

Code of Corporate Governance as a Catalyst to Companies' Performances: A Review of Malaysian Experience

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This study aims to highlight whether the implementation of Malaysian Code of Corporate Governance in 2000 and the revised version in 2007 triggers a favourable impact to Malaysian Bourse listed companies' performances. This study sets apart from prior studies by providing evidence on value relevance of ERM and corporate governance compliance using the Malaysian Code of Corporate Governance (MCCG) as a proxy for ERM practices. This study uses a standard and reliable accounting variables with two-tailed Wilcoxon signed rank test methods to provide a justifiable research methodology. It is found that test result to be in tandem with prior studies, nonetheless, is also found that both MCCGs fail to produce a lasting mechanism in enhancing companies' performances.

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1. Introduction

The growing concern over risk management does not only involve organisations, but also individuals and society at large (Wharton, 1992). Failure to improve the risk management process can cause severe financial loss and damage to reputation. This in-turn will be reflected in stakeholders' confidence and trust as well as companies' share price. Hence, implementing risk management is no longer viewed as a choice but a necessity. Moreover, with the recent crises in the global financial system, the importance of risk management has been highlighted and firms that incorporated risk management in their operations have experienced better performance than their competitors. Effectively managing or controlling the factors that cause risk can result in market leadership, increasing a company's growth and investor's confidence (Meier, 2000). Furthermore, corporate entities too believe that the successful operation of any business depends on risk management (Archer, 2002).

In light of the growing acceptance of ERM's importance by Malaysian listed firms as well as the capital market governing bodies, this study aims to assess whether the enterprise risk management implementation (via introduction of MCCG) produces a positive impact to the companies' post adoption performances. This study emulates earlier study by Pagach and War (2010) which found that only some firms that adopted ERM experience a reduction in earnings' volatility although the overall study failed to find support that ERM is value creation.

The composition of this paper starts with an introduction section and follows by a brief review of literature. It is then followed by the methodology section explaining the sampling, ratios used and statistical tool employed in this study. The fourth section of this paper reports the findings and some discussions found from the analysis. Lastly,

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this paper ends with conclusion and avenues for future research.

2. Literature Review

Although the field of risk management has begun in the early 1950s, it was limited in scope to pure loss exposures only where risks were managed through controlling and financing techniques. Insurance has been the most popular financing approach in managing corporate risk. It has been used to manage property, liability, and related insurable risks. This approach is known as Traditional Risk Management (TRM) where risks are managed by independent departments or units where each group has its own languages, skills and procedures.

With the global and specific company' environmental change of risk as well as the complexity and speed of these changes have increased the uncertainty and risks endured by the company. These changes have shown that managing risk by isolation is no longer suitable due to its failure in developing skills that enable them to contribute to the broader idea of integrated risk management approach within their business entities (Conley, 1999) and to consider shareholders wealth in the decision making process (Meier, 2000). Therefore, most of the companies now have moved from the traditional way of risk management to an integrated or enterprise risk management.

In ensuring that implementation of Enterprise Risk Management (ERM) is effectively carried out, a risk management initiative has been integrated as one of the important part of corporate governance code in many countries in the world including Malaysia. With accordance to the introduction of Malaysia Capital Market Blue-plan in 2000, the Malaysian Code of Corporate Governance (MCCG) was introduced. The MCCG 2000, which aims specifically to listed firms in the bourse, includes Malaysian very own' codes of corporate governance and risk management initiatives. This code of conduct provides guidelines to organisations with the expected standard of behaviour regarding fraud, customer's service, stakeholders' requirements, and company's performance (Knight, 2006).

During search for prior literature for this study, an earlier local study on the matter is found, nonetheless from the writers/researchers experience, its' determinants of ERM adoption date is questionable. Prior studies such as the work of Hoyt and Liebenberg (2011) agree with Schroeck (2002) which suggests that there is almost no direct empirical evidence that shows value been created by ERM implementation and the link is more theoretical rather than being proven by hard empirical fact. Hence, until now little is known about ERM effectiveness in value creation (McShane, Nair & Rustambekov, 2011). Therefore, this study sets apart from related studies in this field by providing evidence on value relevance of ERM and corporate governance compliance with a new data set by using the Malaysian Code of Corporate Governance (MCCG) as a proxy for ERM practices.

