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Corporate Governance Compliance and the Effects to Capital Structure in Malaysia

Noriza Mohd Saad

Universiti Tenaga Nasional, Kampus Sultan Haji Ahmad Shah, 26700 Bandar Muadzam Shah

Tel: 60-9-455-3336 E-mail: noriza@uniten.edu.my

Abstract

This study attempts to investigate the compliance level among public listed companies with the implementation of corporate governance code of best practices and the association to firm's capital structure in Malaysia. The data are gathered from the analysis of companies' annual report and Thompson DataStream for a sample of 126 companies over a period of 1998 to 2006. The study employs multiple regression analyses on board of director's facets such dual leadership, board size and board meeting. The preliminary results of this study reveal most of the company has complied well with the code and there is a significant association to the firm's capital structure.

Keywords: Corporate Governance, Dual Leadership, Capital Structure, Board of Directors' Facets

1. Introduction

The enforcement of Code of Best Practices by Malaysian Institute of Corporate Governance (henceforth, MICG) to public listed companies in 2001 was an effective measure in the wake of the mid-1997 Asian crisis. As one of major element of the corporate governance, Board of Directors provides additional provisions to the shareholders as well as other investors of the firms because it serves as an effective monitoring mechanism to reduce the agency conflict. It imposes more stringent monitoring by shareholders by increasing involvement and the power of the Board of Directors in the firm's decision making. To the extent that corporate governance is not binding, firms' decision to adopt the Code of Best Practices must be supported by prudent justification. In the High Level Finance Committee Report on Corporate Governance (1999, p.10), corporate governance is defined as,

"… *the process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value*, … " .

The definition implies that investors of companies that adopt the Best Practices will be able to enjoy higher returns from their investment. The recent surge of studies (Bai et. al. (2003); Bauer et. al. (2005); Black et. al. (2005); Chiang 2005; Drobetz et. al. (2003); Gugler et. al. (2003); Nandelstandh & Rosenberg (2003); Wan & Ong (2005); Noriza et. al (2007), Noriza (2008) on the relationship between corporate compliance and performance signal market (and public) awareness about corporate governance such that firms no longer can ignore the importance of and implication of neglecting corporate governance. In other words, stock returns of non-complying firms would suffer because market will penalize the firms for decisions that do not allow them to realize greater value. Nonetheless, the facts that there are substantial variations in corporate compliance across firms within the same country (Mohamad Ishak et. al. (2004), Klapper and Love (2004) suggest that some firms are not yet convinced about the incentive from adopting the corporate governance. In attempt to find evidence that can convince these non-complying firms, this study will determine whether or not firms with higher level of corporate compliance significantly perform better than those non-complying firms. Consistent with the ultimate objective of corporate governance to realize "long-term shareholder value", this study uses debt to equity (D/E), debt ratio (DR) and interest coverage (IC) to measure capital structure of the company .

Even though there are multiple components in corporate governance, this study emphasizes on Board of Directors (BOD) because it is one (if not the only) of the most important mechanisms of corporate governance. As part of its listing requirement, Bursa Malaysia requires public listed company to comply with and disclose in their annual reports certain areas concerning BOD including the board composition, board size, board meeting and dual leadership.

The extent that all directors are required to undergo a Mandatory Accreditation Programme (MAP) which to be followed up by annual Continuing Education Programme (CEP) for instance, asserts the policymakers belief that BOD is an effective vehicle of corporate governance. As the elected representatives of the firm shareholders, directors serve as the primary overseers in the company, monitoring management to ensure that its decisions is always (Note 2) endeavoring to maximize corporate value in the long term for the shareholders, and (Note 3) prepared to be accountable for its actions to all the stakeholders and in particular to the shareholders (Corporate Governance Committee, 1997).

With economies become increasingly global, companies especially those in the emerging capital markets are under constant pressure to improve their corporate governance infrastructure in order to compete efficiently with their competitors for external capital in the global equity market.

The remainder of the study is structured as follows. Section 2 reviews the existing literature on corporate governance compliance and firm's capital structure. Section 3 describes the data and methodology. Section 4 presents the findings and discussion on the results while, section 5 concludes and recommendations to the company.

