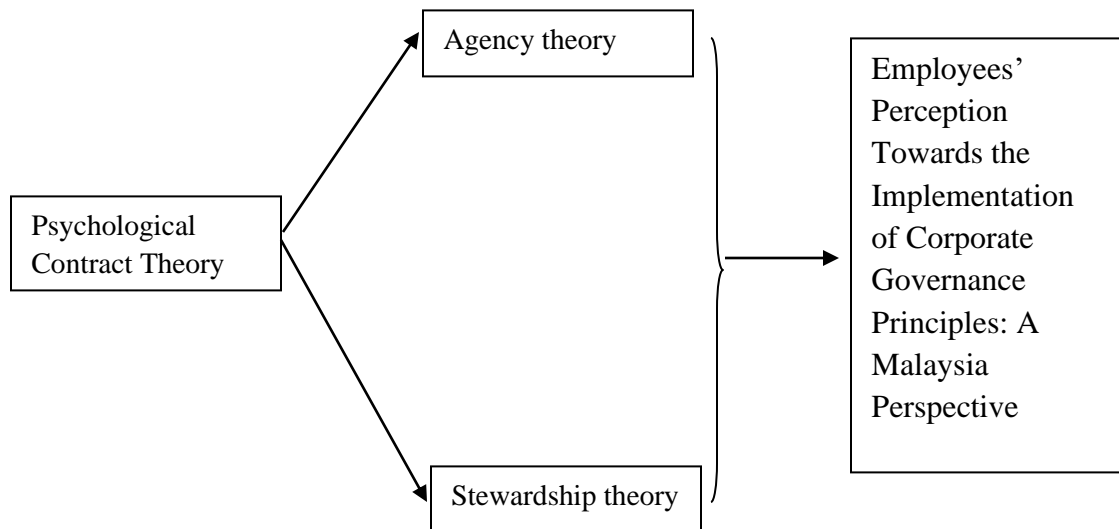


Figure 2.1 Theoretical Framework

2.4 Research Framework

Agency theory connects with both management and the board of directors, as well as the reporting and auditing of annual financial statements, in influencing employee perception. Within the context of management and the board of directors, agency theory highlights the potential conflicts of interest that may arise between shareholders (principals) and managers or directors (agents). When employees observe that managers and directors prioritize their own interests over those of the organization or its stakeholders, it can erode their trust and confidence in leadership. This can lead to a negative perception of the organization and a sense of disengagement among employees. On the other hand, if managers and directors act in accordance with the principles of agency theory by aligning their interests with those of shareholders, implementing transparent decision-making processes, and demonstrating accountability, it can foster a positive perception of the organization among employees. This perception of strong and responsible leadership can contribute to employee satisfaction, trust, and commitment.

Regarding the reporting and auditing of annual financial statements, agency theory emphasizes the need for accurate and reliable financial information to be provided to shareholders. When employees witness a commitment to transparent reporting and auditing practices, it instills confidence in the organization's financial health and stability. This perception of financial transparency can contribute to a positive employee perception by fostering a sense of trust and credibility in the organization's financial management. Conversely, if there are doubts or concerns about the accuracy or reliability of financial reporting, it can lead to employee skepticism and a negative perception of the organization's financial practices. Therefore, the application of agency theory principles in reporting and auditing can have a significant impact on employee perception, influencing their trust, satisfaction, and commitment towards the organization.

Agency theory connects with commitment and transparency in influencing employee perception. In the context of commitment, agency theory emphasizes the importance of aligning the interests of principals (such as shareholders) and agents (such as managers or directors) to mitigate conflicts of interest. When employees observe a strong sense of commitment from managers and directors, such as acting in the best interest of the organization and prioritizing long-term success, it fosters a positive perception of the organization. Committed managers are more likely to create a supportive work environment, invest in employee development, and promote a culture of trust and collaboration. This perception of commitment can enhance employee satisfaction, engagement, and loyalty towards the organization.

Similarly, agency theory stresses the significance of transparency in the relationship between principals and agents. Transparent practices, such as open communication, sharing information, and involving employees in decision-making processes, contribute to a positive employee perception. When employees have access to relevant information and can observe transparent decision-making, it fosters a sense of trust, inclusion, and fairness. Transparency helps employees understand the rationale behind management decisions, perceive a level playing field, and feel

valued as stakeholders. This positive perception of transparency enhances employee engagement, commitment, and satisfaction, as they feel a sense of ownership and alignment with the organization's goals. In summary, agency theory underscores the importance of commitment and transparency in shaping employee perception. A strong commitment from managers and directors, coupled with transparent practices, builds trust, engagement, and satisfaction among employees, ultimately fostering a positive perception of the organization and its leadership.

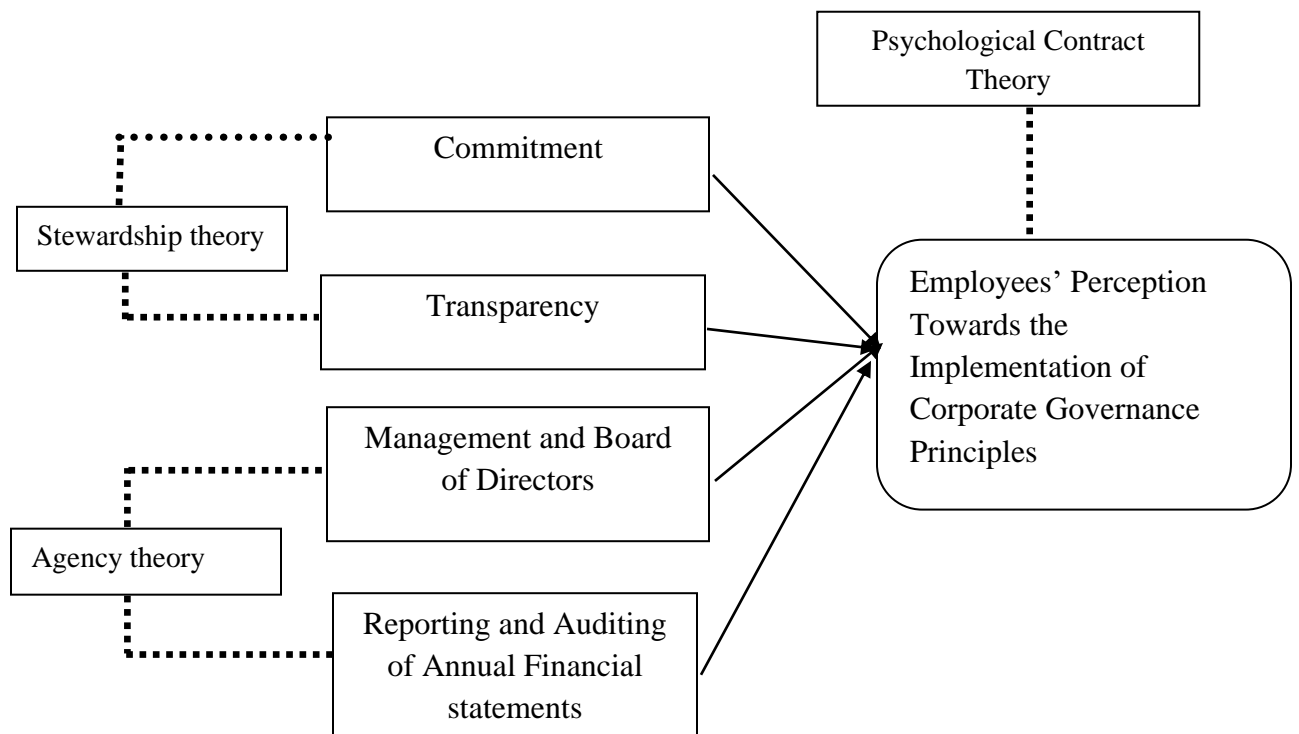


Figure 2.2 Research Framework

2.5 Hypotheses Development

Overall, there are six research hypotheses drawn in the research and each are based on the research objective.

H₁ There Is a Relationship Between Employees' Commitment and Employees' Perception Towards Effectiveness of CG Implementation

This hypothesis suggests that when employees perceive the management and board of directors as effective in their governance practices, it enhances their commitment to the organization. Effective governance practices, such as competent leadership, ethical decision-making, and accountability, contribute to creating a positive work environment that fosters commitment among employees. Research by Ahsan, Haniffa, and Hudaib (2020) supports this hypothesis, as they found a positive association between employee perception of governance effectiveness and organizational commitment.

Furthermore, research has shown that employee perception of corporate governance effectiveness is positively related to organizational commitment (Kalliath & Kalliath, 2015). When employees perceive the management and board of directors to be effective in their governance practices, it fosters a sense of trust, confidence, and loyalty, leading to higher levels of commitment to the organization. These findings highlight the importance of effective governance practices in shaping employee perceptions and attitudes.

The relationship between employee perception towards corporate governance and commitment refers to how employees' perception of the effectiveness and fairness of governance practices influences their commitment to the organization. Research suggests that employee perception of corporate governance plays a significant role in shaping their commitment levels. For instance, studies have found a positive relationship between employee perception of corporate governance effectiveness and organizational commitment (Ahsan, Haniffa, & Hudaib, 2020). When employees perceive the management and board of directors as effective in their governance practices, it fosters trust, confidence, and a sense of loyalty, leading to higher levels of commitment to the organization.

Furthermore, employee perception of corporate governance fairness has been found to positively influence organizational commitment (Rasheed et al., 2021). When employees perceive governance practices to be fair and just, it contributes to their commitment by fostering a positive work environment and a sense of trust in the decision-making processes within the organization. These findings highlight the importance of effective and fair governance practices in shaping employee commitment. Organizations that prioritize transparency, accountability, and ethical decision-making in their governance processes are more likely to enhance employee commitment levels, ultimately contributing to organizational success.

H2 There Is a Relationship Between Employees' Transparency and Employees' Perception Towards Effectiveness of CG Implementation

This hypothesis suggests that when employees perceive transparency in corporate governance practices, it enhances their trust in the organization. Transparent governance practices, such as open communication, disclosure of information, and clear decision-making processes, contribute to building a trustworthy organizational environment. Research by Mayer, Davis, and Schoorman (1995) supports this hypothesis, as they found a positive association between transparency and CG Implementation.

For example, studies have found a positive relationship between employee perception of corporate governance transparency and job satisfaction (He, Yu, & Zheng, 2021). When employees perceive higher levels of transparency in governance practices, it fosters open communication, fairness, and accountability, which contribute to a positive work environment and higher job satisfaction.

The relationship between employee perception towards corporate governance, specifically transparency, refers to how employees perceive and evaluate the extent to which organizational governance practices are characterized by openness, disclosure, and clarity. Research suggests that transparency in corporate governance is associated

with various positive outcomes for employees. Studies have found a positive relationship between employee perception of corporate governance transparency and trust in the organization. When employees perceive higher levels of transparency in governance practices, it fosters a sense of openness, fairness, and accountability, leading to increased trust in the organization (Kim & Kim, 2018).

Furthermore, employee perception of corporate governance transparency has been found to be positively associated with job satisfaction. Transparency practices, such as clear communication, disclosure of relevant information, and involvement in decision-making processes, contribute to a positive work environment, employee engagement, and satisfaction with their jobs (He, Yu, & Zheng, 2021). These findings highlight the importance of transparency in corporate governance practices and its impact on employee perceptions and attitudes. When employees perceive transparency in governance, it fosters trust, enhances job satisfaction, and contributes to a positive organizational climate.

H₃ There Is a Relationship Between Management and Board of Directors organization and Employees' Perception Towards Effectiveness of CG Implementation

This hypothesis suggests that when employees perceive the management and board of directors as effective in their governance practices, it enhances their trust in the organization. Effective governance practices, such as competent leadership, accountability, and strategic decision-making, contribute to building a trustworthy organizational environment. Research by Zhang and Rajagopalan (2015) supports this hypothesis, as they found a positive association between management and board effectiveness and employee perception.