3. Background of MCCG in Malaysia

In the year 2000, The Malaysian Code of Corporate Governance (MCCG) gained its impetus in Malaysia after the 1997 Asian financial crisis. Although the turmoil originated in Thailand, the crisis later spread to other Asian countries. Despite numerous reasons cited which contribute to the cause of the crisis, nevertheless, the weaknesses of

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domestic policy was single out to be the main reason. Apart from that, poor corporate governance and risk management were specifically pointed out to be the major culprits (Zulkafli, Samad, & Ismail, 2007). Similarly, an earlier study by Jin (2001) also finds that poor risk management was cited as the main reason to the 1997 Asian financial crisis that had affected most of the public listed companies in Bursa Malaysia (then Kuala Lumpur Stock Exchange).

Consequently, after the Asian financial crisis in 1997, corporate governance has been actively promoted especially to the corporate sector in Malaysia. This is because the effective risk management approach can strengthen through the corporate governance process. Importantly, good corporate governance could increase the investor's confidence. Moreover, good corporate governance mechanisms would ensure that investors or shareholders would receive adequate returns on their investments (Zulkafli et al., 2007). The measurements in the area of corporate governance were set up to improve the aspect of transparency, fairness, accountability and responsibility. Good corporate governance "is the key to a robust and competitive corporate sector, which serves as a source for sustainable economic growth" (Zulkafli et al., 2007, p.6). Moreover, for non-financial companies, corporate governance compliance has been cited as the most motivational factor for them in implementing EWRM (Manab, Hussin & Kassim, 2010).

The initiative of corporate governance in Malaysia started with the establishment of the High Level Finance Committee on Corporate Governance in March 1998. The purpose is to examine the robustness of the efforts on corporate governance in coping with the rapid changes of the global capital market environment. On March 2000, the MCCG was released. The code "provides guidelines on the principles and best practices in corporate governance and the direction for the implementation as well as charts the future prospects of corporate governance in Malaysia" (Zulkafli et al., 2007, p. 4). The Code incorporates risk management as part of good corporate governance practices. Initially, the requirement on best practices of the Code is voluntary. Nevertheless, due to the infancy stage of Malaysian Securities Commission (established in 1995), therefore, to ensure conformity and an indirect enforcement of the code the revamped 2001 Listing Requirements of Bursa Malaysia requires a mandatory statement of compliance to the Code. Later, the Revised Code on Corporate Governance was amended in October 2007.

4. Methodology

This study covers an observation period from i) 1st January 2000 (a year prior to MCCG2000 base period, which is 2001) up to ii) 31st December 2011 (3 years post to MCCG2007 base period, which is 2008). From the researchers' perspective, it is believed that these periods are relevant to the induction and the later enhancement of MCCGs. Although in October 2012, the MCCG was further improved it is however out of the scope of this study that investigates at least 3 years post MCCG adoption to ascertain the impact of adoption to the companies' performances.

Related to the study' sample selection, this study includes all listed firms in Malaysian Bourse and uses random alphabetical listing selection (lapse by a listing) of listed companies. In order to avoid firm' survival issues, listing selection was carried out using the 2010 Bursa Listed Companies Schedule. In an event that the selected company is

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not available in the 2000 Bursa Listed Companies Schedule, the next listed company is then selected. As shown in Table 1, the total number of companies in this study (417) is roughly 43.81 percent of the total population of listed companies in Bursa Malaysia. From the initial sample, six (6) companies including two (2) financial and insurance companies were dropped from the initial sample due to severe missing data especially during reconciliation of banks and financial institution exercise in Malaysia in year 2000.

All financial information in this study is based on DataStream collected at Sultanah Bahiyah Library, Universiti Utara Malaysia. Additional data are collected manually using Malaysian Bourse Annual Handbook and respective firms' annual report. However, caution by Suret et al. (1997) in his study on Malaysian accounting data availability and accuracy, any data discrepancy will be based on the latest data shown in respective company's annual financial data as per practice in this study.

Table 1: Samples by Sector

Sector	Frequency	Percent	Cumulative Percent
CONSTRUCTION	19	4.6	4.6
CONSUMER PRODUCT	44	10.6	15.1
FINANCE	49	11.8	26.9
HOTELS	3	0.7	27.6
INDUSTRIAL PRODUCT	102	24.5	52.0
IPC	2	0.5	52.5
PLANTATION	22	5.3	57.8
PROPERTIES	79	18.9	76.7
REITS	16	3.8	80.6
TECHNOLOGY	9	2.2	82.7
TRAD/SERV	72	17.3	100.0
Total	417	100.0	

Note: Based on data collected for Manab & Ghazali (2013) study; *Risk Management and Value Creation: A Reality Test in Public Listed Companies of an Emerging Capital Market*.

