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THE IMPACT OF CEO CHARACTERISTICS ON FINANCIAL PERFORMANCE OF
MALAYSIAN CONSTRUCTION LISTED FIRMS

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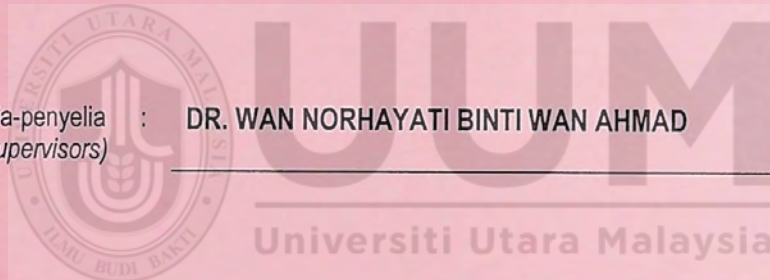
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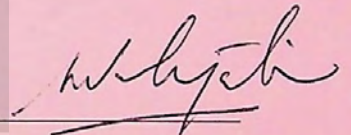
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ABSTRACT

This study investigates the impact of CEO characteristics on the financial performance of companies listed in Bursa Malaysia (Malaysia Stock Exchange) within the construction sector from 2017 to 2019. This study uses descriptive and inferential statistics, to examine the influence of CEO characteristics (CEO ownership, tenure, financial education, and founder) on the dependent variable (return on asset). The findings indicate that CEO financial education and founder CEO have no statistically significant effect on ROA. In contrast, CEO tenure and CEO ownership have a significant positive relationship with ROA. The collected data from annual reports were statistically processed using the program (STATA) to obtain the study's results since the study is based on a panel model. Future research can investigate the exact relationship between CEO characteristics with firm financial performance in other countries. In addition, future researchers can extend the research or studies of CEO characteristics such as CEO gender, power, expertise, et cetera. In addition, the research could be extended to other sectors; therefore, applying the theoretical model to others may be a significant contribution.

Keywords: Governance, Financial performance, CEO characteristics, CEO financial education, Founder CEO, CEO ownership, CEO tenure

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Governance has been discussed in detail in previous literature as it is seen as a lever to create economic efficiency and increase corporate value by ensuring a high level of financial performance and control activity. It is vital in preventing manipulation, financial fraud, administrative corruption, crises, and bankruptcy (Bhagat & Bolton, 2019). Ghardallou, Borgi, and Alkhalifah (2020) have stated that governance topics such as financial performance have been extensively recurring as a research theme. Moreover, the topic of how to improve performance and value creation within companies arises within literatures.

According to Chin et al. (2019), firm performance depends mainly on the decisions taken by the CEO. For example, the most recent case is the CEO of FGV, Zakaria Arshad, who has taken financial wrongs, causing a significant decrease in share price. According to Shen (2021), the Chief Executive Officer, one of the management team members at the top of a company, can actively direct the company to explore possibilities.

The CEO has the highest executive authority in the company and is responsible for managing the business to ensure success and stability because his actions impact the company's future success or failure (Kaur & Singh, 2018). Research has shown that CEO traits and characteristics are among the many elements that impact companies'

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