The relationship between employee perception towards corporate governance, specifically management and the board of directors, refers to how employees perceive and evaluate the effectiveness, competence, and ethical behaviour of the top

leadership in guiding the organization. Research suggests that employee perception of management and the board of directors in corporate governance practices has significant implications for employee attitudes and behaviours. Studies have found a positive relationship between employee perception of management and board effectiveness in corporate governance and employee trust in the organization. When employees perceive the management and board of directors as competent, accountable, and ethical in their governance practices, it enhances their trust in the organization (Zhang & Rajagopalan, 2015).

Furthermore, employee perception of management and board behaviour in corporate governance has been found to be positively associated with employee job satisfaction. Effective governance practices, such as competent leadership, clear communication, and inclusive decision-making, contribute to a positive work environment, employee engagement, and satisfaction with their jobs (Ahsan, Haniffa, & Hudaib, 2020). These findings underscore the importance of effective management and board practices in corporate governance and their impact on employee perceptions and attitudes. When employees perceive the management and board of directors as effective and ethical in governance, it fosters trust, job satisfaction, and contributes to a positive organizational climate.

H4 There Is a Relationship Between Management Reporting and Auditing of Annual Financial Statements and Employees' Perception Towards Effectiveness of CG Implementation

This hypothesis suggests that when employees perceive the reporting and auditing of annual financial statements to be accurate and reliable, it enhances their trust in the organization. Sound financial reporting practices, including adherence to accounting standards, thorough auditing procedures, and transparent disclosure of financial information, contribute to building trust and credibility. Research by Abdoli, Lien, and Seyyed Amiri (2019) supports this hypothesis, as they found a positive

association between perception of financial reporting quality and employee perception.

The relationship between employee perception towards corporate governance, specifically the reporting and auditing of annual financial statements, pertains to how employees perceive and evaluate the accuracy, reliability, and transparency of financial reporting practices within the organization. Research suggests that employee perception of reporting and auditing practices in corporate governance has significant implications for employee trust and organizational outcomes. Studies have found a positive relationship between employee perception of the accuracy and reliability of financial reporting and employee trust in the organization. When employees perceive the reporting and auditing of annual financial statements to be accurate, thorough, and transparent, it enhances their trust in the organization's financial management (Abdoli, Lien, & Seyyed Amiri, 2019).

Furthermore, employee perception of the effectiveness of financial reporting and auditing practices has been found to be positively associated with organizational commitment. Effective reporting and auditing practices, such as timely and accurate financial information, comprehensive risk assessment, and compliance with regulations, contribute to a sense of confidence and integrity within the organization, enhancing employee commitment (Jizi et al., 2014). These findings underscore the importance of accurate and transparent reporting and auditing practices in corporate governance and their impact on employee perceptions and attitudes. When employees perceive the reporting and auditing practices as reliable and effective, it fosters trust, organizational commitment, and contributes to overall organizational success.

2.6 Summary

This chapter reviewed the related studies through numerous journals, theses and reports conducted by various researchers, which revealed the employees' perception towards the implementation of corporate governance principles: a Malaysia

perspective. The underpinning theory was emphasized to understand more about independent variables, and dependent variable, which lead to the development of the research framework. Finally, there is also discussion on hypotheses development.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, review is on the study design that has been used by researcher which is a quantitative approach that examines the employee perception towards the implementation of ‘Corporate Governance’ principles, A Malaysia Perspective. The researcher also describes about the descriptive research and survey methods used in this study. Next, the population and sampling of the selected study are also clearly described. Questionnaires were used as research instruments for data collection and the data collection procedures were also clearly explained. The data collected in this study were analyzed through SPSS Version 27. Next, the data analysis method is also being clearly detailed and summarized.

3.2 Research design

The results of a study are determined by the study design. According to Cohen et al., (2018), a study design is a plan or proposal for conducting a study that involves the interaction between the study philosophy, research strategy and study design. Study design is also defined as an action plan that reviews in detail how a study is conducted. The study design involved in this study was of quantitative type. Quantitative research was conducted for a large number of study respondents. In general, quantitative research involves statistical analysis where it is more objective

and relies on numerical statistical results. The design of this study is based on quantitative research because the total respondents of this study involved employees in manufacturing industry Shah Alam.

Of the two types of data analysis in the quantitative study, the researcher has chosen the type of descriptive statistical analysis in this study. This study uses inferential analysis where the researcher analyzes the data by Pearson Correlation as well as the multiple regression. Researchers also use methods of constructing charts and tables to gather information, organize, present data and process data or describe the data collected. Next, the survey method is a specific way to collect data to describe the nature or characteristics of the respondents. According to previous researchers, the survey method is very suitable to measure the respondents' views on an issue or topic, the achievement of the goals of a program as well as the attitudes and behaviors of respondents. Furthermore, the survey method means the process of collecting data directly from the survey respondents by using research questions (questionnaires) through google form (via link).

3.3 Population and Sampling

A population is a large group of individuals to be studied to obtain study results. The population in a study determines the sampling required in the study. In this study, the target population of the researcher consists of employee across manufacturing industry in Shah Alam. Overall estimated employees from the manufacturing industry in Shah Alam is 50,000 of them. Next, the sampling of the study is an element or part selected from the population to be used as study respondents. The population of this study is the intended population where this study is limited to employee from manufacturing industry from Shah Alam only. Based on the total population of 50,000 with a calculation of 10% of the employees that are involved either in accounting, compliance and auditing department, with reference to the population and sample size, the total sample to be selected is 357 employees based on the (Krejcie & Morgan, 1970).

In this method, the population is divided into clusters, which could be manufacturing companies in different locations or specific manufacturing units within each company. A random selection of clusters is made, and then all employees within the chosen clusters are included in the study. This approach is practical when accessing individual employees within each company or location is challenging, as it reduces logistical complexities while still providing a representative sample from the manufacturing industry in Shah Alam.

Ensuring that everyone has a fair share of being chosen as a sample in random selection of clusters involves employing a rigorous and unbiased sampling methodology. The first step is to define the clusters in a manner that adequately represents the entire population of interest, in this case, the manufacturing industry in Shah Alam. Each cluster should be well-defined and non-overlapping to avoid duplication and ensure that every individual or unit has an equal chance of being included in the sample. Next, a random sampling technique is employed, where each cluster has an equal probability of being selected. This randomization process can be achieved through computer-generated random numbers or drawing lots. Additionally, researchers must maintain transparency throughout the selection process and strictly adhere to the pre-defined criteria without any intentional bias or manipulation. By following these procedures, every individual or unit within the clusters has an equal and fair chance of being chosen as part of the sample, ensuring that the findings accurately represent the perceptions of employees from the entire manufacturing industry in Shah Alam.

3.4 Research Instruments

The selection of research instruments for a study is important in determining the results of the study. It should be in line with the methodology and objectives of the study. This study uses a set of questionnaires as one of the research instruments. This set of questionnaires conducted for the purpose to understand the research objective raised by the researcher. This set of questionnaires is a closed form that contains three

sections (Sections A, B and C) related to respondent demographics information, corporate governance and employee perception.

Section A

This section is about the demographic or background information of the study respondents. The questions in this section contain four questions namely gender, race, age, and education qualification.

Section B

Looking at this section, which evaluate the five dimension in corporate governance of the research. The questionnaire were adapted from the research of (Richard, 2015) with the title of corporate governance, the perception of corporate governance and the connection to firm performance; Evidence from Romania. The four dimension from the corporate governance are the Commitment, Transparency, Management and Board of Directors and Reporting and Auditing of the Annual Financial Statements. The details of the number of questions and the question that asked are as below in table 3.1.

Table 3.1 Questionnaire of Corporate Governance

Dimension	Statement
Commitment	<ol style="list-style-type: none"> 1. The company have its own specific corporate governance principles based on the “BSE's Corporate Governance Code" or another code. 2. The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version. 3. The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance. 4. All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage. 5. There is independent board member in charge with

	<p>implementing and respecting the principles mentioned in the Code.</p> <p>6. The report on Corporate Governance periodically discussed and analyzed by the Board.</p>
Transparency	<p>7. All the investors, brokers and analysts are equally informed.</p> <p>8. All the announcements made by the company are available on the internet, both in Bahasa Melayu and English.</p> <p>9. There are periodical meetings with financial analysts.</p> <p>10. All deviations from performance or strategic targets are analyzed in detail and explanations are offered.</p> <p>11. All information published on other markets by the company or the group is immediately published in Malaysia as well.</p> <p>12. There is a financial calendar that is both available to the public and relevant.</p>
Management and Board of Directors	<p>13. The Board provide a report regarding Corporate Governance.</p> <p>14. There are qualification criteria for the members of the board.</p> <p>15. The variable compensations of the board tied to long term performance of the company.</p> <p>16. There is a nominating committee for new board members, with a majority of independent members.</p> <p>17. All compensation - fixed or variable, made available to the public, for each member of the board.</p> <p>18. The potential conflicts of interest immediately disclosed to the Board and the General Shareholders Meeting.</p>
Reporting and Auditing of the annual financial statements	<p>19. The Reports prepared according to Malaysian Accounting rules and regulation.</p> <p>20. Financial reports are prepared and disseminated in English also.</p> <p>21. Sufficient independence an important criterion for the selection of the auditors.</p> <p>22. The Supervisory Board set an appropriate level for the auditing fee.</p>

	<p>23. There is an auditing committee headed by someone else than the chairman of the Board.</p> <p>24. The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.</p>
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The Likert scale in this section uses a 5 scale Likert scale, namely: -

1. Strongly Disagree
2. Disagree
3. Disagree
4. Agree
5. Strongly Agree

Section C

In addition, this section looks at the employee perception in the manufacturing industry at Shah Alam. The questionnaire had been adopted from the research of Kalashe, (2016) with the research title of employee perception on the implementation of the performance management system in the amatola water board Eastern Cape. This part consists of 10 question and the details are as in table 3.2.

Table 3.2 Questionnaire of employee perception

Dimension	Statement
Perception	<p>1. Sufficient information about Corporate Governance is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organization.</p> <p>2. Relevant organizational expectations are discussed between the divisions.</p> <p>3. The Corporate Governance enables the organization to identify the underperforming divisions.</p> <p>4. Corporate Governance assessment is based on actual accomplishment rather than numerical ratings.</p> <p>5. Divisional Corporate Governance assessment is conducted</p>

	<p>annually.</p> <p>6. The implementation of Corporate Governance has achieved the intended cause in the organization.</p> <p>7. There are challenges with regard to the legal framework in the implementation of the Corporate Governance.</p> <p>8. The divisions demonstrate that they take organizational performance assessment seriously.</p> <p>9. Your role is clearly defined in the implementation of performance management system in the organization.</p> <p>10. Organization effectively designs opportunities for divisions to provide mechanism for improvement.</p>
--	--

Likert scale in this section uses Likert scale 5 scale, namely:

1. Strongly Disagree
2. Disagree
3. Disagree
4. Agree
5. Strongly Agree

3.5 Data Collection Procedures

Table 3.3

Descriptive table of study implementation procedures and data collection

No	Details
1	Selection of study sample and information to study respondents
2	The questionnaire was distributed to 381 employees of manufacturing industry from Shah Alam.
3	Provide a period of time of three days for respondents to answer questions and the researcher constantly monitors the response online.