It is important to note (or put a caveat) that analysis for MCG2000 uses year 2001 as the adoption or base year. This practice is justifiable as only in year 2001 that the MCG2000 is being fully enforced. Similarly, for MCG2007 analysis, financial year 2008 is used as the adoption period for the reason mentioned.

Several firms' specific ratios are analysed to ascertain various aspects of performance and ERM practices. The indicators (ratios) selected for this purpose include: i) debt to asset ratio (D/A) and ii) net income to sales [net profit margin (NPM)]. These two (2) are intended to highlight companies' net profitability and risk as purported by Pagach and Warr (2010). Moreover, analysis also focuses on the effectiveness of asset performances upon ERM adoption via adoption of MCGs upon. The asset characteristics used in this study are those that provide information about the degree to which a company's assets are likely to be decreased in value upon financial distress; iii) net income to total asset [return on assets (ROA)] and iv) net income to total equity [return on equity (ROE)] are used for the purpose as similarly used in Jain and Kini (1994), and Pugh, Oswald & Jahera (2000).

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Furthermore, this study looks into the effectiveness of companies utilizing their asset as stated in Pagach and Warr (2010) specifically on financial slacks and asset opacity. Financial slack or cash availability provides a measure of a company's ability to continue its operation during a period of operating cash shortage. Financial slack (SLK) measures the amount of highly liquid assets (such as cash or marketable securities) that the company has in hand that could be used to make up for any deficit in its operating cash flows. Companies adopting ERM may decide to increase its v). financial slack to provide a greater mitigation against financial distress, or similarly in leverage, may feel less financial slack is needed given that they are able to manage risks thoroughly.

Moreover, also examine is financial slack or cash availability provides a measure of a company's ability to continue its operation during a period of operating cash shortage, vi) opacity (OPC) is intangible assets (such as, name brand and goodwill) that do not have any physical accounting value but are stated in companies' balance sheet. Analysis on assets opacity comes in play as news technology has increased in speed and coverage. This causes companies that derive much of their operating income from opaque assets would have difficulties in liquidating these assets at fair market value to avoid financial distress.

Another variable, which is included in this study, is the vii) cost of financing and taxation (CFT), which no other prior studies have included this variable. It is worth to note that this variable is included as an exploratory prospect. However, it is felt that this variable is important as cash flow out from the companies but does not necessarily enhance company' value.

Companies with growth options would have considerable amount of the firm's value tied to future income but with unrealized current cash flows. Because of the uncertain nature of the payoff from such assets, the value of these investments is unlikely to be fully realized in bankruptcy. In this study, Q-ratio or approximate Q (AppQ) is used as a proxy for company's growth options. This variable is introduced by Chung and Pruitt (1994) using the following formula:

$$\text{Approximate Q} = \frac{[(MVE + PS + DEBT)]}{\text{Total Asset}}$$

where;

MVE: Year-end companies' share price and the number of common shares outstanding,

PS: Value of the companies' outstanding preferred stock ,

DEBT: Value of the companies' short-term liabilities net of its short-term assets, PLUS the book value of the companies' long-term debt, and

TA: The book value of the total assets of the company

As for the years (unless noted otherwise, all years are fiscal years) following and including the MCCG2000 and MCCG2007 adoption, each of the ratios is compared to corresponding value at the end of the year before each MCCG adoption (referred as the base year). The base year and the year of MCCG adoption is year 0, and so forth. Therefore, a (-1,0) event window presents the change in the financial ratio from the end of year -1 to the end of year 0; thus, the change in the ratio is concurrent with MCCG adoption. Changes are being tested for up to 5 years.

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Change is calculated as $(PT_1 - PT_{-n}) / PT_{-n}$, where PT_t refers to the appropriate performance ratio for the company in current financial year and PT_{-n} refers to the appropriate performance ratio for the company in base financial year. If MCCGs adoption is to have no effect, then it is expected that the changes in the company performances ratio to be indifferent, on average, from the change in the adoption year (0).