2. Overview of Literature

2.1 Definition of Corporate Governance

The Malaysian High Level Finance Committee (1999, p. 10) defines corporate governance as the process and structure used to direct and manage the business affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value whilst taking into account the interest of other stakeholders. According to Mathiesen (2002), corporate governance is a field in economics that investigates how to secure or motivate efficient management of corporations by the use of incentive mechanisms, such as contracts, organizational designs and legislation. This is often limited to the question of improving financial performance, for example, how the corporate owners can secure/motivate that the corporate managers will deliver a competitive rate of return.

In the preceding study made by Cornelius (2005), in the broadest sense, corporate governance can be defined as the stewardship responsibility of corporate directors to provide oversight for the goals and strategies of a company and to foster their implementation. Corporate governance may thus be perceived as the set of interlocking rules by which corporations, shareholders and management govern their behavior. These rules refer to individual firm attributes and the factors that allow companies to maintain sound governance practices even where public institutions are relatively weak. Such factors may include a corporation's ownership structure, its relationships with stakeholders, financial transparency and information disclosure practices as well as the configuration of its managing boards. Another definition that can be include in this literature that made by Cornelius & Kogut (2003), a system of corporate governance consists of those formal and informal institutions, laws, values, and rules that generate the menu of legal and organizational forms available in a country and which in turn determine the distribution of power on how ownership is assigned, managerial decisions are made and monitored, information is audited and released, and profits and benefits allocated and distributed.

Millstein (1998) describes corporate governance as the relationship between managers, directors and shareholders. This constricted definition encompasses also the relationship of the corporation to stakeholders and society. Whereas in the broader version of her definition, corporate governance encompasses the combination of laws, regulations, listing rules and voluntary private sector practices that enable the corporation to attract capital, perform efficiently, generate profit and meet both legal obligations as well as the expectations of society generally. Furthermore she states that, no matter what the definition, basically corporate governance concerns the means by which a corporation assures investors that it has in place well performing management who ensure that corporate assets provided by investors are being put to appropriate and profitable use.

2.2 Corporate Governance Compliance and Firm's Capital Structure

Through a survey on annual reports of 556 public listed companies in Bursa Malaysia, formerly known as Kuala Lumpur Stock Exchange, in 2002, Mohamad Ibrahim et. al (2004) found the level of corporate compliance to the Code of Best Practice in these firms is very high. Furthermore, the level of corporate compliance is consistently high for all corporate governance mechanisms or practices concerning BOD that include: (i) BOD composition; (ii) BOD responsibilities i.e. division of power between the Chairman and the CEO; (iii) BOD meeting; (iv) board committees; (v) remuneration of directors; and (iv) BOD training. Their finding is consistent with the score of Governance (GOV) index introduced by Klapper & Love (2004). In their study involving 13 other emerging countries, Malaysia's mean score (54.44) in the Index puts it at the sixth place after South Africa (66.53), Singapore (65.34), Chile (61.63), Hong Kong (58.27), and Brazil (57.26). Focusing the scope to Pacific Basin countries, the results suggest that Malaysia has performed well relative to the other countries in the region because the results also imply that Malaysia stands at the third place after Hong Kong and Singapore. This is beside the fact that in term of economic development, those countries are more established and advanced than Malaysia. As pointed out by Pass, C. (2006), the revised Combined Code introduced new provisions relating to the status and roles of the chairperson and chief executive and the composition of the Board of Directors and its main Committees. These new provisions were especially concerned to provide greater empowerment of a company's non-executive directors in top-level decision making, with a particular emphasis on non-executives being ''independent'' according to criteria specified in the Code. The new Code requires companies to comply with the provisions of the Code taking appropriate action whenever possible to secure compliance or explain why they have not complied. The Code thus continues the UK tradition of ''voluntary'' compliance rather

than legal enforcement. Any ‘‘enforcement’’ is left to the discretion of shareholders who if they are unhappy with an explanation can reject it at the AGM.