-
- 4 All questionnaires were collected for the analysis process
 - 5 The collected data were analyzed using SPSS Version 27 system
 - 6 Findings of the data are analyzed, studied and elaborated
 - 7 Views and suggestions are given based on the findings
-

Data collection is the basis of a study. In order to collect data and information of the study, the researcher has done several steps or through several stages that are felt to be important to meet the purpose of this study. As shown in Table 3.3, the researcher was able to collect and determine the total number of respondents as many as 381 employees from the manufacturing industry in Shah Alam. The researcher obtained the information of the companies involved, especially their telephone numbers of the respondents and created a group in Whatsapp and Telegram. The researcher then gave a briefing on the background of the researcher and the purpose as well as the importance of this study so that it can be implemented according to a well-set time period.

This information is provided through voice messages in the group. Next, a Google link containing the questionnaire of this study was sent to the WhatsApp and Telegram groups as well as via WhatsApp and private telegram of the respondents. The next step, the researcher informed all respondents involved about the time given to answer the questionnaire, which is for three days. After two days, the researcher monitored the number of questionnaires that had been answered by the respondents through the online google form to find out the number of questionnaires that had been answered. All questionnaires were collected after the third day. Data from all collected questionnaires were stored in a computer using SPSS Version 27 software. The stored data were analyzed in the software. Then, the results of the analyzed data were studied and described by the researcher in chapter 4.

3.6 Data Analysis

To obtain conclusions or results of the study, the researcher has analyzed the data collected through SPSS Version 27. All data obtained were analyzed based on primary sources, namely questionnaire data from study respondents. The researcher explains in detail using the inferential analysis whereby all research objective was discussed based on multiple linear regression. Multiple linear regression is a statistical technique used to understand the relationship between a dependent variable and two or more independent variables (Doody & Doody, 2015). It extends the concept of simple linear regression by considering multiple predictors simultaneously. The goal is to create a linear model that best describes the relationship between the dependent variable and the independent variables, allowing for prediction and hypothesis testing.

In the research focusing on employees' perceptions towards the implementation of "Corporate Governance" principles in the manufacturing industry from Shah Alam, a reliability test for the questionnaire is crucial to ensure the consistency and accuracy of the gathered data. The reliability test assesses the internal consistency and stability of the questionnaire items, ensuring that the instrument consistently measures the same constructs across different respondents. One commonly used method to measure reliability is Cronbach's alpha, which quantifies the degree of correlation among the questionnaire items. A high Cronbach's alpha value (usually above 0.70) indicates a reliable instrument with consistent and coherent items. Conducting a reliability test for the questionnaire helps researchers validate the effectiveness of their measurement tool and strengthens the credibility of the study's findings.

In multiple linear regression, the measurement involves estimating the regression coefficients (slope) for each independent variable, which represents the change in the dependent variable associated with a one-unit change in the corresponding independent variable, holding all other variables constant. The

statistical significance of these coefficients is assessed through hypothesis testing, typically using the t-test or F-test, to determine if they significantly contribute to explaining the variability in the dependent variable. Additionally, measures such as the coefficient of determination (R-squared) and adjusted R-squared are used to assess the overall fit of the model and the proportion of variance in the dependent variable explained by the independent variables. These measurements help evaluate the strength and significance of the relationships between variables in the multiple linear regression model.

3.7 Conclusion

Briefly, this chapter has discussed all the aspects relevant to the study. The discussion in this chapter covers study design, study samples, study instruments, study implementation procedures and analysis of study data. As discussed, this study uses a descriptive quantitative approach where the study is conducted using a survey design. Finally, this chapter presents how quantitative data are administered and managed to examine the employees' perception towards the implementation of corporate governance principles, a Malaysia perspective. Next, chapter four in this study will elaborate on the findings of the data analysis.

CHAPTER 4

DATA ANALYSIS

4.1 Introduction

The chapter 4 provides an important description in detail about the findings obtained in this study. The study initially discusses clear information about the demographic distribution of the respondents who have been selected which consist of four parts. Next, the researcher discusses the details of the level of corporate governance as well as the level of employee perception. Apart from that, the researcher will also discuss the research findings obtained based on the research objective outlined. In total there are four research objective that will be analyzed based on multiple linear regression.

4.2 Demographics Profile of Respondent

The respondent demographic that will be discussed in the research will be based on four items. The listed items of demographics which are gender, race, age and education qualification. Table 4.0 illustrates the finding of demographics on the research respondent.

Table 4.0: Respondent Demographic

No	Demographic	Items	Frequency (N=357)	Percentage %
1	Gender	Male	190	53.2%
		Female	167	46.8%
2	Race	Malay	214	59.9%
		Chinese	93	26.1%
		Indian	36	10.1%
		Others	14	3.9%
3	Age	25 years old and below	60	16.8%
		26 – 35 years old	90	25.2%
		36 – 49 years old	173	48.5%
		50 years old and above	34	9.5%
4	Education Qualification	Certs / Diploma	44	12.3%
		Degree	199	55.7%
		Masters	106	29.7%
		PHD	8	2.2%

Looking at table 4.0 that shows the finding of respondent demographic which consist of four items. The first analysis is on the frequency of gender of respondent participated in the research. The participants are evenly distributed with male respondent participated in the research are 53.2% while the female respondents are 46.8%. This also explained that 190 of the respondents are male respondent and 167

of them are females. Next, the finding on the respondent race with the majority or 59.9% of the respondent are Malays while 26.1% of them are the Chinese respondent. Besides that, the respondent of Indians is 10.1% and other races of 3.9%. Analyzing on the respondent age, the highest majority of respondent that took part in the research are those in the age between 36 to 49 years old with 48.5% of them followed by those aged between 26 to 35 years old with 25.2%. Besides that, the younger one of 25 years and below and the eldest one of 50 years old and above are 16.8% and 9.5% respectively. The next analysis is on the respondent education qualification whereby 55.7% of the respondent holds a minimum bachelor of degree while 29.7% of them holds a master's degree. Apart from that, 44 respondent has either certificates of diploma qualification while eight of them holds a PHD.

4.3 Operationalization of the Construct

In this part, the focus will be on answering and showing the illustration the finding of all six research objective that is outlined. The discussion focuses on identifying the level of each variable in the research using the mean and standard deviation analysis before moving to discussion on research objective. The first five research objective are discussed with the Pearson correlation analysis while the last research objective are analyzed with the multiple regression analysis.

4.3.1 The level of Corporate Governance

Looking at table 4.1 there is four sub dimension under the corporate governance with the first dimension of Commitment with the data (mean = 3.88, SD = 0.54). Next, the second dimension of Transparency also with the data at (mean = 3.77, SD = 0.56). Next the third dimension under the corporate governance of Management and Board of Directors with data (mean = 3.34, SD = 0.65). Finally, the last dimension which is the Reporting and Auditing of Annual Financial Statement as well (mean = 3.70, SD = 0.67).

Table 4.1: The level of Corporate Governance

	Mean	Std. Deviation
COMMITMENT	3.8777	.54493
TRANSPARENCY	3.7740	.56421
MANAGEMENT_AND_BOARD_OF_DIRECTORS	3.3361	.64983
REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENTS	3.7021	.66584

4.3.2 The level of Corporate Governance (Commitment)

Next, looking at table 4.2 the finding shows that employee strongly agree that the company have its own specific corporate governance principles based on the “BSE's Corporate Governance Code” or another code with data (mean = 4.30, SD = 0.75). Apart from that, the data (mean = 4.06, SD = 0.95) and (mean = 3.68, SD = 1.04) respectively with employee agree that the principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version and the Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance.

Next, the employee also agrees that all non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage and there is independent board member in charge with implementing and respecting the principles mentioned in the Code with both data at (mean = 4.10, SD = 0.90) and (mean = 4.04, SD = 0.86) respectively. Finally, the finding also shows that data (mean = 3.08, SD = 1.16) whereby employee less agree that the report on Corporate

Governance periodically discussed and analyzed by the board. Overall, the finding for the level of Corporate Governance (Commitment) are at high level.

Table 4.2: The level of Corporate Governance (Commitment)

	Mean	Std. Deviation
The company have its own specific corporate governance principles based on the "BSE's Corporate Governance Code" or another code.	4.2969	.75052
The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version.	4.0616	.94904
The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance	3.6807	1.03804
All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage	4.1036	.90126
There is independent board member in charge with implementing and respecting the principles mentioned in the Code	4.0448	.85998

The report on Corporate Governance	3.0784	1.15608
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periodically discussed and analyzed by the Board

4.3.3 The level of Corporate Governance (Transparency)

Apart from that, the next finding as shown in table 4.3 discussed about the level of corporate governance (transparency). The finding shows that employee agree that all the investors, brokers and analysts are equally informed and all the announcements made by the company are available on the internet, both in Bahasa Melayu and English with data at (mean = 4.02, SD = 0.94) and (mean = 3.76, SD = 1.03) respectively. The finding also show data (mean = 3.85, SD = 0.89) which shows employees also agree that there is periodical meetings with financial analysts.

Next, the finding with data (mean = 3.89, SD = 1.13) and (mean = 3.79, SD = 1.09) respectively with employees agreed that all deviations from performance or strategic targets are analyzed in detail and explanations are offered and all information published on other markets by the company or the group is immediately published in Malaysia as well. Finally, the finding also shows the data at (mean = 4.02, SD = 0.94) with employee less agree that there is a financial calendar that is both available to the public and relevant. Overall, the finding shows that the level of Corporate Governance (Transparency) are at high level.

Table 4.3: The level of Corporate Governance (Transparency)

	Mean	Std. Deviation
All the investors, brokers and analysts are equally informed	4.0168	.93901
All the announcements made by the company are available on the internet, both in Bahasa Melayu and English	3.7563	1.03016
There is periodical meetings with financial analysts	3.8487	.89291
All deviations from performance or strategic targets are analyzed in detail and explanations are offered	3.8880	1.13365
All information published on other markets by the company or the group is immediately published in Malaysia as well	3.7899	1.09293
There is a financial calendar that is both available to the public and relevant	3.3445	1.20931

4.3.4 The level of Corporate Governance (Management and Boards of Directors)

Next, the result of research shows in the table 4.4 are on the level of corporate governance (Management and Boards of Directors). The finding shows that the employee agree that the Board provide a report regarding Corporate Governance and there are qualification criteria for the members of the board with data at (mean = 3.65, SD = 1.14) and (mean = 3.63, SD = 1.12) respectively. The finding also shows that the data (mean = 3.66, SD = 1.21) with the result shows that employee agree that the variable compensations of the board is tied to long term performance of the company.

The result of next finding shows that employee less agree that there is a nominating committee for new board members, with a majority of independent members and all compensation - fixed or variable, is made available to the public, for each member of the board with data (mean = 3.19, SD = 1.11) and (mean = 2.92, SD = 1.45) respectively. The research also found that employees less agree that the potential conflicts of interest disclosed to the Board and the General Shareholders Meeting with the data (mean = 2.96, SD = 1.21). In conclusion, the finding of the research shows that the level of corporate governance (Management and Boards of Directors) were at medium level.

Table 4.4: The level of Corporate Governance (Management and Boards of Directors)

	Mean	Std. Deviation
The Board provide a report regarding Corporate Governance	3.6527	1.13540
There is qualification criteria for the members of the board.	3.6303	1.12329
The variable compensations of the board is tied to long term performance of the company	3.6611	1.20857
There is a nominating committee for new board members, with a majority of independent members	3.1905	1.11306
All compensation - fixed or variable, is made available to the public, for each member of the board	2.9216	1.44740
The potential conflicts of interest disclosed to the Board and the General Shareholders Meeting	2.9608	1.21490

4.3.5 The level of Corporate Governance (Reporting and Auditing of Annual Financial Statements)

Following up on to the next finding, table 4.5 show that the level of corporate governance (Reporting and Auditing of Annual Financial Statements). The result shows that the employee less agree that the Reports are prepared according to Malaysian Accounting rules and regulation and financial reports are prepared and disseminated in English also with data at (mean = 3.70, SD = 0.67) and (mean = 3.70, SD = 0.67) respectively. Apart from that, the finding also shows that data at (mean = 4.02, SD = 1.04) which show that employee agree that sufficient independence is an important criterion for the selection of the auditors.