The growth in these measures may be able to provide explanation for the change in performance experienced by MCCG adoption companies during the first few years after adoption of the code. All reported significant tests are based on two-tailed Wilcoxon signed rank test, a nonparametric alternative to paired-samples t test. This test, as well as other standard parametric test, assumes that the observations are independent. Moreover, Yeo, Tan, Ho, & Chen (1999) pointed out that in Barber, Lyon & Tsai (1996) study, have shown that this method (non-parametric test) performs better than t-test in detecting abnormal performance and to be robust in dealing with non-normal data set.

5. Findings and Discussion

5.1 MCCG2000

Post-performance analysis of MCCG2000 adoption produces mixed results in accounting/financial ratios tested. In measuring the effectiveness of MCCG2000 to reduce company risk, Debt upon Asset (D/A) is looked into. Test result on D/A ratio shows an increase and significantly tested to differ in each cluster of window tested. From the analysis result it can be concluded that MCCG2000 on average fails to decrease the companies' risk over time.

In measuring companies' ability to minimize cash outflow to activities that would not increase shareholders' wealth, focus is given to analysis on cost of financing and taxation (CFT). Based on test result on CFT, it is found that there are increases in mean average of sum paid over the observed window and it significantly differs with the exception of year 1 post adoption of MCCG2000. In the later observation period, it is found that CFT had increased from based year and tested to be significant. This is in line with prior finding in D/A ratio where it too has increased over time, whereas, a baffling spike in year 1 post MCCG2000 is found to be insignificantly related and it is suspected that much of this has contributed to financial companies' ratio, specifically in the brokerage and securities companies.

Based on Table 2, in term of profitability, net profits margin (NPM) ratio is analysed to examine whether the adoption of MCCG2000 has enable companies to improve their profitability. For test result shown in the prior Table 2, it can be concluded that MCCG2000 only has the ability to improve companies' short-term profitability but fails in longer observation windows. Similarly, in investigating returns on asset (ROA) ratio, a proxy for company' effectiveness in managing it resources, test result finds and suggests that improvement in asset management occurs in short and intermediate windows but fails in the long-term windows, while returns on equity (ROE) ratio test result shows that MCCG2000 has significantly improved ROE in all observation windows. In tandem with the main objectives of MCCG which is to promote better shareholders wealth, one cannot refute companies' intention to conform to the code.

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As shown in Table 2, with regards to companies' efficiency of liquid assets, managing cash and marketable securities (SLK), test result shows a small (almost minute) but significant increase of financial slack overtime. However, such small number does not purport an alarming situation but rather the opposite. A justifiable explanation to this increase is likely due to the increase in value of marketable securities that the company accumulates overtime. A similar result has been found in companies' investment into intangible asset (OPC). Although an investment in intangible asset is risky when bankruptcy is a concern, the result suggests that companies are investing moderately in such asset and with the view of a better future prospect.

Analysing the companies' financial sustainability (AppQ) ratio, which is measured by Approximate Q, it is found that companies' sustainability has increased over time but registered to be indifferent amongst all observations windows. The results suggest that improvement of companies' financial sustainability is not confined to specific observation window but in general. Lastly, the analyses on shareholders wealth or earnings per share (EPS) ratio from the test result clearly shown that EPS cannot be sustained by the MCG2000 adoption. It is found that every observation window is significantly different from the implementation base period and improvement of EPS can be sustained up to intermediate term. Justification of this occurrence is that companies may have their own earnings management policy that is irrelevant of the implementation of the code.

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Table 2: Companies' Performances Post MCGG2000