There are many studies conducted on corporate governance and firm’s performance, but limited study focus on capital structure. In theory, financing in capital structure by company is based on the board of director’s decision. In compliance to corporate governance code of best practices, BOD serves a good financing decision to the company. According to Abor J. (2007) in his study on corporate governance affect the capital structure was found that is a significantly negative relationship between board size and capital structure and opposite finding on the association between CEO duality and leverage where it implies that larger boards adopt low debt policy and CEO as the board chairman tend to employ high proportion of debt. Similar findings done by Pfeffer & Salancick (1978), Lipton & Lorsch (1992), Berger et al (1997) and Wen et al (2002) on the relationship between corporate governance and capital structure was come out with the decision of corporate governance influenced the capital structure decision of firms. However, contradict with Jensen (1986) where, high leverage or debt ratio because of larger boards.

A study done by Zong-Jun (2006), using a sample of ninety-six financially distressed companies and 96 healthy companies find that large shareholder ownership, state ownership, and the proportion of independent directors are negatively associated with the probability of distress. Additionally, managerial agency costs are badly detrimental to a company’s financial status. However, the degree of balanced ownership, managerial ownership, board size, and CEO duality do not significantly affect the probability of default. Furthermore, they test the influence of state-controlling right by sub-grouping the sample into state-controlled and non–state-controlled companies. The results indicate that corporate-governance attributes act differently on the status of financial distress between the two sub-samples.

The evidence on the ultimate effect of corporate governance compliance to high level of debt by company is mixed. For instance, Abor J. & Biekpe N. (2008) tested on small and medium enterprises (SMEs) indicate that is positive relationships between capital structure and board composition, board skills and CEO duality and the result imply that SMEs pursue lower debt policy with larger board size. Another key result that should b e highlight is SMEs with higher percentage of outside directors, highly qualified board members and one-tier board system rather employ more debt. Fama & Jensen (1983) found CEO duality also influences the financing decision of the firm but the relationship is not statistically significant. Another study by Wen.Y, Rwegasira, K. & Bilderbeek,J. (2002) on corporate governance and capital structure decisions of the Chinese listed firms found that manager tend to pursue lower financial leverage when they face stronger corporate governance from the board. However, their finding only shows a significant value of board composition and CEO tenure and insignificant results for board size and fixed CEO compensation.

3. Research Methodology

3.1 Operational Definition of Facets of BOD based on Malaysian Code on Corporate Governance (MCCG) and Capital Structure

3.1.1 Dual Leadership (DL), Board Size (BS) and Board meeting (BM)

In the MCCG, it was stated that under DL, there should be a clearly accepted division of responsibilities at the head of company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of division. Where the roles are combined there should be a strong independent element on the board. A decision to combine the roles of chairman and CEO should be publicly explained in the companies’ annual report. In this study, it was indicated 1 for the combined position of CEO and chairman and 2 for separated. In terms of BS, every board should examine its size, with a view to determining the impact of the number upon its effectiveness. MCCG also stated that the board should meet regularly, with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. Data on board size was collected based on the ranking; 1 if number of BOD is less than 5 persons, 2 for 6-10 of BOD, 3 for 11-15 of BOD, 4 for more than 15 BOD and 5 if the company do not disclose the information in the annual report. The board should disclose the number of BM held a year and the details of attendance of each individual director in respect of meetings held. From such disclosure, the study was developed a ranking as same as applied to board size for the board meeting.

3.1.2 Capital Structure

In finance, capital structure refers to the way a corporation finances its assets through some combination of equity, debt, or hybrid securities. In this study, capital structure refers to debt ratio, debt to equity and interest coverage.

3.2 Determinants of variables

There are two main variables in this study, dependent and explanatory, and the proxies that represent the dependent variables are (i) Debt Ratio (DR), (ii) Debt to Equity (D/E) and (iii) Interest Coverage (IC) and explanatory variables are (i) Dual Leadership, (ii) Board Size and (iii) Board Meeting.

To examine the firm’s capital structure, this study used the following equations;

$DR_i = TL_i / TA_i$

$D/E_i = TD_i / TE_i$

$IC_i = EBIT_i / InterestExpenses_i$

Where TL_i = Total liabilities of the ith company for each year,

TA_i = Total assets of the ith company for each year,

TE_i = Total shareholder's equity of the ith company for each year,

TD_i = Total Debt of the ith company for each year, and

$EBIT_i$ = Earnings before interest and taxes of the ith company for each year.