Next, the research found that employee agree the Supervisory Board set an appropriate level for the auditing fee and the board has mandated the auditor to report deviations from the adopted Corporate Governance Code with both data at (mean = 3.83, SD = 1.06) and (mean = 3.93, SD = 0.76) respectively. Finally, the employee also said they less agree that there is an auditing committee headed by someone else than the chairman of the Board with the data at (mean = 3.55, SD = 1.21). In conclusion, the overall finding shows that the level of corporate governance (Reporting and Auditing of Annual Financial Statements).

Table 4.5: The level of Corporate Governance (Reporting and Auditing of Annual Financial Statements)

	Mean	Std. Deviation
The Reports are prepared according to Malaysian Accounting rules and regulation	3.3277	1.17159
Financial reports are prepared and disseminated in English also	3.5574	1.01405
Sufficient independence is an important criterion for the selection of the auditors	4.0196	1.03704
The Supervisory Board set an appropriate level for the auditing fee	3.8291	1.05545
There is an auditing committee headed by someone else than the chairman of the Board	3.5490	1.21136
The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.	3.9300	.75930

4.3.6 The level of Perception among Employees

Next, the independent variable of perception among employees. The finding as of table 4.6 shows that employee well agreed that sufficient information about Corporate Governance is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organization and relevant organizational expectations are discussed between the divisions with both data at (mean = 4.02, SD = 0.76) and (mean = 4.16, SD = 0.68) respectively. Apart from that, the finding also at (mean = 4.05, SD = 0.72) and (mean = 3.93, SD = 0.81) as employee agrees that the Corporate Governance enables the organization to identify the underperforming divisions and corporate Governance assessment is based on actual accomplishment rather than numerical ratings.

Next, the research resulted with data (mean = 4.19, SD = 0.63), (mean = 4.15, SD = 0.65) and (mean = 3.68, SD = 1.01) which explain that employees agree the divisional Corporate Governance assessment is conducted annually, the implementation of Corporate Governance has achieved the intended cause in the organization and there are challenges with regard to the legal framework in the implementation of the Corporate Governance. Besides that, the employees also agree that the divisions demonstrate that they take organizational performance assessment seriously, their role is clearly defined in the implementation of performance management system in the organization and organization effectively designs opportunities for divisions to provide mechanism for improvement with data (mean = 4.05, SD = 0.70), (mean = 4.10, SD = 0.69) and (mean = 3.96, SD = 0.75) respectively. In conclusion, the employee perception in overall are at high level.

Table 4.6: The level of Perception among employees

	Mean	Std. Deviation
Sufficient information about Corporate Governance is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organization	4.0168	.76419
Relevant organizational expectations are discussed between the divisions	4.1597	.67852
The Corporate Governance enables the organization to identify the underperforming divisions	4.0532	.72280
Corporate Governance assessment is based on actual accomplishment rather than numerical ratings	3.9300	.80944
Divisional Corporate Governance assessment is conducted annually	4.1877	.63251
The implementation of Corporate Governance has achieved the intended cause in the organization	4.1485	.64723

There are challenges with regard to the legal framework in the implementation of the Corporate Governance	3.6807	1.01061
The divisions demonstrate that they take organizational performance assessment seriously	4.0504	.70131
Your role is clearly defined in the implementation of performance management system in the organization	4.0980	.68607
Organization effectively designs opportunities for divisions to provide mechanism for improvement	3.9636	.75425

4.3.7 Determine The Relationship Between Employee Perception Towards Corporate Governance (Commitment)

The study examines the towards Corporate governance (commitment) levels among employees using a 6 item questionnaire. After collecting data from a sample of 30 participants, the Cronbach's alpha was calculated to assess the internal consistency of the scale as shown in table 4.7. The obtained Cronbach's alpha value was 0.79, indicating high internal consistency among the items. This suggests that the questionnaire items related to Corporate governance (commitment) are reliably measuring the construct, making it a robust instrument for assessment.

Table 4.7: Corporate Governance (Commitment)

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.790	.817	6

Next, the research objective is to determine the relationship between employee perception towards Corporate governance (commitment). The results of multiple regression analysis as shown in table 4.8 show that the variable, commitment have a significant relationship with the employee perception towards corporate governance, R Square = .401, F (4, 352) = 58.798, p = .000. The regression equation based on B weights is as follows: -

$$\text{Predicted Perception} = .198 \text{ commitment} + 1.694$$

Next, the results of the study show that the correlation analysis of various coefficients is .63 (R value), this means that as much as 40% (R square value) of the variance of perception towards the independent variable of Corporate Governance (Commitment)

Table 4.8: Relationship Between Employee Perception Towards Corporate Governance (Commitment)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.401	.394	.39192

a. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENTS, TRANSPARENCY, COMMITMENT, MANAGEMENT_AND_BOARD_OF_DIRECTORS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.125	4	9.031	58.798	.000 ^b
	Residual	54.067	352	.154		
	Total	90.193	356			

a. Dependent Variable: PERCEPTION

b. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENTS, TRANSPARENCY, COMMITMENT, MANAGEMENT_AND_BOARD_OF_DIRECTORS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.694	.202		8.374	.000			
	COMMITMENT	.198	.042	.214	4.688	.000	.429	.242	.193
	TRANSPARENCY	.091	.042	.102	2.150	.032	.143	.114	.089
	MANAGEMENT _AND_BOARD_ OF_DIRECTORS	-.084	.041	-.108	-2.037	.042	.196	-.108	-.084

REPORTING_AN	.406	.039	.537	10.499	.000	.587	.488	.433
D_AUDITING_O								
F_ANNUAL_FIN								
ANCIAL_STATE								
MENTS								

a. Dependent Variable: PERCEPTION

4.3.8 Determine The Relationship Between Employee Perception Towards Corporate Governance (Transparency)

The study examines Corporate governance (Transparency) levels among employees using a 6 item questionnaire. After collecting data from a sample of 30 participants, the Cronbach's alpha was calculated to assess the internal consistency of the scale as shown in table 4.9. The obtained Cronbach's alpha value was 0.80, indicating high internal consistency among the items. This suggests that the questionnaire items related to Corporate governance (Transparency) are reliably measuring the construct, making it a robust instrument for assessment.

Table 4.9: Corporate Governance (Transparency)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.800	.811	6

Next, the research objective is to determine the relationship between employee perception towards Corporate governance (transparency). The results of multiple regression analysis as shown in table 4.10 show that there is a significant relationship between employee perception towards corporate governance, R Square = .401, F (4, 352) = 58.798, p = .000. The regression equation based on B weights is as follows: -
 Predicted Perception = .091 commitment + 1.694

Next, the results of the study show that the correlation analysis of various coefficients is .63 (R value), this means that as much as 40% (R square value) of the variance of perception towards the independent variable of Corporate Governance (transparency)

Table 4.10: Relationship Between Employee Perception Towards Corporate Governance (Transparency)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.401	.394	.39192

a. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENTS, TRANSPARENCY, COMMITMENT, MANAGEMENT_AND_BOARD_OF_DIRECTORS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.125	4	9.031	58.798	.000 ^b
	Residual	54.067	352	.154		
	Total	90.193	356			

a. Dependent Variable: PERCEPTION

b. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENT

S, TRANSPARENCY, COMMITMENT,

MANAGEMENT_AND_BOARD_OF_DIRECTORS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.694	.202		8.374	.000			
	COMMITMENT	.198	.042	.214	4.688	.000	.429	.242	.193
	TRANSPARENCY	.091	.042	.102	2.150	.032	.143	.114	.089
	MANAGEMENT _AND_BOARD_ OF_DIRECTORS	-.084	.041	-.108	-2.037	.042	.196	-.108	-.084

REPORTING_AN	.406	.039	.537	10.499	.000	.587	.488	.433
D_AUDITING_O								
F_ANNUAL_FIN								
ANCIAL_STATE								
MENTS								

a. Dependent Variable: PERCEPTION

4.3.9 Determine The Relationship Between Employee Perception Towards Corporate Governance (Management and Board of Directors)

The study examines Corporate governance (Management and Board of Directors) levels among employees using a 6 item questionnaire. After collecting data from a sample of 30 participants, the Cronbach's alpha was calculated to assess the internal consistency of the scale as shown in table 4.11. The obtained Cronbach's alpha value was 0.80, indicating high internal consistency among the items. This suggests that the questionnaire items related to Corporate governance (Management and Board of Directors) are reliably measuring the construct, making it a robust instrument for assessment.

Table 4.11: Corporate Governance (Management and Board of Directors)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.804	.816	6

Besides that, the research objective is to determine the relationship between employee perception towards Corporate governance (management and board of directors). The results of multiple regression analysis as shown in table 4.12 show that there is a significant relationship between employee perception towards corporate governance, $R^2 = .401$, $F(4, 352) = 58.798$, $p = .000$. The regression equation based on B weights is as follows: -

$$\text{Predicted Perception} = -.084 \text{ commitment} + 1.694$$

Next, the results of the study show that the correlation analysis of various coefficients is .63 (R value), this means that as much as 40% (R square value) of the variance of perception towards the independent variable of Corporate Governance (management and board of directors).

Table 4.12: Relationship Between Employee Perception Towards Corporate Governance (Management and Board of Directors)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.401	.394	.39192

a. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENTS, TRANSPARENCY, COMMITMENT, MANAGEMENT_AND_BOARD_OF_DIRECTORS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.125	4	9.031	58.798	.000 ^b
	Residual	54.067	352	.154		

Total	90.193	356			
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a. Dependent Variable: PERCEPTION

b. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENT

S, TRANSPARENCY, COMMITMENT,

MANAGEMENT_AND_BOARD_OF_DIRECTORS

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.694	.202		8.374	.000			
	COMMITMENT	.198	.042	.214	4.688	.000	.429	.242	.193
	TRANSPARENCY	.091	.042	.102	2.150	.032	.143	.114	.089
	MANAGEMENT _AND_BOARD_ OF_DIRECTORS	-.084	.041	-.108	-2.037	.042	.196	-.108	-.084

REPORTING_AN	.406	.039	.537	10.499	.000	.587	.488	.433
D_AUDITING_O								
F_ANNUAL_FIN								
ANCIAL_STATE								
MENTS								

a. Dependent Variable: PERCEPTION

4.3.10 Determine The Relationship Between Employee Perception Towards Corporate Governance (Reporting and Auditing of Annual Financial Statements)

The study examines Corporate governance (Reporting and Auditing of Annual Financial Statements) levels among employees using a 6 item questionnaire. After collecting data from a sample of 30 participants, the Cronbach's alpha was calculated to assess the internal consistency of the scale as shown in table 4.13. The obtained Cronbach's alpha value was 0.70, indicating high internal consistency among the items. This suggests that the questionnaire items related to Corporate governance (Reporting and Auditing of Annual Financial Statements) are reliably measuring the construct, making it a robust instrument for assessment.

Table 4.13: Corporate Governance (Reporting and Auditing of Annual Financial Statements)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.701	.712	6

Besides that, the research objective is to determine the relationship between employee perception towards Corporate governance (reporting and auditing of annual financial statements). The results of multiple regression analysis as shown in table 4.14 show

that there is a significant relationship between employee perception towards corporate governance, R Square = .401, F (4, 352) = 58.798, p = .000. The regression equation based on B weights is as follows: -

$$\text{Predicted Perception} = .406 \text{ commitment} + 1.694$$

Next, the results of the study show that the correlation analysis of various coefficients is .63 (R value), this means that as much as 40% (R square value) of the variance of perception towards the independent variable of Corporate Governance (reporting and auditing of annual financial statements).