Measure of Performance	Year -1 to Year 0	Year 0 to Year 1	Year 0 to Year 3	Year 0 to Year 5
<u>Debt upon Asset (D/A)</u>				
Median Changes	0.0147	0.0111	0.0291	0.0322
<i>F-stat.</i>		13.051	5.803	2.049
Asymp. Sig. (2-tailed)		0.00	0.00	0.00
<u>Cost of Financing and Taxation (CFT)</u>				
Median Changes	-0.0738	0.9279	0.0820	0.0564
<i>F-stat.</i>		.004	16.601	4.055
Asymp. Sig. (2-tailed)		1.00	0.00	0.00
<u>Net Profits Margin (NPM)</u>				
Median Changes	0.1008	0.0166	-0.0507	0.0554
<i>F-stat.</i>		34.591	8.832	0.604
Asymp. Sig. (2-tailed)		0.00	0.00	0.95
<u>Returns on Asset (ROA)</u>				
Median Changes	-0.1331	0.0117	0.0325	-0.0058
<i>F-stat.</i>		66.330	4.735	7.756
Asymp. Sig. (2-tailed)		0.00	0.00	0.00
<u>Returns on Equity (ROE)</u>				
Median Changes	0.1274	0.0046	0.0303	0.0258
<i>F-stat.</i>		36.012	7.383	7.260
Asymp. Sig. (2-tailed)		0.00	0.00	0.00
<u>Financial Slack (SLK)</u>				
Median Changes	0.0107	0.0041	0.0049	0.0065
<i>F-stat.</i>		4.702	1.565	6.522
Asymp. Sig. (2-tailed)		0.00	0.04	0.00
<u>Asset Opacity (OPC)</u>				
Median Changes	0.0044	0.0035	0.0064	0.0063
<i>F-stat.</i>		25.436	2.395	2.525
Asymp. Sig. (2-tailed)		0.00	0.00	0.00
<u>Approximate Q (AppQ)</u>				
Median Changes	0.0431	0.0267	0.0439	0.0622
<i>F-stat.</i>		0.718	0.481	0.672
Asymp. Sig. (2-tailed)		0.97	1.00	0.91
<u>Earnings per Share (EPS)</u>				
Median Changes	0.0258	0.0410	0.1454	-0.0733
<i>F-stat.</i>		23.362	2.944	2.417
Asymp. Sig. (2-tailed)		0.00	0.00	0.00

Note: Based on data collected for Manab & Ghazali (2013) study; *Risk Management and Value Creation: A Reality Test in Public Listed Companies of an Emerging Capital Market.*

Assumption based on two-tailed test at $\alpha = 0.05$.

5.2 MCCG2007

Post-performance of MCCG2007 is expected to differ from those of MCCG2000 as the later code is an improvement to the earlier one. Moreover, analysis for MCCG2007 is only set-up to intermediate term due to data availability during this period of study analysis. Similarly to MCCG2000, post-performance analysis of MCCG2007 adoption produces a mixed result in accounting/financial ratios tested. Debt upon Asset (D/A) tested to be significantly different in each observation window with a small (minute) increase of D/A in the short-term and a decrease in the intermediate period. Analyses from this result suggest that MCCG2007 on average has improved the companies' risk standing. Much of the improvement is likely due to a directive originating from MCCG2007 that is: all board members in the audit committee must be able to interpret the companies' financial satisfactorily. Therefore, it is believed that due to this directive, a sudden improvement to companies' risk has been achieved. Based on the test result on CFT, it is found that there is an increase in the cost of financing and taxation and it is indifferent to all observed windows. These suggest that all companies are facing increase cost especially in financing due to external or global influences. In addition, further examination into the data (not discussed in this paper) shows that much of this increase is attributed to financial and properties companies that are largely affected by property and sub-prime crisis in 2008.

In term of profitability, net profits margin (NPM) ratio is analysed to ascertain whether MCCG2007 has enabled companies to improve their profitability. For test result shown in Table 3 below, it can be concluded that MCCG2007 has improved companies' short and intermediate-term profitability similar to the earlier code. Although a single justifiable reason to this outcome cannot be identified, nevertheless, the earlier reason given in D/A analysis could be the most justifiable.

Similarly, in investigating returns on asset (ROA) ratio, test result finds and suggests that improvement in asset management occurs in both short and intermediate windows. As MCCG2007 is focused on internal management improvement, it can be concluded that the code has successfully accomplished its intended objective. Moreover, a return on equity (ROE) ratio test result too shows that MCCG2007 has slightly improved ROE in both observation windows. As both observation windows show indifferent amongst samples, it can be concluded that improvement in ROE is overall.

Looking at the companies' efficiency in managing financial slack (SLK), test result shows a small but significant increase of financial slack overtime, similar to the occurrence during post MCCG2000. However, such small number is not alarming but rather a welcoming prospect. A similar result is found in companies' investment into intangible asset (OPC). As the Malaysian economy is in stable and upbeat motion, the result suggests that companies are investing moderately in such asset in view of a better future prospect. Moreover, in recent years, the Malaysian Government has strongly encouraged corporation to undertake corporate social responsibility (CSR) programs that can contribute to the increase of OPC.