$InterestExpenses_i$ = Interest Expenses of the ith company for each year.

Next, the relationship between the BOD facets and firms' capital structure will be estimated using the following regression equations:

$$DR_i = \alpha + \beta_1(DL_1) + \beta_2(BS_2) + \beta_3(BM_3) + \varepsilon_i \quad (1)$$

$$D/E_i = \alpha + \beta_1(DL_1) + \beta_2(BS_2) + \beta_3(BM_3) + \varepsilon_i \quad (2)$$

$$IC_i = \alpha + \beta_1(DL_1) + \beta_2(BS_2) + \beta_3(BM_3) + \varepsilon_i \quad (3)$$

Where α = the constant term,

β = the slope or coefficient estimates of the explanatory variables,

DL_i = the BOD hold two position of the ith company,

BS_i = the BOD size of the ith company,

BM_i = the BOD meeting of the ith company,

ε_i = the standard error of the ith company,

DR_i = the debt ratio of the ith company,

D/E_i = the debt to equity of the ith company, and

IC_i = the interest coverage of the ith company.

3.3 Sampling and Data Collection

The sample of 126 companies had been randomly selected consist of four industries; (i) consumer products, (ii) industrial products, (iii) trading/services, and (iv) plantations of public-listed companies in the Main Board of the Bursa Malaysia for a nine conservative years period from 1998 to 2006. Financial institutions are excluded because they are governed by special rules. The data before that period constitutes the pre-implementation of corporate governance (pre-ICG) cover year 1998 to 2000, the data between the first implementation and the aforementioned period constitutes the mid-corporate governance period (mid-ICG) cover year 2001 to 2003 and the following data on 2004 to 2006 constitutes the post- implementation of corporate governance (post-ICG). For the purpose of collecting information on the BOD, this study will use the companies' annual reports. Annual reports are sufficient for gathering such data considering listed companies must abide to Securities Exchange Commission's requirement of such disclosure. Thompson's DataStream was used to employ the data on firm's capital structure.

3.4 Hypothesis

The null hypothesis of the study is developed to cater for the pooling regression model. The null hypothesis is:

H_0: There is no relationship between capital structure and BOD facets.

H_1: There is a relationship between capital structure and BOD facets.

4. Discussion on Empirical Results

4.1 Analysis of Corporate Governance Compliance among BOD Facets during Pre, Mid and Post Implementation of Corporate Governance Code of Best Practices in Malaysia

According to Malaysia Code on Corporate Governance (2000), it was stated that if one person hold dual leadership (as a chairman and CEO), they should disclose all the responsibilities and descriptive job between the chairman and the CEO.

It is also visibly stated that there should be a clearly accepted division of responsibilities at the head of the company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision. Where the roles are combined there should be a strong independent element on the board. A decision to combine the roles of Chairman and Chief Executive should be publicly explained. As we can see from figure 1 (see appendix), most companies in Malaysia did not combine the role of chairman and CEO of the board of director. It been prove by the result of this study that show more than 70% of overall companies for the pre-ICG and more than 80% for the mid-ICG and post-ICG has two different person that hold the position of chairman and CEO. Only a few of companies apply RD that results are only 10.6% (pre-ICG), 6.9% (mid-ICG) and 12.4% (post-ICG). Hence, before the code of practice is introduced, the board of director already separates the role between the two. According to research done by Shamsul Nahar Abdullah (2004), the role of the board is likely to be minimal as one person is controlling both the operations (as a CEO) and the internal monitoring (as a board chairman). Thus, the leadership and control responsibilities lie in the hands of one individual.

Again, according to MCCG (2000), it was stated that every board should examine its size, with a view to determining the impact of the number upon its effectiveness. See appendix for figure 2, most of the companies assign 6 to 10 board of directors to lead the companies during mid-ICG and post-ICG with 56.3 percent and 79.5 percent respectively. Only 1.9 percent, 3.7 percent and 1.3 percent of the companies that assign more than 16 persons of the board size during pre, mid and post respectively. As for the study period, a total of 31.9 percent of the companies didn't disclose their number of directors. Some point of view saying that corporate performance will be better if there is a larger board because they have a range of expertise to help make better decision. However, Jensen (1986) and Lipton & Lorsch (1992) argue that large boards are less effective and are easier for the CEO to control. When a board gets too big, it becomes difficult to co-ordinate and process problems. Smaller boards also reduce the possibility of free riding by, and increase the accountability of, individual directors.