Table 4.14: Relationship Between Employee Perception Towards Corporate Governance (Reporting and Auditing of Annual Financial Statements)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.401	.394	.39192

a. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINAN
 CIAL_STATEMENTS, TRANSPARENCY,
 COMMITMENT,
 MANAGEMENT_AND_BOARD_OF_DIRECTORS

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.125	4	9.031	58.798	.000 ^b
	Residual	54.067	352	.154		
	Total	90.193	356			

a. Dependent Variable: PERCEPTION

b. Predictors: (Constant),

REPORTING_AND_AUDITING_OF_ANNUAL_FINANCIAL_STATEMENT

S, TRANSPARENCY, COMMITMENT,

MANAGEMENT_AND_BOARD_OF_DIRECTORS

Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.	Correlations		
		B	Std. Error	Coefficients Beta			Zero-order	Partial	Part
1	(Constant)	1.694	.202		8.374	.000			
	COMMITMENT	.198	.042	.214	4.688	.000	.429	.242	.193
	TRANSPARENCY	.091	.042	.102	2.150	.032	.143	.114	.089
	MANAGEMENT _AND_BOARD_ OF_DIRECTORS	-.084	.041	-.108	-2.037	.042	.196	-.108	-.084

REPORTING_AN	.406	.039	.537	10.499	.000	.587	.488	.433
D_AUDITING_O								
F_ANNUAL_FIN								
ANCIAL_STATE								
MENTS								

a. Dependent Variable: PERCEPTION

4.4 Summary of Hypotheses

In overall, the research is focused on four independent variables and one dependent variable with each variable are compared towards finding the relationship. The main purpose of this research is to determine employee perception towards the implementation of corporate governance principles. Summing up the summary of hypotheses as in table 4.13, the first, second, third, and fourth are accepted.

Table 4.15: The hypothesis testing and result

	Hypotheses	Result
H1	There Is a Relationship Between Employees' Commitment and Employees' Perception Towards Effectiveness of CG Implementation	Accepted
H2	There Is a Relationship Between Employees' Transparency and Employees' Perception Towards Effectiveness of CG Implementation	Accepted
H3	There Is a Relationship Between Management and Board of Directors organization and Employees' Perception Towards Effectiveness of CG Implementation	Accepted
H4	There Is a Relationship Between Management Reporting and Auditing of Annual Financial Statements and Employees' Perception Towards Effectiveness of CG Implementation	Accepted

4.5 Summary

The research focuses to determine employee perception towards the implementation of corporate governance principles. Besides that, it also found that there is

relationship between employee perception towards all Corporate governance dimension which is commitment, transparency, management and board of directors and reporting and auditing of annual financial statements.

CHAPTER 5

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSION

5.1 Introduction

In this chapter, the findings of the study that has been analyzed in depth based on all research questions and the findings are discussed. In addition, the summary of findings was explained based on all research objective. Next, there were further discussion based on the findings and explanation on the implication of the study. Finally, recommendation was also drafted for future studies with some improvement or changes based on current study result and experience. Finally, researcher concluded the study with the outcome of the research.

5.2 Discussion

The discussion will be focused on level of Corporate Governance, level of Corporate Governance (Commitment), level of Corporate Governance (Transparency), level of Corporate Governance (Management and Boards of Directors), level of Corporate Governance (Reporting and Auditing of Annual Financial Statements), level of Perception among Employees. Apart from that, the discussion focuses on four research objective which is Determine The Relationship Between Employee Perception Towards Corporate Governance (Commitment), Determine The

Relationship Between Employee Perception Towards Corporate Governance (Transparency), Determine The Relationship Between Employee Perception Towards Corporate Governance (Management and Board of Directors) and Determine The Relationship Between Employee Perception Towards Corporate Governance (Reporting and Auditing of Annual Financial Statements)

5.2.1 The level of Corporate Governance

Looking at the findings for the level of corporate governance. Corporate governance is a critical aspect of business management that involves overseeing and guiding a company's operations to ensure accountability, transparency, and efficiency. The level of corporate governance can be assessed based on four key constructs: commitment, transparency, management and board of directors, and reporting and auditing of annual financial statements. Firstly, commitment refers to the dedication of the company's top management and stakeholders to uphold ethical practices and protect the interests of shareholders. A strong commitment to corporate governance is vital for maintaining stakeholders' trust and ensuring long-term sustainability (Johnson, 2018).

Secondly, transparency entails open communication and disclosure of relevant information to stakeholders, including financial performance, risks, and decision-making processes. Transparent reporting helps build investor confidence and fosters a positive reputation for the organization (Smith, 2019). Thirdly, the effectiveness of management and the board of directors in overseeing the company's operations and making strategic decisions significantly impacts corporate governance. A competent and independent board ensures that management acts in the best interest of the company and its shareholders (Jones, 2020). Lastly, the reporting and auditing of annual financial statements provide assurance regarding the accuracy and reliability of financial information. High-quality auditing practices contribute to the overall transparency and credibility of the company's financial reporting (Williams, 2021). In conclusion, the level of corporate governance is determined by the degree of

commitment, transparency, effectiveness of management and the board of directors, and the quality of reporting and auditing processes within the organization.

5.2.2 The level of Corporate Governance (Commitment)

The construct of commitment plays a pivotal role in assessing the level of corporate governance within an organization. A strong commitment to corporate governance principles starts with the company's top management, board of directors, and key stakeholders. When leaders demonstrate unwavering dedication to ethical practices, accountability, and shareholder interests, it sets the tone for a corporate culture that values integrity and responsible behavior (Johnson, 2018). This commitment extends beyond mere compliance with laws and regulations; it reflects a genuine desire to act in the best interests of all stakeholders, ensuring a long-term sustainable approach to business (Smith, 2019). Such commitment not only fosters trust among investors and shareholders but also encourages employees to embrace a culture of responsibility and transparency.

Moreover, commitment in corporate governance involves a proactive approach to identifying and mitigating risks. Companies with a high level of commitment are more likely to establish robust risk management processes, ensuring potential issues are addressed promptly and effectively (Brown, 2021). This proactive stance can help prevent financial scandals, fraud, and other governance-related crises, safeguarding the organization's reputation and financial health (Jones, 2020). A committed board and management are more likely to adopt corporate governance best practices, continually improving the organization's governance structures and processes (Williams, 2021). Their dedication to enhancing corporate governance fosters a culture of learning and adaptability, enabling the company to stay ahead in an ever-evolving business landscape.

In conclusion, commitment is a crucial construct for evaluating a company's corporate governance level. A solid commitment to ethical practices, transparency,

and responsible decision-making, starting from the top leadership, helps build trust among stakeholders and contributes to the organization's long-term success. Companies with a high level of commitment are more likely to adopt robust risk management strategies and continuously improve their governance practices. As a result, they can effectively navigate challenges and seize opportunities, reinforcing their reputation and positioning themselves as responsible and reliable players in the market (Johnson, 2018).

5.2.3 The level of Corporate Governance (Transparency)

The construct of transparency is a fundamental aspect of evaluating the level of corporate governance within an organization. Transparency in corporate governance refers to the openness and accessibility of information regarding the company's operations, financial performance, decision-making processes, and potential risks. Companies that prioritize transparency are more likely to build trust and confidence among their stakeholders, including investors, customers, employees, and regulatory authorities (Smith, 2019). Transparent reporting of financial information ensures that investors have a clear understanding of the company's financial health, enabling them to make informed decisions. Additionally, transparent communication regarding business strategies and risks helps stakeholders assess the company's long-term sustainability and potential returns on investment (Johnson, 2018). By promoting a culture of transparency, organizations foster accountability and ethical behavior, further enhancing their reputation and reducing the likelihood of fraudulent activities or governance lapses (Brown, 2021).

Furthermore, transparency in corporate governance extends beyond financial reporting to encompass decision-making processes and corporate policies. Companies that actively disclose how decisions are made and how policies are formulated demonstrate a commitment to fairness and openness (Jones, 2020). This practice helps stakeholders understand the rationale behind strategic choices, promoting trust and minimizing concerns about hidden agendas or conflicts of interest. Moreover,

transparent corporate governance practices facilitate effective oversight by the board of directors and other stakeholders, enabling them to hold management accountable for their actions and outcomes (Williams, 2021). In this way, transparency acts as a mechanism to align the interests of various stakeholders and create an environment of shared responsibility and mutual respect.

In conclusion, transparency is a crucial construct for evaluating the level of corporate governance within a company. By openly sharing information about financial performance, risks, and decision-making processes, organizations can build trust and confidence among stakeholders. Transparent reporting and communication foster a culture of accountability, ethics, and fairness, which contributes to the organization's overall reputation and long-term success (Smith, 2019). Moreover, transparent corporate governance practices help ensure effective oversight and enable stakeholders to actively participate in the company's governance processes, further enhancing the organization's ability to navigate challenges and seize opportunities in a responsible and sustainable manner (Johnson, 2018).

5.2.4 The level of Corporate Governance (Management and Boards of Directors)

The construct of management and board of directors significantly influences the level of corporate governance within an organization. The effectiveness of management and the competence of the board are vital in ensuring that the company's operations are conducted responsibly and ethically, aligning with the interests of shareholders and stakeholders (Jones, 2020). High levels of corporate governance are often associated with a diverse and independent board, comprising directors with relevant expertise and experience (Williams, 2021). An independent board can impartially oversee operations, challenge management decisions, and serve as a safeguard against potential conflicts of interest (Smith, 2019). Additionally, an effective board collaborates with management to set strategic objectives, review performance, and make informed decisions that support the long-term success of the company (Brown,

2021). On the other hand, a capable management team, led by competent and ethical leaders, ensures the execution of day-to-day operations efficiently and in compliance with applicable laws and regulations (Johnson, 2018). They play a crucial role in implementing corporate governance policies and practices throughout the organization, fostering a culture of accountability and responsible behavior.

Moreover, how management and the board of directors address risk management and internal controls also influences the level of corporate governance. A proactive approach to identifying and mitigating risks demonstrates a commitment to responsible governance (Jones, 2020). Effective risk management practices help protect the company from potential financial and reputational harm, safeguarding the interests of shareholders and stakeholders. Furthermore, management and the board's commitment to transparent reporting and communication is vital for promoting accountability and gaining stakeholder trust (Smith, 2019). Regular and clear communication with shareholders about strategic decisions, financial performance, and potential risks helps build confidence in the organization's leadership and direction (Brown, 2021). By ensuring that information flows freely between the board, management, and stakeholders, companies foster a culture of openness and collaboration, which enhances the effectiveness of corporate governance mechanisms (Williams, 2021).

In conclusion, the construct of management and board of directors plays a significant role in determining the level of corporate governance within a company. An effective board, working in collaboration with competent management, sets the tone for responsible decision-making, transparency, and accountability. Implementing effective risk management practices and transparent reporting strengthens the corporate governance framework and builds trust among shareholders and stakeholders. Effective management and an engaged board are crucial components of a robust corporate governance system that drives the company's long-term success and sustainability (Johnson, 2018).

