CORPORATE GOVERNANCE STRUCTURE AND FIRM PERFORMANCE: EVIDENCE FROM INDUSTRIAL SECTOR IN MALAYSIA & SINGAPORE

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ABSTRACT

This research studies the influences of corporate governance structure on firm performance in Malaysia & Singapore. The governance structure variables are board size, CEO duality, CEO tenure and audit committee. ROA & OCF are the measures of firm performance. In Malaysia, firm performance is positively correlated with board size and CEO duality but negative with CEO tenure and audit committee. In Singapore, the relationship between governance structure and firm performance is positive and significant with board structure and audit committee but negative with CEO duality and CEO tenure.

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1.1 Introduction and Background of the Study

Corporate governance is a broad term that has to do with the manner in which the rights and responsibilities are shared among owners, managers and shareholders of a given company. In essence, the exact structure of the corporate governance will determine what rights, responsibilities, and privileges are extended to each of the corporate participants, and to what degree each participant may enjoy those rights. Generally, the foundation for any system of corporate governance is determined by several factors, all of which help to form the final form of governing the company.

Companies cannot legally operate without a corporate structure that meets the minimum requirements set by the appropriate government jurisdiction. All founding documents of the company must comply with these laws in order to be granted the privilege of incorporation. In many jurisdictions, these documents are required by law to contain at least the seeds of how the company will be structured to allow the creation of a balance of power within the corporation.

Businesses all over the world need to elaborate, develop and grow as well as attract funding from investors. In order to invest funds in a particular business, investors need to ensure that the business is financially stable and potentially capable of producing profits in the future (Mallin, 2007). Consequently, if the

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