The corporate governance practices suggested that the board of director should meet regularly, with due notice of issues to be discussed and should record its conclusion in discharging it duties and responsibilities. The practice also suggested that details of attendance of the directors are revealed in annual report during the financial year to make sure the directors are committed to be part of the company. In the study, it was found that majority of the companies complied very well with the practice after the corporate governance was implemented compared to before the code was introduced. As shown in figure 3 (see appendix), for the pre-ICG indicated that 43.7 percent of the companies are not concern to disclose their number of board meeting in their annual report. However, after this code of conduct been introduced, we can see the trend is changing. Most of the companies starting to complied with the code for the mid-ICG (96.8 percent) and post-ICG (98.9 percent). Most of the company was conducted a meeting with in a range of 6 to 10 times a year, for mid-ICG (61.9 percent) and post-ICG (71.1 percent).

4.2 Analysis of the Relationship between BOD Facets with the Firm's Capital Structure

Table 1 (see appendix) shows the result for the multiple regressions for all variables involved in the study. From the result we can see from panel A for the pre-ICG, there are only DE have a relationship with the BOD facets such as DL (-2.069) and BS (2.556) at 5 percent significant level. Therefore, we do not accept the null hypothesis of H_0 and accept H_1 at this level. For the Mid-CG in panel B, where the corporate governance code being introduced, there is a relationship between DL and IC at the p value of 0.05 and t-ratio of -1.976. Another BOD facet that has a relationship is between BS and DE at the p value of 0.05 and t-ratio of 2.136. We can accept H_1 and do not accept H_0 because it shows that there is a relationship between variables. As some authors suggested, the effects of these two factors on firm performance can be both positive and negative (Finkelstein, D'Aveni 1994), which helps to explain why this study found no significant effect of the two factors on firm performance. As for Post-CG in panel C, it shows that the entire three BOD facets have a relationship with the capital structure of the companies such as DL with DR (2.148) and DE (3.106) at 5 percent and 1 percent respectively. IC also has an association with BS (5.045) and BM (-2.219) at 1 percent and 5 percent respectively. Therefore, we can accept H_1 and do not accept H_0 at this level. As pointed out by Keun Lee (2002) that reviewed the post-crisis reform of corporate governance system in Korea from the point of view of the conditions for efficient governance, the Korean system can be said to have been improving although several issues still remains to be settled.

The results in the table 2 (see appendix) shows that the standard deviation for the DR during pre-ICG (panel A) and post-ICG (panel C) indicate the highest 746.91 and 313.99 while the lowest is for DE are 40.78 and 68.59 respectively. However, for mid-ICG (panel B) indicates difference result where the highest is IC (2908.28) and the lowest is DE (36.73). In terms of correlations, the significance level at 5 percent for the pre-ICG only on BS with IC at 0.118 and BS with DL at 0.105. For mid-ICG, the correlation existed between DE and DR at 1 percent (0.256) and BS and DE at 5 percent (0.105). The improvement of significant level for post-ICG where RD are correlated with DR at 5 percent (0.106) and DL with IC (0.160) and BS with IC (0.247) at 1 percent respectively.

5. Conclusion and Recommendation

In this study, it can be concluded that majority of the companies listed in Bursa Malaysia have complied very well with the code in corporate governance practices. As we can see in the statistics in section four, it proved that the companies have disclosed their number of board meeting conducted in annual report especially during mid-ICG and post-ICG. In addition, it was also found that majority of the companies have 6 to 10 directors which are consistent with the recommendation by Lipton & Lorcsh (1992) who argued that the preferred board size is 8 or 9 with 10 being the limit in order for a board to be effective. In terms of dual leadership, it was proven by this study that the compliance level to the MCCG is high where a decision to combine the roles of chairman and CEO should be publicly explain in their annual report. This study also found evidence indicating that there is a relationship between corporate governance and the firm's capital structure and at the same time there is evidence to show that there are no relationships between the variables. For the pre-ICG, there is no relationship between BOD facets and firm's DR and IC. It was also found that there is a relationship between the variables (for mid-ICG and post-ICG) despite the fact that the relationship was not a strong relationship as the value of R is below 60%, consistent with suggestion made by Gompers et al. (2003).