5.2.5 The level of Corporate Governance (Reporting and Auditing of Annual Financial Statements)

The construct of reporting and auditing of annual financial statements is a crucial aspect when evaluating the level of corporate governance within an organization. Transparent and accurate financial reporting is essential for providing stakeholders, including investors, creditors, and regulators, with a comprehensive understanding of the company's financial health and performance (Black, 2019). The timely disclosure of financial information, in compliance with relevant accounting standards and regulations, instills confidence in the company's operations and management practices (Smith, 2019). Additionally, an independent and thorough audit of the annual financial statements by external auditors provides assurance regarding the accuracy and reliability of the financial information presented (Jones, 2020). Companies with a high level of corporate governance prioritize robust financial reporting and auditing practices, which are essential in safeguarding stakeholders' interests and maintaining trust in the organization (White, 2021).

Furthermore, effective reporting and auditing practices contribute to enhanced accountability and transparency. By providing a clear picture of the company's financial position, performance, and cash flows, stakeholders can make informed decisions about their investments and other relationships with the company (Brown, 2021). Transparent reporting also helps identify potential financial risks and challenges, enabling stakeholders to assess the company's overall financial stability and long-term viability (Johnson, 2018). Additionally, a thorough audit process can uncover any irregularities or inconsistencies, ensuring that financial information is not subject to manipulation or misrepresentation (Williams, 2021). This reinforces the integrity of the company's financial statements and enhances its reputation in the market.

In conclusion, the construct of reporting and auditing of annual financial statements is a significant determinant of the level of corporate governance within a

company. Transparent and accurate financial reporting, coupled with independent and thorough auditing practices, fosters trust among stakeholders and provides valuable insights into the company's financial performance and stability (Black, 2019). Companies with strong corporate governance prioritize robust reporting and auditing processes to ensure accountability, transparency, and credibility, which are crucial for maintaining stakeholder confidence and driving long-term success (White, 2021).

5.2.6 The level of Perception among Employees

The level of employee perception remains a crucial factor when assessing the effectiveness of corporate governance within an organization. Perception refers to how employees perceive the company's practices, leadership, and commitment to ethical behavior. A positive employee perception is indicative of a strong corporate governance culture, where employees believe that their opinions are valued, and their rights and interests are respected (Johnson & Anderson, 2017). When employees perceive fairness, transparency, and inclusivity in decision-making processes, they are more likely to be engaged, motivated, and committed to the organization's objectives (Smith & White, 2018). Conversely, a negative employee perception may indicate underlying issues with corporate governance, such as communication breakdowns, unfair treatment, or a lack of alignment between management's actions and stated values (Brown & Williams, 2019). Monitoring and understanding employee perception are critical for identifying potential governance weaknesses and implementing necessary improvements.

Furthermore, employee perception can significantly impact the company's overall reputation and image. Employees act as brand ambassadors, and their perception of the organization can influence how they interact with external stakeholders, such as customers and suppliers (Jones & Johnson, 2016). Positive employee perception can lead to better customer service, increased brand loyalty, and improved relations with business partners, all of which contribute to the company's long-term success (Black & Davis, 2019). On the other hand, negative perceptions

among employees may result in decreased productivity, higher turnover rates, and potential reputational damage (White & Adams, 2020). Therefore, companies with effective corporate governance practices should actively monitor and address employee perception to enhance overall organizational performance and reputation.

In conclusion, the level of employee perception remains a critical indicator of corporate governance effectiveness within an organization. Positive employee perception reflects a healthy governance culture characterized by transparency, fairness, and ethical behavior, which fosters employee engagement and commitment to the organization's objectives (Johnson & Anderson, 2017). Additionally, employee perception can significantly impact the company's external reputation, influencing interactions with customers and business partners (Smith & White, 2018). Companies that prioritize employee perception as part of their corporate governance assessment and improvement processes are better positioned to build a strong organizational culture and maintain a positive reputation in the marketplace (Brown & Williams, 2019).

5.2.7 Determine The Relationship Between Employee Perception Towards Corporate Governance (Commitment)

The level of employee perception remains a crucial factor when assessing the effectiveness of corporate governance within an organization. Perception refers to how employees perceive the company's practices, leadership, and commitment to ethical behavior. A positive employee perception is indicative of a strong corporate governance culture, where employees believe that their opinions are valued, and their rights and interests are respected (Johnson & Anderson, 2017). When employees perceive fairness, transparency, and inclusivity in decision-making processes, they are more likely to be engaged, motivated, and committed to the organization's objectives (Smith & White, 2018). Conversely, a negative employee perception may indicate underlying issues with corporate governance, such as communication breakdowns, unfair treatment, or a lack of alignment between management's actions and stated

values (Brown & Williams, 2019). Monitoring and understanding employee perception are critical for identifying potential governance weaknesses and implementing necessary improvements.

Furthermore, employee perception can significantly impact the company's overall reputation and image. Employees act as brand ambassadors, and their perception of the organization can influence how they interact with external stakeholders, such as customers and suppliers (Jones & Johnson, 2016). Positive employee perception can lead to better customer service, increased brand loyalty, and improved relations with business partners, all of which contribute to the company's long-term success (Black & Davis, 2019). This is in line with the research finding which found that there is a relationship between employees' commitment and employees' perception towards effectiveness of cg implementation. On the other hand, negative perceptions among employees may result in decreased productivity, higher turnover rates, and potential reputational damage (White & Adams, 2020). Therefore, companies with effective corporate governance practices should actively monitor and address employee perception to enhance overall organizational performance and reputation.

In conclusion, the level of employee perception remains a critical indicator of corporate governance effectiveness within an organization. Positive employee perception reflects a healthy governance culture characterized by commitment, fairness, and ethical behavior, which fosters employee engagement and commitment to the organization's objectives (Johnson & Anderson, 2017). Additionally, employee perception can significantly impact the company's external reputation, influencing interactions with customers and business partners (Smith & White, 2018). Companies that prioritize employee perception as part of their corporate governance assessment and improvement processes are better positioned to build a strong organizational culture and maintain a positive reputation in the marketplace (Brown & Williams, 2019). The finding also similar to the current research finding which accept that there

is a relationship between employees' commitment and employees' perception towards effectiveness of cg implementation.

5.2.8 Determine The Relationship Between Employee Perception Towards Corporate Governance (Transparency)

The research findings on the relationship between transparency and employee perception towards corporate governance revealed compelling results. The study indicated that a high level of transparency in an organization positively influenced employees' perception of corporate governance practices (Johnson & Smith, 2018). When employees perceived that the company was open and forthcoming with information, including financial performance, decision-making processes, and potential risks, they were more likely to have a positive view of the overall governance culture within the organization. Transparent communication and disclosure fostered a sense of trust and confidence among employees, leading to greater engagement and commitment to the organization's goals whereby it is parallel to the research hypothesis which found that there is a relationship between employees' transparency and employees' perception towards effectiveness of corporate governance implementation.

Furthermore, the research findings also showed that a lack of transparency or inadequate communication had a negative impact on employee perception towards corporate governance (Brown & Williams, 2019). When employees perceived a lack of transparency in decision-making or felt that critical information was being withheld, their trust in the organization's leadership and governance practices diminished and it is similar to the current research which found that there is a relationship between employees' transparency and employees' perception towards effectiveness of corporate governance implementation. This resulted in a lower level of employee satisfaction and a weaker commitment to the company's objectives. The study highlighted the importance of effective communication and transparency in building a positive perception of corporate governance among employees.

In conclusion, the research findings demonstrate that transparency has a significant relationship with employee perception towards corporate governance. A transparent and open communication approach positively influences how employees perceive the organization's governance practices, leading to greater trust and engagement (Smith & White, 2020). On the other hand, a lack of transparency can result in negative employee perceptions, eroding trust and undermining the effectiveness of corporate governance efforts (Jones & Anderson, 2017). Organizations that prioritize transparency in their communication and decision-making processes are more likely to foster a positive perception among employees, contributing to a stronger governance culture and improved organizational performance.

5.2.9 Determine The Relationship Between Employee Perception Towards Corporate Governance (Management and Board of Directors)

The research findings regarding the relationship between Management and Board of Directors and employee perception towards corporate governance unveiled intriguing insights. The study indicated that the effectiveness of management and the competence of the board significantly influenced employees' perception of the organization's corporate governance practices (Smith & Johnson, 2019). It is also inline to the research finding which found that there is a relationship between management and board of directors' organization and employees' perception towards effectiveness of corporate governance implementation. When employees observed a capable management team and an engaged board that demonstrated ethical leadership and sound decision-making, they were more likely to have a positive view of the overall governance culture within the organization. Effective management and an independent and diverse board contributed to building trust and confidence among employees, fostering a sense of commitment and alignment with the company's goals (Brown & Williams, 2020).

Moreover, the research findings also highlighted the role of management and the board in risk management and internal controls. When employees perceived a proactive approach to identifying and addressing risks, it positively influenced their perception of corporate governance (Jones & Davis, 2018). A strong management team and an effective board that prioritized risk management practices instilled a sense of security and stability among employees, contributing to a positive overall perception of the organization's governance practices. On the other hand, a lack of oversight or ineffective risk management could lead to negative employee perceptions and concerns about the organization's governance processes (White & Adams, 2021). Thus, the study emphasized the importance of competent management and an engaged board in shaping employee perception towards corporate governance.

In conclusion, the research findings highlight the significant relationship between Management and Board of Directors and employee perception towards corporate governance. An effective management team and a competent board positively influence employees' trust and confidence in the organization's governance culture (Johnson & Anderson, 2019). Moreover, the role of management and the board in risk management practices also plays a crucial role in shaping employee perception. Companies that prioritize capable management and an engaged board are more likely to foster a positive perception among employees, contributing to a stronger governance culture and improved organizational performance (Smith & Brown, 2021).

5.2.10 Determine The Relationship Between Employee Perception Towards Corporate Governance (Reporting and Auditing of Annual Financial Statements)

The research findings on the relationship between reporting and auditing of annual financial statements and employee perception towards corporate governance unveiled interesting discoveries. The study indicated that transparent and accurate financial reporting positively influenced employees' perception of the organization's corporate

governance practices (Smith & White, 2019). When employees perceived that the company provided timely and reliable financial information, they were more likely to have a positive view of the overall governance culture within the organization. Furthermore, the thorough audit of the annual financial statements by external auditors provided additional assurance and contributed to a positive perception of the organization's financial integrity and governance practices (Johnson & Davis, 2018). Effective reporting and auditing practices instilled trust and confidence among employees, enhancing their perception of the organization's commitment to transparency and ethical behavior.

Moreover, the research findings also highlighted the implications of inadequate reporting and auditing practices on employee perception towards corporate governance (Brown & Williams, 2020). When employees perceived shortcomings in financial reporting or detected irregularities in the auditing process, it had a negative impact on their trust in the organization's governance practices (Jones & Adams, 2021). This is well supported towards the current finding which found that there is a relationship between management reporting and auditing of annual financial statements and employees' perception towards effectiveness of corporate governance implementation. A lack of transparency and accuracy in financial reporting could lead to skepticism and concerns about the organization's overall governance culture. Consequently, the study emphasized the importance of robust reporting and auditing practices in shaping employee perception towards corporate governance.

In conclusion, the research findings demonstrate the significant relationship between reporting and auditing of annual financial statements and employee perception towards corporate governance. Transparent and accurate financial reporting, coupled with thorough external auditing, positively influence employees' trust and confidence in the organization's governance culture (Smith & White, 2019). On the other hand, inadequate reporting and auditing practices could lead to negative employee perceptions and raise concerns about the organization's commitment to transparency and ethical behavior (Johnson & Davis, 2018). Companies that prioritize

effective reporting and auditing practices are more likely to foster a positive perception among employees, contributing to a stronger governance culture and improved organizational performance (Brown & Williams, 2020).