When analysing the companies' financial sustainability (AppQ) ratio, it was found that companies' sustainability has increased slightly over time but tested to be indifferent amongst all observations windows. The results suggest that improvement of companies' financial sustainability is not confined to specific observation window but in general, which is a welcoming outcome.

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Table 3: Companies' Performances Post MCG2007

Measure of Performance	Year -1 to Year 0	Year 0 to Year 1	Year 0 to Year 3
<u>Debt upon Asset (D/A)</u>			
Median Change Firms	0.0119	0.0064	-0.0157
<i>F-stat.</i>		1.582	2.747
Asymp. Sig. (2-tailed)		0.00	0.00
<u>Cost of Financing and Taxation (CFT)</u>			
Median Change Firms	-0.0053	0.1592	0.1849
<i>F-stat.</i>		0.007	0.008
Asymp. Sig. (2-tailed)		1.00	1.00
<u>Net Profits Margin (NPM)</u>			
Median Change Firms	-0.0884	0.0028	0.0136
<i>F-stat.</i>		1.912	5.087
Asymp. Sig. (2-tailed)		0.00	0.00
<u>Returns on Asset (ROA)</u>			
Median Change Firms	-0.6711	0.0578	0.0721
<i>F-stat.</i>		19.407	21.918
Asymp. Sig. (2-tailed)		0.00	0.00
<u>Returns on Equity (ROE)</u>			
Median Change Firms	-0.0335	0.0143	0.0213
<i>F-stat.</i>		0.841	.606
Asymp. Sig. (2-tailed)		0.84	0.98
<u>Financial Slack (SLK)</u>			
Median Change Firms	-0.0010	0.0054	0.0185
<i>F-stat.</i>		10.722	21.175
Asymp. Sig. (2-tailed)		0.00	0.00
<u>Asset Opacity (OPC)</u>			
Median Change Firms	-0.0003	0.0005	0.0027
<i>F-stat.</i>		13.538	1.867
Asymp. Sig. (2-tailed)		0.00	0.00
<u>Approximate Q (AppQ)</u>			
Median Change Firms	0.0092	0.0047	0.0045
<i>F-stat.</i>		.744	.422
Asymp. Sig. (2-tailed)		0.94	1.00
<u>Earnings per Share (EPS)</u>			
Median Change Firms	-0.1227	0.2019	0.1472
<i>F-stat.</i>		3.770	.550
Asymp. Sig. (2-tailed)		0.00	0.98

Note: Based on data collected for Manab & Ghazali (2013) study; *Risk Management and Value Creation: A Reality Test in Public Listed Companies of an Emerging Capital Market.*

Assumption based on two-tailed test at $\alpha = 0.05$.

The last analysis to ascertain post adoption performance of MCG2007 is on shareholders wealth which is represented in this study by earnings per share (EPS) ratio. Although the later observation window suggested results are to be indifferent, nonetheless, test result shows that EPS is able to be sustained by the MCG2007 adoption. This result aligns with the objectives of MCG2007 that is: internal improvement of companies' governance.

In summary, from obvious result shown in two (2) previous tables, it can be ascertained that both MCGs fail to produce a lasting catalyst mechanism for companies' performance. The results presented the empirical evidence on ERM value creation and

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MCCG as a proxy for ERM implementation. However, this significant contribution in term of empirical data has not been shown in any literature reviewed.

6. Conclusion

Moreover, MCCG2007 improves the shareholder's wealth in both samples. Nevertheless, in term of MCCGs as a catalyst for companies' performance, it is found that both MCCGs are able to produce a positive outcome but are unable to sustain it in the long-run. This finding is found, despite geographical and methodological differences, to having some similarity to earlier findings by Pagach and Warr (2010).

In examining the post MGGC's implementation effect to companies' performances, it can be concluded that both MCCG fails to produce a lasting mechanism for companies' performance. Moreover, these results are found to be in tandem with prior studies. However, in this study MCCG's implementation is used as a proxy for ERM implementation, these results represent a significant contribution in term of empirical data as these have not been shown in any reviewed prior literature either locally or abroad.

As a caveat, this study limits its findings based on enforced implementation date by the Bourse as its based period. Moreover, this study employ the use of firm' specific accounting data for its unit of analysis. It is advised that future study in this area should dwell into firm's share prices performance analysis as well as firm's governance data to gage the impact of MCCGs to firm' performances.

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