For the recommendations, the study has found that still have a several companies did not disclose their number of directors and number of board meeting in their annual report should comply with the MCCG. The study also believe that for future research, more sample should be used. Lastly, for companies that did not comply with the code of corporate governance they should follow the footsteps of the company that comply with the practice. This is because in this study, it was found that the corporate governance had a relationship with the company's capital structure. When companies have good governance system, they will attract investors to invest in their company. These companies in turn can compete in the business that they are involved in because of sufficient capital and resources. It is highly recommended for companies to comply with the code because this would give investor confidence in the company.

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Notes

Note 1. in chapter 15 of the Listing Requirement Handbook

Note 2. As part of the listing requirement and also pursuant to Practice Note No. 5/2001.

Note 3. mainly those concerning the board of directors(Nikomborirak, 2001).

Table 1. The Results of Multiple Regressions between BOD facets and Capital Structure

Variables	Model 1	Model 2	Model 3
Panel A: Pre-ICG (1998-2000)			
Constant	2.342	4.198	-0.035
	0.020*	0.000**	0.972
Dual Leadership (DL)	-1.500	-2.069	-0.129
	0.134	0.039*	0.897
Board Size (BS)	-1.249	2.556	-1.040
	0.213	0.011*	0.299
Board Meeting (BM)	-0.513	1.194	0.432
	0.608	0.233	0.666
R	0.109	0.168	0.060
R Square	0.012	0.028	0.004
Adj. R	0.004	0.021	-0.004
F-Statistic change	1.508	3.638*	0.450
Panel B: Mid-ICG (2001-2003)			
Constant	2.654	5.316	-0.253
	0.008**	0.000**	0.801
Dual Leadership (DL)	-0.468	-1.038	-1.976
	0.640	0.300	0.049*
Board Size (BS)	-0.232	2.136	-0.023
	0.817	0.033*	0.982
Board Meeting (BM)	-0.803	-1.260	0.257
	0.422	0.208	0.797
R	0.051	0.135	0.039
R Square	0.003	0.018	0.002
Adj. R	-0.005	0.010	-0.006
F-Statistic change	0.324	2.307*	0.194
Panel C: Post-ICG (2004-2006)			
Constant	-1.619	-0.467	-0.413
	0.106	0.641	0.680
Dual Leadership (DL)	2.148	3.106	-0.879
	0.032*	0.002**	0.380
Board Size (BS)	0.874	0.315	5.045
	0.383	0.753	0.000**
Board Meeting (BM)	0.539	-0.697	-2.219
	0.590	0.486	0.027*
R	0.119	0.165	0.273
R Square	0.014	0.027	0.074
Adj. R	0.006	0.019	0.067
F-Statistic change	1.790	3.480*	10.026**

*Notes: In each cell, t-value appears in the first row and p-value (sig.) is in the second row. Symbols * indicates significance at the 5 percent level while ** indicates significance at the 1 percent level*

Table 2. The Results of Descriptive Statistic (ANOVA) and Correlation (Pearson) among Variables