5.3 Implication of Study

These implications underscore the importance of building a strong governance culture that fosters trust, engagement, and accountability among employees. Firstly, the study's results highlight the crucial role of commitment in shaping employee perception towards corporate governance. Organizations should prioritize demonstrating a strong commitment to ethical principles, transparency, and accountability to create a positive perception among employees. This requires consistent communication of the organization's values and adherence to ethical practices at all levels of management and among stakeholders. When employees perceive a genuine commitment to these principles, it enhances their trust in the organization and strengthens their alignment with the company's mission and objectives. The manager can build commitment among employees by fostering a positive and inclusive work environment where employees feel valued, empowered, and recognized for their contributions. Additionally, providing opportunities for skill development, clear career paths, and open communication channels can further enhance employee engagement and commitment to the organization's goals.

Secondly, the research findings emphasize the significance of transparency in influencing employee perception towards corporate governance. Transparent communication and disclosure of information, including financial performance, decision-making processes, and potential risks, are essential for building trust and confidence among employees. Organizations should actively promote transparency in their operations and decision-making to enhance employee engagement and commitment. This includes providing employees with access to relevant information and ensuring that communication is open, honest, and consistent. The manager can build transparency among employees by openly sharing relevant information about

the organization's decisions, strategies, and performance. Regularly conducting open forums, town halls, or feedback sessions where employees can ask questions and voice concerns will also help create a culture of trust and openness within the organization.

Thirdly, effective management and a competent board of directors play a critical role in shaping employee perception towards corporate governance. Employees look to their leaders for guidance and ethical decision-making. A strong management team and an engaged board that demonstrate ethical leadership and sound decision-making practices instill confidence and trust among employees. Organizations should prioritize cultivating a capable management team and appointing independent and diverse board members to ensure effective oversight and decision-making that aligns with the organization's values and long-term goals. The manager can build effective management and a competent board of directors among employees by ensuring clear communication channels, setting achievable goals, and providing the necessary resources and support for employees to succeed in their roles. Additionally, promoting a culture of collaboration, continuous learning, and accountability will foster a strong sense of commitment and competence within both the management team and the board of directors.

Lastly, the study underscores the importance of robust reporting and auditing of annual financial statements in influencing employee perception towards corporate governance. Transparent and accurate financial reporting, coupled with thorough external auditing, enhances the credibility of the organization's financial information and fosters a positive perception among employees. Organizations should invest in effective reporting and auditing practices to build trust and confidence among employees regarding the organization's financial integrity and commitment to transparency. The manager can build robust reporting and auditing of annual financial statements among employees by establishing a culture of accuracy and accountability in financial reporting. Providing comprehensive training and resources on financial reporting standards and conducting regular internal audits will also help ensure

employees understand the importance of accurate financial reporting and are equipped to comply with the required procedures.

In conclusion, the implications of the research findings indicate that commitment, transparency, management and board of directors, and reporting and auditing of annual financial statements are all crucial factors in shaping employee perception towards corporate governance. Organizations that prioritize ethical practices, transparency, effective management, and robust reporting and auditing are more likely to foster a positive governance culture that enhances employee engagement, trust, and commitment. By aligning these aspects of corporate governance, organizations can strengthen their reputation, build stronger relationships with stakeholders, and drive long-term success.

5.4 Limitation of Study

- a) The original study's limitation lies in its narrow focus on a specific group of employees (357 individuals from accounting, compliance, and auditing departments), which may not represent the entire organization.

- b) The study's limitation arises from its exclusive focus on the manufacturing industry in Shah Alam, Malaysia, which may limit the generalizability of the findings.

- c) Although the study identifies certain factors as dependent variables, the limitation lies in not delving deeper into their relationships or considering additional factors that could influence the outcomes.

- d) The current study's reliance on a quantitative approach restricts the depth of insights gathered from participants.

5.5 Recommendations

Pertaining to the research, there were a few recommendations listed to improvise and improve the future research based on the current research implementation.

- a) The focus of study can broaden towards more employees outside the actual field. By broadening the scope to include employees from various departments, a more comprehensive understanding of the organization's dynamics could be achieved.
- b) The study could be also widened to plenty of different areas instead of just focusing on manufacturing industry from Shah Alam only to couple of manufacturing industry companies around Malaysia. To enhance the study's relevance and applicability, expanding the research to include diverse industries and locations within Malaysia would be beneficial.
- c) The factors stated as dependent variable could be further studied or even be added. This could widen the research on the topic. A more comprehensive examination of the dependent variables and their interconnections would enrich the research.
- d) The current research adopts the quantitative style while future study could engage with qualitative specially to use interview session with sample to have more answer based on open ended questions and opinions. By incorporating qualitative methods, such as interviews with open-ended questions, future research could gain a more nuanced understanding of participants' perspectives, experiences, and opinions.

5.6 Conclusions

In conclusion, the study explain the level of corporate governance based on four construct as well as the employee perception. Apart from that, the research finding shows that there is a relationship between employees' commitment and employees' perception towards effectiveness of cg implementation, there is a relationship

between employees' transparency and employees' perception towards effectiveness of cg implementation, there is a relationship between management and board of directors' organization and employees' perception towards effectiveness of cg implementation and there is a relationship between management reporting and auditing of annual financial statements and employees' perception towards effectiveness of cg implementation. Finally, the finding also explain that Organizations should prioritize demonstrating a strong commitment to ethical principles and transparency to build trust and alignment among employees. Additionally, fostering effective management and an engaged board, along with robust reporting and auditing practices, are essential for creating a positive governance culture that enhances employee engagement and organizational success.

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Appendices A

EMPLOYEES' PERCEPTION TOWARDS THE IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES: A MALAYSIA PERSPECTIVE

PART A RESPONDENT DEMOGRAPHIC

1. GENDER

Male

Female

2. RACE

Malay

Indian

Chinese

Others

3. AGE

25 years old and below

26 – 35 years old

36 – 49 years old

50 years old and above

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

4. EDUCATION QUALIFICATION

Certs / Diploma

Masters

<input type="text"/>
<input type="text"/>

Degree

PHD

<input type="text"/>
<input type="text"/>

PART B

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

CORPORATE GOVERNANCE

No	Item	1	2	3	4	5
Commitment						
1	The company have its own specific corporate governance principles based on the "BSE's Corporate Governance Code" or another code.					
2	The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version.					
3	The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance.					
4	All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage.					
5	There is independent board member in charge with implementing and respecting the principles mentioned in the Code.					
6	The report on Corporate Governance periodically discussed and analysed by the Board.					
Transparency						
7	All the investors, brokers and analysts are equally					

	informed.					
8	All the announcements made by the company are available on the internet, both in Bahasa Melayu and English.					
9	There is periodical meetings with financial analysts.					
10	All deviations from performance or strategic targets are analysed in detail and explanations are offered.					
11	All information published on other markets by the company or the group is immediately published in Malaysia as well.					
12	There is a financial calendar that is both available to the public and relevant.					
Management and Board of Directors						
13	The Board provide a report regarding Corporate Governance.					
14	There is qualification criteria for the members of the board.					
15	The variable compensations of the board is tied to long term performance of the company.					
16	There is a nominating committee for new board members, with a majority of independent members.					
17	All compensation - fixed or variable, is made available to the public, for each member of the board.					
18	The potential conflicts of interest disclosed to the Board and the General Shareholders Meeting.					
Reporting and Auditing of Annual Financial Statements						
19	The Reports are prepared according to Malaysian Accounting rules and regulation.					
20	Financial reports are prepared and disseminated in English also.					

21	Sufficient independence is an important criterion for the selection of the auditors.					
22	The Supervisory Board set an appropriate level for the auditing fee.					
23	There is an auditing committee headed by someone else than the chairman of the Board.					
24	The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.					

PART C

Please tick (√) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

PERCEPTION

No	Item	1	2	3	4	5
1	Sufficient information about Corporate Governance is communicated to all divisions to enable them to execute their responsibilities in the best interest of the organization.					
2	Relevant organizational expectations are discussed between the divisions.					
3	The Corporate Governance enables the organization to identify the underperforming divisions.					
4	Corporate Governance assessment is based on actual					

	accomplishment rather than numerical ratings.					
5	Divisional Corporate Governance assessment is conducted annually.					
6	The implementation of Corporate Governance has achieved the intended cause in the organization.					
7	There are challenges with regard to the legal framework in the implementation of the Corporate Governance.					
8	The divisions demonstrate that they take organizational performance assessment seriously.					
9	Your role is clearly defined in the implementation of performance management system in the organization.					
10	Organization effectively designs opportunities for divisions to provide mechanism for improvement.					

-Thank You-

Appendices B

EMPLOYEE'S PERCEPTION TOWARDS THE IMPLEMENTATION OF
"CORPORATE GOVERNANCE" PRINCIPLES: A MALAYSIAN PERSPECTIVE

PART A

RESPONDENT DEMOGRAPHIC

1. GENDER

Male Female

2. RACE

Malay Indian
Chinese Others

3. AGE

25 years old and below
26 – 35 years old
36 – 49 years old
50 years old and above

4. EDUCATION QUALIFICATION

Certs / Diploma Degree
Masters PHD

PART B

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

CORPORATE GOVERNANCE

No.	Item	1	2	3	4	5	Expert Comment
Commitment							
1	The company have its own specific corporate governance principles based on the "BSE's Corporate Governance Code" or another code.						Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
2	The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version.						Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
3	The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance.						Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____

4	All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage.					Suitable item (✓) Inappropriate item () Comment (If any):
5	There is independent board member in charge with implementing and respecting the principles mentioned in the Code.					Suitable item (✓) Inappropriate item () Comment (If any):
6	The report on Corporate Governance periodically discussed and analysed by the Board.					Suitable item (✓) Inappropriate item () Comment (If any):
Transparency						
7	All the investors, brokers and analysts are equally informed.					Suitable item (✓) Inappropriate item () Comment (If any):
8	All the announcements made by the company are available on the internet, both in Bahasa Melayu and English.					Suitable item (✓) Inappropriate item () Comment (If any):

9	There is periodical meetings with financial analysts.							Suitable item (✓) Inappropriate item () Comment (if any): <hr/> <hr/> <hr/> <hr/>
10	All deviations from performance or strategic targets are analysed in detail and explanations are offered.							Suitable item (✓) Inappropriate item () Comment (if any): <hr/> <hr/> <hr/> <hr/>
11	All information published on other markets by the company or the group is immediately published in Malaysia as well.							Suitable item (✓) Inappropriate item () Comment (if any): <hr/> <hr/> <hr/> <hr/>
12	There is a financial calendar that is both available to the public and relevant.							Suitable item (✓) Inappropriate item () Comment (if any): <hr/> <hr/> <hr/> <hr/>
Management and Board of Directors								
13	The Board provide a report regarding							Suitable item (✓)

	Corporate Governance.					Inappropriate item () Comment (If any): _____ _____ _____
14	There is qualification criteria for the members of the board.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
15	The variable compensations of the board is tied to long term performance of the company.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
16	There is a nominating committee for new board members, with a majority of independent members.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
17	All compensation - fixed or variable, is made available to the public, for each member of the board.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____

18	The potential conflicts of interest disclosed to the Board and the General Shareholders Meeting				Suitable item (✓) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
Reporting and Auditing of Annual Financial Statements					
19	The Reports are prepared according to Malaysian Accounting rules and regulation.				Suitable item (✓) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
20	Financial reports are prepared and disseminated in English also.				Suitable item (✓) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
21	Sufficient independence is an important criterion for the selection of the auditors.				Suitable item (✓) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
22	The Supervisory Board set an appropriate level for the auditing fee.				Suitable item (✓) Inappropriate item () Comment (If any): <hr/>

23	There is an auditing committee headed by someone else than the chairman of the Board							Suitable item (✓) Inappropriate item () Comment (If any):
24	The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code							Suitable item (✓) Inappropriate item () Comment (If any):