Variables	MIN	MAX	MEAN	S.DEV	DR	DE	IC	DL	BS	BM
Panel A: Pre-ICG (1998-2000)										
DR	-10489.64	7426.90	79.97	746.91	1					
DE	-23.63	372.94	35.44	40.78	0.058	1				
IC	-10322.00	644.20	-41.62	656.34	0.007	0.047	1			
DL	1.00	2.00	2.07	0.52	-0.085	-0.091	-0.012	1		
BS	4.00	1.00	2.24	1.64	-0.072	0.118*	-0.055	0.105*	1	
BM	3.00	5.00	3.37	1.67	-0.027	0.054	0.024	0.030	-0.030	1
Panel B: Mid-ICG (2001-2003)										
DR	-1443.15	3032.93	93.23	304.31	1					
DE	0.00	280.97	33.52	36.73	0.256**	1				
IC	-49974.46	5808.76	-125.01	2908.28	0.006	-0.022	1			
DL	2.00	1.00	1.41	1.77	-0.026	-0.051	-0.037	1		
BS	4.00	2.00	2.27	1.14	-0.015	0.105*	-0.002	0.041	1	
BM	4.00	2.00	2.06	0.85	-0.043	-0.062	0.012	0.033	0.044	1
Panel C: Post-ICG (2004-2006)										
DR	-4871.05	1817.10	61.39	313.99	1					
DE	0.00	993.95	37.39	68.59	-0.02	1				
IC	-1170.25	4729.94	51.77	279.74	0.064	-0.023	1			
DL	3.00	2.00	1.92	0.40	0.106*	0.160**	-0.06	1		
BS	4.00	2.00	2.08	0.60	0.039	0.002	0.247**	-0.071	1	
BM	5.00	2.00	1.95	0.64	0.024	-0.045	-0.088	-0.066	0.078	1

*Notes: In all cases of Pearson correlation the symbols * indicates correlation is significant at the ≤ 5 percent level while ** indicates correlation is significant at the ≤1 percent level (2-tailed).*

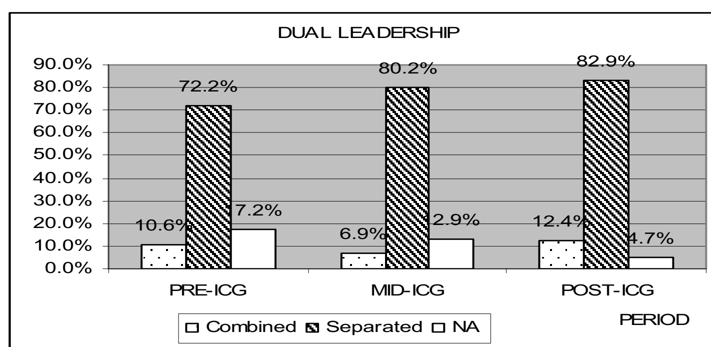

Figure 1. Dual Leadership (Chairman and Chief Executive Officer)

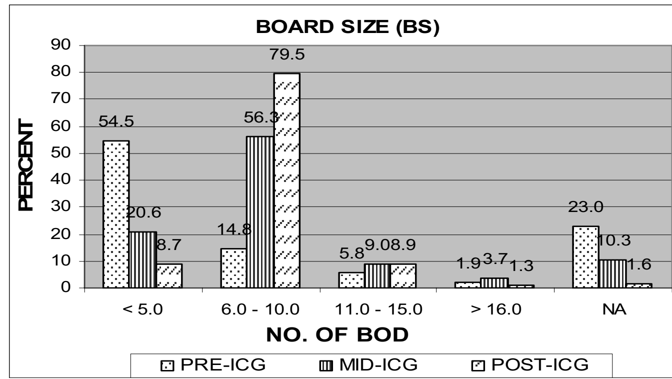

Figure 2. The Number of Directors in the Company

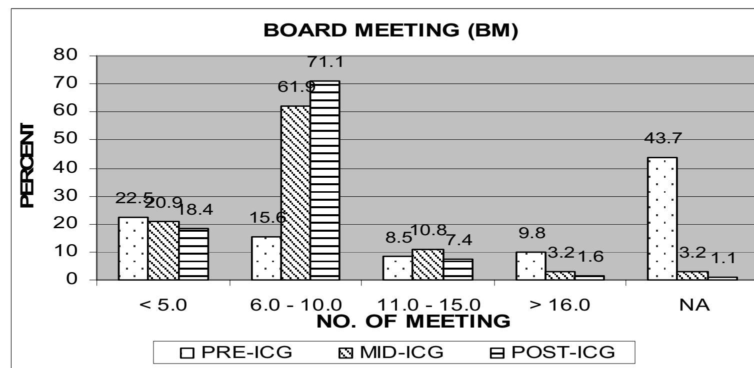

Figure 3. The Number of Board Meeting