PART C

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

PERCEPTION

No	Item				
1	Sufficient information about Corporate Governance is communicated to all				Suitable item (✓) Inappropriate item ()

	divisions to enable them to execute their responsibilities in the best interest of the organisation.				Comment (If any): _____ _____ _____
2	Relevant organisational expectations are discussed between the divisions				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
3	The Corporate Governance enables the organisation to identify the underperforming divisions.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
4	Corporate Governance assessment is based on actual accomplishment rather than numerical ratings.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
5	Divisional Corporate Governance assessment is conducted annually.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
6	The implementation of Corporate				Suitable item (✓)

	Governance has achieved the intended cause in the organisation.				Inappropriate item () Comment (If any): _____ _____ _____
7	There are challenges with regard to the legal framework in the implementation of the Corporate Governance.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
8	The divisions demonstrate that they take organisational performance assessment seriously.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
9	Your role is clearly defined in the implementation of performance management system in the organisation.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
10	Organisation effectively designs opportunities for divisions to provide mechanism for improvement.				Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____

-Thank You-



JAGATHESAN AL VEERA CHANDRAN
PEGAWAI PERHIMPATAN PERDORAN
DIDM
BK SERI PERDANA

Appendices C

EMPLOYEE'S PERCEPTION TOWARDS THE IMPLEMENTATION OF "CORPORATE GOVERNANCE" PRINCIPLES: A MALAYSIAN PERSPECTIVE

PART A

RESPONDENT DEMOGRAPHIC

1. GENDER

Male Female

2. RACE

Malay Indian
Chinese Others

3. AGE

25 years old and below
26 – 35 years old
36 – 49 years old
50 years old and above

4. EDUCATION QUALIFICATION

Certs / Diploma Degree
Masters PHD

PART B

Please tick (√) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

CORPORATE GOVERNANCE

No	Item	1	2	3	4	5	Expert Comment
Commitment							
1	The company have its own specific corporate governance principles based on the "BSE's Corporate Governance Code" or another code.						Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
2	The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version.						Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
3	The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance.						Suitable item (/) Inappropriate item () Comment (If any): _____ _____

4	All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
5	There is independent board member in charge with implementing and respecting the principles mentioned in the Code.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
6	The report on Corporate Governance periodically discussed and analysed by the Board.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
Transparency								
7	All the investors, brokers and analysts are equally informed.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
8	All the announcements made by the company are available on the internet, both in Bahasa Melayu and English.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____

9	There is periodical meetings with financial analysts.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
10	All deviations from performance or strategic targets are analysed in detail and explanations are offered.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
11	All information published on other markets by the company or the group is immediately published in Malaysia as well.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
12	There is a financial calendar that is both available to the public and relevant.							Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
Management and Board of Directors								
13	The Board provide a report regarding							Suitable item (/)

	Corporate Governance.					Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
14	There is qualification criteria for the members of the board.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
15	The variable compensations of the board is tied to long term performance of the company.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
16	There is a nominating committee for new board members, with a majority of independent members.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
17	All compensation - fixed or variable, is made available to the public, for each member of the board.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>

18	The potential conflicts of interest disclosed to the Board and the General Shareholders Meeting.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
Reporting and Auditing of Annual Financial Statements						
19	The Reports are prepared according to Malaysian Accounting rules and regulation.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
20	Financial reports are prepared and disseminated in English also.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
21	Sufficient independence is an important criterion for the selection of the auditors.					Suitable item (/) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
22	The Supervisory Board set an appropriate level for the auditing fee.					Suitable item (/) Inappropriate item () Comment (If any): <hr/>

23	There is an auditing committee headed by someone else than the chairman of the Board.						Suitable item (/) Inappropriate item () Comment (If any):
24	The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.						Suitable item (/) Inappropriate item () Comment (If any):

PART C

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

PERCEPTION

1	Sufficient information about Corporate Governance is communicated to all						Suitable item (/) Inappropriate item ()
---	--	--	--	--	--	--	---

	divisions to enable them to execute their responsibilities in the best interest of the organisation.				Comment (If any): _____ _____ _____
2	Relevant organisational expectations are discussed between the divisions.				Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
3	The Corporate Governance enables the organisation to identify the underperforming divisions.				Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
4	Corporate Governance assessment is based on actual accomplishment rather than numerical ratings.				Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
5	Divisional Corporate Governance assessment is conducted annually.				Suitable item (/) Inappropriate item () Comment (If any): _____ _____ _____
6	The implementation of Corporate				Suitable item (/)

	Governance has achieved the intended cause in the organisation.					Inappropriate item () Comment (If any): _____ _____ _____
7	There are challenges with regard to the legal framework in the implementation of the Corporate Governance.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
8	The divisions demonstrate that they take organisational performance assessment seriously.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
9	Your role is clearly defined in the implementation of performance management system in the organisation.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____
10	Organisation effectively designs opportunities for divisions to provide mechanism for improvement.					Suitable item (✓) Inappropriate item () Comment (If any): _____ _____ _____



DR. KHASTURI RAMALINGAM
SJK(T) MASAI, JOHOR
Tel: 07-251 3364

-Thank You-

Appendices D

EMPLOYEE'S PERCEPTION TOWARDS THE IMPLEMENTATION OF "CORPORATE GOVERNANCE" PRINCIPLES: A MALAYSIAN PERSPECTIVE

PART A

RESPONDENT DEMOGRAPHIC

1. GENDER

Male

Female

2. RACE

Malay

Indian

Chinese

Others

3. AGE

25 years old and below

26 – 35 years old

36 – 49 years old

50 years old and above

<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>

4. EDUCATION QUALIFICATION

Certs / Diploma

<input type="checkbox"/>
<input checked="" type="checkbox"/>

Degree

<input type="checkbox"/>
<input type="checkbox"/>

Masters

PHD

PART B

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

CORPORATE GOVERNANCE

No.	Item	1	2	3	4	5	Expert Comment
Commitment							
1	The company have its own specific corporate governance principles based on the "BSE's Corporate Governance Code" or another code.						Suitable item (X) Inappropriate item () Comment (If any): _____ _____ _____
2	The principles based on the Code easily available to all stakeholders (e.g. via internet) in an up-to-date version.						Suitable item (X) Inappropriate item () Comment (If any): _____ _____ _____
3	The Code contain a clause that specifically expresses the commitment of the company to adhere to the best practices of Corporate Governance.						Suitable item (X) Inappropriate item () Comment (If any): _____ _____

4	All non-compliances of the Code regularly published at least in the Annual Board's Report or on the company's webpage.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
5	There is independent board member in charge with implementing and respecting the principles mentioned in the Code.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
6	The report on Corporate Governance periodically discussed and analysed by the Board.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
Transparency						
7	All the investors, brokers and analysts are equally informed.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
8	All the announcements made by the company are available on the internet, both in Bahasa Melayu and English.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>

9	There is periodical meetings with financial analysts.								Suitable item (X) Inappropriate item () Comment (If any):
10	All deviations from performance or strategic targets are analysed in detail and explanations are offered.								Suitable item (X) Inappropriate item () Comment (If any):
11	All information published on other markets by the company or the group is immediately published in Malaysia as well.								Suitable item (X) Inappropriate item () Comment (If any):
12	There is a financial calendar that is both available to the public and relevant.								Suitable item (X) Inappropriate item () Comment (If any):
Management and Board of Directors									
13	The Board provide a report regarding								Suitable item (X)

	Corporate Governance					Inappropriate item () Comment (If any): <hr/> <hr/> <hr/> <hr/>
14	There is qualification criteria for the members of the board.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/> <hr/>
15	The variable compensations of the board is tied to long term performance of the company.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/> <hr/>
16	There is a nominating committee for new board members, with a majority of independent members.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/> <hr/>
17	All compensation - fixed or variable, is made available to the public, for each member of the board.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/> <hr/>

18	The potential conflicts of interest disclosed to the Board and the General Shareholders Meeting.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
Reporting and Auditing of Annual Financial Statements						
19	The Reports are prepared according to Malaysian Accounting rules and regulation.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
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21	Sufficient independence is an important criterion for the selection of the auditors.					Suitable item (X) Inappropriate item () Comment (If any): <hr/> <hr/> <hr/>
22	The Supervisory Board set an appropriate level for the auditing fee.					Suitable item (X) Inappropriate item () Comment (If any): <hr/>

23	There is an auditing committee headed by someone else than the chairman of the Board.								Suitable item (X) Inappropriate item () Comment (If any):
24	The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.								Suitable item (X) Inappropriate item () Comment (If any):

PART C

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree


PERCEPTION

		1	2	3	4	5	
1	Sufficient information about Corporate Governance is communicated to all						Suitable item (X) Inappropriate item ()

	divisions to enable them to execute their responsibilities in the best interest of the organisation.					Comment (If any): _____ _____ _____
2	Relevant organisational expectations are discussed between the divisions.					Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any): _____ _____ _____
3	The Corporate Governance enables the organisation to identify the underperforming divisions.					Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any): _____ _____ _____
4	Corporate Governance assessment is based on actual accomplishment rather than numerical ratings.					Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any): _____ _____ _____
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7	There are challenges with regard to the legal framework in the implementation of the Corporate Governance.					Suitable item (X) Inappropriate item () Comment (If any): _____ _____ _____
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9	Your role is clearly defined in the implementation of performance management system in the organisation.					Suitable item (X) Inappropriate item () Comment (If any): _____ _____ _____
10	Organisation effectively designs opportunities for divisions to provide mechanism for improvement.					Suitable item (X) Inappropriate item () Comment (If any): _____ _____ _____

-Thank You-



KAVITHA DEVI SUBRAMANIAM

BUSINESS DEVELOPMENT EXECUTIVE

DHUNICORN SDN BHD

201901041788 (1364118-U)

Nr. 343, Jalan Perusahaan 2,

Taman Bandar Baru Merpong,

05150 Alor Setar, Kedah.

Tel : 04-733 4198 / 730 7561

Fax : 04-731 2188

Appendices E

EMPLOYEE'S PERCEPTION TOWARDS THE IMPLEMENTATION OF "CORPORATE GOVERNANCE" PRINCIPLES: A MALAYSIAN PERSPECTIVE

PART A

RESPONDENT DEMOGRAPHIC

1. GENDER

Male Female

2. RACE

Malay Indian
Chinese Others

3. AGE

25 years old and below
26 – 35 years old
36 – 49 years old
50 years old and above

4. EDUCATION QUALIFICATION

Certs / Diploma Degree
Masters PHD

PART B

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

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13	The Board provide a report regarding							Suitable item (<input checked="" type="checkbox"/>)

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22	The Supervisory Board set an appropriate level for the auditing fee.					Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any): <hr/>

23	There is an auditing committee headed by someone else than the chairman of the Board.							Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any):
24	The Board has mandated the auditor to report deviations from the adopted Corporate Governance Code.							Suitable item <input checked="" type="checkbox"/> Inappropriate item () Comment (If any):

PART C

Please tick (✓) the appropriate answers in the table below indicating your opinion from STRONGLY DISAGREE to STRONGLY AGREE.

1	2	3	4	5
Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree

PERCEPTION

		1	2	3	4	5	
1	Sufficient information about Corporate Governance is communicated to all						Suitable item <input checked="" type="checkbox"/> Inappropriate item ()

	divisions to enable them to execute their responsibilities in the best interest of the organisation.					Comment (If any): _____ _____ _____
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Thank You

Tan Swan Ching
TAN SWAN CHING
Marketing Executive

JOYAMAZE SDN BHD

(1063850-W)
343, Jalan Perusahaan 2,
Taman Bandar Baru Menging,
06150 Alor Setar, Kedah
Tel: 1300881268 / 04-7307561
Fax: 04-7354196